

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

FINANCIAL STATEMENTS

MARCH 31, 2019

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

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INDEPENDENT AUDITOR'S REPORT

**To the Members of Alzheimer Society of Peterborough,
Kawartha Lakes, Northumberland & Haliburton**

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Qualified Opinion

We have audited the financial statements of Alzheimer Society of Peterborough, Kawartha Lakes, Northumberland & Haliburton (the organization), which comprise the statement of financial position as at March 31, 2019, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

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.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Matter

The financial statements of the organization as at and for the year ended March 31, 2018 were audited by Collins Barrow Kawarthas LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 27, 2019

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



**STATEMENT OF FINANCIAL POSITION
As at March 31, 2019**

	2019 \$	2018 \$
ASSETS		
Current assets		
Cash	360,646	261,340
Accounts receivable	24,124	17,831
Prepaid expenses	12,680	5,808
	397,450	284,979
Investments (note 3)	578,479	642,079
Tangible capital assets (note 5)	98,068	2,936
	1,073,997	929,994
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable and accrued liabilities	110,356	59,457
Government remittances payable	31,090	9,635
Deferred capital contributions (note 6)	33,602	-
Deferred revenue (note 7)	13,741	1,523
	188,789	70,615
Fund balances		
Externally restricted (note 8)	17,423	16,975
Internally restricted (note 8)	803,318	839,468
Equity in tangible capital assets	64,467	2,936
	885,208	859,379
	1,073,997	929,994

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, 2019**

	Operating Fund 2019 \$	Equity in Tangible Capital Assets 2019 \$	Externally Restricted Fund 2019 \$	Internally Restricted Funds 2019 \$	Total 2019 \$	Total 2018 \$
Fund balances - beginning of year	-	2,936	16,975	839,468	859,379	786,200
Excess (deficiency) of revenue over expenses for the year	46,283	(20,902)	448	-	25,829	73,179
Board approved transfer of surplus	(46,283)	82,433	-	(36,150)	-	-
Fund balances - end of year	-	64,467	17,423	803,318	885,208	859,379

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, 2019**

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
Revenue			
Grants			
Local Health Integration Network	846,273	883,111	698,082
Alzheimer Society of Ontario	19,350	18,184	19,357
Other	-	43,209	9,487
Donations (Schedule 1)	238,200	193,404	146,210
Fundraising activities - net (Schedule 2)	127,300	82,413	114,986
Investment income	-	15,142	13,257
Other	9,825	3,800	8,264
Total revenue	1,240,948	1,239,263	1,009,643
Expenses			
Salaries and benefits	979,120	944,542	736,241
Direct service costs (Schedule 3)	68,544	64,663	46,975
Public awareness (Schedule 4)	13,200	15,766	10,785
Research and awards	800	300	300
Facilities	80,000	91,769	75,249
Office (Schedule 5)	82,450	67,092	66,093
Amortization	2,000	26,366	821
Loss on disposal of tangible capital assets	-	2,936	-
Total expenses	1,226,114	1,213,434	936,464
Excess of Revenue over Expenses for the Year	14,834	25,829	73,179

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, 2019**

	2019	2018
	\$	\$
CASH PROVIDED FROM (USED FOR):		
Operating activities		
Excess of revenue over expenses for the year	25,829	73,179
Non-cash charges to operations		
Amortization expense	26,366	821
Amortization of deferred capital contributions	(8,401)	-
Loss on disposal of tangible capital assets	2,936	-
	<u>46,730</u>	<u>74,000</u>
Changes in non-cash working capital items		
(Increase)/decrease in accounts receivable	(6,293)	45,221
Increase in prepaid expenses	(6,872)	(5,808)
Increase/(decrease) in accounts payable and accrued liabilities	50,900	(4,057)
Increase/(decrease) in government remittances payable	21,455	(8,690)
Increase in deferred revenue	12,218	1,523
	<u>71,408</u>	<u>28,189</u>
Change in cash from operating activities	<u>118,138</u>	<u>102,189</u>
Investing activities		
Decrease in investments	110,100	141,801
Purchase of investments	(46,500)	(194,344)
Purchase of tangible capital assets	(106,473)	-
Change in cash from investing activities	<u>(42,873)</u>	<u>(52,543)</u>
Financing activities		
Deferred capital contributions received	24,041	-
Change in cash	99,306	49,646
Cash - beginning of year	261,340	211,694
Cash - end of year	<u>360,646</u>	<u>261,340</u>

The accompanying notes are an integral part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2019**

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

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. Significant aspects of the accounting policies are as follows:

(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.

