

**ALZHEIMER SOCIETY OF PETERBOROUGH, KAWARTHA
LAKES, NORTHUMBERLAND & HALIBURTON**

FINANCIAL STATEMENTS

MARCH 31, 2018

**ALZHEIMER SOCIETY OF PETERBOROUGH, KAWARTHA
LAKES, NORTHUMBERLAND & HALIBURTON**

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT**To the Directors of Alzheimer Society of Peterborough, Kawartha Lakes,
Northumberland & Haliburton***Report on the Financial Statements*

We have audited the accompanying financial statements of Alzheimer Society of Peterborough, Kawartha Lakes, Northumberland & Haliburton, which comprise the statement of financial position as at March 31, 2018, the statements of changes in fund balances, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Basis for Qualified Opinion

In common with most not-for-profit organizations, Alzheimer Society of Peterborough, Kawartha Lakes, Northumberland & Haliburton derives revenue from fundraising and donations, the completeness of which is not susceptible to satisfactory audit evidence. Accordingly, our verification of these revenues was limited to the amounts recorded by the organization and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets and fund balances.

Qualified Opinion

In our opinion, except for the effects of the matter described above in the basis for qualified opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Alzheimer Society of Peterborough, Kawartha Lakes, Northumberland & Haliburton as at March 31, 2018 and the results of its operations and cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 27, 2018


ALZHEIMER SOCIETY OF PETERBOROUGH, KAWARTHA LAKES, NORTHUMBERLAND & HALIBURTON

STATEMENT OF FINANCIAL POSITION As at March 31, 2018

	2018 \$	2017 \$
ASSETS		
Current assets		
Cash	261,340	211,694
Accounts receivable	17,831	63,052
Prepaid expenses	5,808	-
	284,979	274,746
Investments (note 3)	642,079	589,536
Tangible capital assets (note 5)	2,936	3,757
	929,994	868,039
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable and accrued	59,457	63,514
Government remittances payable	9,635	18,325
Deferred revenue	1,523	-
	70,615	81,839
Fund balances		
Externally restricted (note 6)	16,975	16,588
Internally restricted (note 6)	839,468	765,855
Equity in tangible capital assets	2,936	3,757
	859,379	786,200
	929,994	868,039

Approved on behalf of the Board:

 , Director

 , Director

The accompanying notes are an integral part of these financial statements

**ALZHEIMER SOCIETY OF PETERBOROUGH, KAWARTHA LAKES,
NORTHUMBERLAND & HALIBURTON**

**STATEMENT OF CHANGES IN FUND BALANCES
For the Year Ended March 31, 2018**

	Operating Fund 2018 \$	Equity in Tangible Capital Assets 2018 \$	Externally Restricted Fund 2018 \$	Internally Restricted Funds 2018 \$	Total 2018 \$	Total 2017 \$
Fund balances - beginning of year	-	3,757	16,588	765,855	786,200	746,831
Excess (deficiency) of revenue over expenses for the year	73,613	(821)	387	-	73,179	39,369
Board approved transfer of surplus	(73,613)	-	-	73,613	-	-
Fund balances - end of year	-	2,936	16,975	839,468	859,379	786,200

The accompanying notes are an integral part of these financial statements

ALZHEIMER SOCIETY OF PETERBOROUGH, KAWARTHA LAKES, NORTHUMBERLAND & HALIBURTON

STATEMENT OF OPERATIONS For the Year Ended March 31, 2018

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
Revenue			
Grants			
Local Health Integration Network	418,055	473,118	418,055
Alzheimer Society of Ontario	18,000	19,357	18,000
First Link	224,963	224,964	243,295
Other	-	9,487	61,026
Donations (Schedule 1)	147,000	146,210	159,670
Fundraising activities - net (Schedule 2)	136,700	114,986	97,646
Investment income	-	13,257	11,620
Other	-	8,264	12,500
Total revenue	944,718	1,009,643	1,021,812
Expenses			
Salaries and benefits	526,751	541,605	547,132
Direct service costs (Schedule 3)	30,250	35,115	29,265
Public awareness (Schedule 4)	9,650	10,607	3,741
Research and awards	800	300	300
Facilities	68,500	61,100	66,312
Office (Schedule 5)	59,400	59,128	107,526
Amortization	2,000	821	1,063
First Link program costs	238,720	227,788	228,371
Total expenses	936,071	936,464	983,710
Excess of revenue over expenses for the year before the following	8,647	73,179	38,102
Gains on disposal of investments	-	-	1,267
Excess of Revenue over Expenses for the Year	8,647	73,179	39,369