Capital contributions are deferred and amortized on the same basis and rate as the amortization of the related tangible capital assets.

Fundraising and donations are recognized as revenue when received.

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.

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.

(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.

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2019**

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Fund accounting

(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 which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized, over the expected useful life of the asset, as follows:

Furniture and fixtures	- straight line over five years
Computer equipment	- straight line over five years
Computer software	- straight line over three years
Leasehold improvements	- straight line over life of lease

Contributed tangible capital assets are recorded at the fair value of the assets on the date of transfer.

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2019**

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) Donated 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 1.97% to 4.00% and are due between fiscal 2020 and 2024. 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.

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2019**

5. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	Cost	Accumulated	Net Book Value	
	\$	Amortization	2019	2018
	\$	\$	\$	\$
Furniture and fixtures	76,726	15,345	61,381	2,451
Computer equipment	1,219	244	975	469
Leasehold improvements	35,396	7,079	28,317	-
Computer software	11,093	3,698	7,395	16
	124,434	26,366	98,068	2,936

During the year, the organization received donated furniture and fixtures with an approximate value of \$17,962 which are included above in furniture and fixtures.

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions relate to grant and donation funding received for the purchase of tangible capital assets. Deferred capital contribution balances are as follows:

	2019
	\$
Local Health Integration Network	19,233
Specific donations	14,369
	33,602

7. DEFERRED REVENUE

Included in deferred revenue are the following amounts:

	2019	2018
	\$	\$
Minds in motion	11,711	1,133
Other	2,030	390
	13,741	1,523

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2019**

8. INTERNALLY AND EXTERNALLY RESTRICTED FUNDS

The restricted funds consist of the following:

	2019	2018
	\$	\$
Internally Restricted		
Operating reserve	518,000	518,000
Capital campaign	285,318	321,468
	803,318	839,468
Externally Restricted		
Burgess Estate Fund	17,423	16,975

9. CHARITABLE REMAINDER TRUSTS

The organization has been named the residual beneficiary under charitable remainder trust agreements for investments with a market value of \$19,521 (2018 - \$28,674). 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.

10. 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. In the opinion of management, the organization is not exposed to any significant liquidity or currency risk.

(a) Interest rate 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.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2019

11. COMMITMENTS

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

2020	\$104,420
2021	84,005
2022	84,005
2023	84,005
2024	84,005

12. BUDGET FIGURES

Budget figures are not subject to audit.

13. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year excess of revenue over expenses.

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



**SCHEDULES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2019**

Schedule 1 - Donations

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
Memorial	64,000	58,158	50,809
General	75,350	55,488	47,391
Bequests	98,850	79,758	48,010
	238,200	193,404	146,210

Schedule 2 - Fundraising Activities - Net

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
Fundraising revenues	142,000	100,762	146,799
Fundraising costs	(14,700)	(18,349)	(31,813)
	127,300	82,413	114,986

Schedule 3 - Direct Service Costs

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
Caregivers and staff travel	41,375	37,683	32,390
Training and education	16,594	4,415	5,341
Client services	8,925	21,898	7,801
Volunteers	1,650	667	1,443
	68,544	64,663	46,975

The accompanying notes are an integral part of these financial statements

Schedule 4 - Public Awareness

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
Literature and library	2,100	2,200	678
Meetings	7,300	7,922	6,498
Seminars, conferences and workshops	3,800	5,644	3,609
	13,200	15,766	10,785

Schedule 5 - Office

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
Telephone	15,000	9,717	5,075
Postage and printing	10,900	8,101	7,439
Office supplies	9,000	7,581	5,137
Information services	28,550	26,658	25,482
Courier and freight	-	188	142
Bank charges	4,000	1,491	1,973
Insurance	3,000	1,908	2,312
Professional services	11,000	10,968	17,825
Miscellaneous	500	50	448
Association fees	500	430	260
	82,450	67,092	66,093

The accompanying notes are an integral part of these financial statements