The accompanying notes are an integral part of these financial statements

ALZHEIMER SOCIETY OF PETERBOROUGH, KAWARTHA LAKES, NORTHUMBERLAND & HALIBURTON

STATEMENT OF CASH FLOWS For the Year Ended March 31, 2018

	2018	2017
	\$	\$
CASH PROVIDED FROM (USED FOR):		
Operating activities		
Excess of revenue over expenses for the year	73,179	39,369
Non-cash charges to operations		
Amortization	821	1,063
Gain on disposal of investments	-	(1,267)
	<u>74,000</u>	<u>39,165</u>
Changes in non-cash working capital items		
(Increase)/decrease in accounts receivable	45,221	(37,212)
(Increase)/decrease in prepaids and deposits	(5,808)	-
Increase/(decrease) in accounts payable and accrued	(4,057)	(15,465)
Increase/(decrease) in government remittances payable	(8,690)	3,834
Increase/(decrease) in deferred revenue	1,523	-
	<u>102,189</u>	<u>(9,678)</u>
Investing activities		
Redemption of investments	141,801	148,352
Purchase of investments	(194,344)	(194,344)
	<u>(52,543)</u>	<u>(45,992)</u>
Increase (decrease) in cash	49,646	(55,670)
Cash - beginning of year	<u>211,694</u>	<u>267,364</u>
Cash - end of year	<u>261,340</u>	<u>211,694</u>

The accompanying notes are an integral part of these financial statements

ALZHEIMER SOCIETY OF PETERBOROUGH, KAWARTHA LAKES, NORTHUMBERLAND & HALIBURTON

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended March 31, 2018

1. NATURE OF OPERATIONS

Alzheimer Society of Peterborough, Kawartha Lakes, Northumberland & Haliburton was incorporated on August 18, 1983 under the Ontario Business Corporation Act as a not-for-profit organization without share capital. The objectives of the organization are to promote public education, family support, advocacy and support of research for Alzheimer disease.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Alzheimer Society of Peterborough, Kawartha Lakes, Northumberland & Haliburton are the representation of management prepared in accordance with accounting policies set out below to comply with Canadian Accounting Standards for Not-for-Profit Organizations.

(a) *Recognition of revenues and expenses*

The Alzheimer Society of Peterborough, Kawartha Lakes, Northumberland & Haliburton uses the deferral method of accounting.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Fundraising and donations are recognized as revenue when received.

Expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes expenses in the period the goods or services are acquired and a legal liability is incurred.

Restricted and unrestricted investment income is recognized as revenue when earned in the appropriate fund.

Operating grant claims for allowable operating costs are recorded as income in the current year. The reimbursement for these costs is dependant ultimately upon their acceptance by the various funders.

(b) *Use of estimates*

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Key areas where management has made complex or subjective judgments (often as a result of matters that are inherently uncertain) include, among others, accounts receivable, accounts payable, useful lives of tangible capital assets and amortization. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

ALZHEIMER SOCIETY OF PETERBOROUGH, KAWARTHA LAKES, NORTHUMBERLAND & HALIBURTON

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) *Fund accounting*

Alzheimer Society of Peterborough, Kawartha Lakes, Northumberland & Haliburton reports on a fund accounting basis. The funds maintained are as follows:

(i) Operating Fund

The operating fund includes results of day-to-day operating transactions and unrestricted contributions.

(ii) Internally Restricted Funds

Internally restricted funds represent amounts that have been designated by the Board of Directors for use in meeting future requirements of the organization. These include:

The Operating reserve, which has been designated for the use in funding future deficits in the operating fund; and

The Capital Campaign fund, which has been designated for the purchase of tangible capital assets.

(iii) Externally Restricted Fund

Externally restricted fund represents funds designated by the donor for restricted use within the organization. This is comprised of the Burgess Estate fund, which is to be used for future education and research expenditures.

(iv) Equity in Tangible Capital Assets

Equity in tangible capital assets includes the organization's assets, revenue and expenses related to capital assets.

(d) *Tangible capital assets*

Tangible capital assets are recorded at cost and amortized at the following rates:

Furniture and fixtures	- 20% declining balance
Computer equipment	- 30% declining balance
Computer software	- 30% declining balance
Leasehold improvements	- straight line over life of lease

ALZHEIMER SOCIETY OF PETERBOROUGH, KAWARTHA LAKES, NORTHUMBERLAND & HALIBURTON

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) *Income taxes*

As a registered charitable organization under the Federal Income Tax Act, the organization is exempt from income taxes and is prohibited from distributing any of its earnings to or for the personal benefit of the members.

(f) *Financial instruments*

(i) Measurement

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The organization subsequently measures its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the excess of revenues over expenses.

Financial assets measured at amortized cost include cash, accounts receivable and investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations.

(g) *Contributed services*

Volunteers contribute significant time to assist the organization in carrying out its programs and administration. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

3. INVESTMENTS

The investments consist of interest bearing GICs. The GIC investments earn interest in the range of 1.6% to 3.01% and are due between fiscal 2019 and 2023. GIC investments are recorded at cost plus accrued interest.

4. ECONOMIC DEPENDENCE

The organization's major source of revenue is the operating grant from the Ministry of Health and Long Term Care via the Local Health Integration Network. The nature and extent of this revenue is of such significance as to affect the viability of the organization and, accordingly, it can be said that the organization is economically dependent on these funds.

ALZHEIMER SOCIETY OF PETERBOROUGH, KAWARTHA LAKES, NORTHUMBERLAND & HALIBURTON

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended March 31, 2018

5. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	Cost \$	Accumulated Amortization \$	Net Book Value	
			2018 \$	2017 \$
Furniture and fixtures	38,058	35,607	2,451	3,064
Computer equipment	31,883	31,414	469	492
Leasehold improvements	27,150	27,150	-	-
Computer software	3,485	3,469	16	201
	100,576	97,640	2,936	3,757

6. INTERNALLY AND EXTERNALLY RESTRICTED FUNDS

The restricted funds consist of the following:

	2018 \$	2017 \$
Internally Restricted		
Operating reserve	518,000	92,000
Capital campaign	321,468	673,855
	839,468	765,855
Externally Restricted		
Burgess Estate Fund	16,975	16,588

7. CHARITABLE REMAINDER TRUSTS

The organization has been named the residual beneficiary under charitable remainder trust agreements for investments with a market value of \$28,674 (2017 - \$29,520). The income from the trusts are paid to the donors during their lifetimes and the principal amounts pass to the organization on the death of the donors. These amounts are not included in the financial statements.

ALZHEIMER SOCIETY OF PETERBOROUGH, KAWARTHA LAKES, NORTHUMBERLAND & HALIBURTON

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended March 31, 2018

8. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Interest rate and market risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The value of fixed income securities will generally rise if interest rates fall and conversely fall when rates rise.

These risks are generally outside the control of the organization but are mitigated by the organization's investment policies.

(b) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The organization has limited exposure to credit risk as the majority of receivables are due from Municipal, Provincial and Federal levels of government.

9. COMMITMENTS

The organization has entered into lease agreements for premises. Future lease obligations are as follows:

2019	\$34,674
2020	20,415

10. BUDGET FIGURES

Budget figures are not subject to audit.

ALZHEIMER SOCIETY OF PETERBOROUGH, KAWARTHA LAKES, NORTHUMBERLAND & HALIBURTON

**SCHEDULES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018**

Schedule 1 - Donations

	Budget 2018 (Unaudited)	Actual 2018	Actual 2017
Memorial	65,000	50,809	62,086
General	62,000	47,391	63,256
Bequests	20,000	48,010	34,328
	147,000	146,210	159,670

Schedule 2 - Fundraising Activities - Net

	Budget 2018 (Unaudited)	Actual 2018	Actual 2017
Fundraising revenues	174,000	146,799	135,152
Fundraising costs	(37,300)	(31,813)	(37,506)
	136,700	114,986	97,646

The accompanying notes are an integral part of these financial statements

ALZHEIMER SOCIETY OF PETERBOROUGH, KAWARTHA LAKES, NORTHUMBERLAND & HALIBURTON

**SCHEDULES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018**

Schedule 3 - Direct Service Costs

	Budget 2018 (Unaudited)	Actual 2018	Actual 2017
	\$	\$	\$
Caregivers and staff travel	19,200	23,070	21,296
Training and education	3,900	4,706	2,839
Client services	5,400	5,896	4,681
Volunteers	1,750	1,443	449
	30,250	35,115	29,265

Schedule 4 - Public Awareness

	Budget 2018 (Unaudited)	Actual 2018	Actual 2017
	\$	\$	\$
Literature and library	2,550	678	-
Meetings	4,750	6,091	2,226
Seminars, conferences and workshops	2,350	3,838	1,515
	9,650	10,607	3,741

The accompanying notes are an integral part of these financial statements

**ALZHEIMER SOCIETY OF PETERBOROUGH, KAWARTHA LAKES, NORTHUMBERLAND &
HALIBURTON**

**SCHEDULES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018**

Schedule 5 - Office

	Budget 2018 (Unaudited)	Actual 2018	Actual 2017
	\$	\$	\$
Telephone	3,500	3,248	3,694
Postage and printing	9,300	6,982	8,489
Office supplies	6,000	3,613	7,641
Information services	19,000	22,325	14,681
Courier and freight	100	142	218
Bank charges	4,000	1,973	4,390
Insurance	3,000	2,312	2,589
Professional services	13,500	17,825	65,025
Miscellaneous	500	448	456
Association fees	500	260	343
	59,400	59,128	107,526

The accompanying notes are an integral part of these financial statements