

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

**FINANCIAL STATEMENTS**

**MARCH 31, 2020**

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

**FINANCIAL STATEMENTS**

**MARCH 31, 2020**

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**Baker Tilly KDN LLP**  
272 Charlotte St.  
Peterborough, ON  
Canada K9J 2V4

## **INDEPENDENT AUDITOR'S REPORT**

**To the Directors 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, 2020, 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 and schedules to the financial statements.

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, 2020, 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.

### *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.

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  
July 15, 2020

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



**STATEMENT OF FINANCIAL POSITION**  
**As at March 31, 2020**

	2020 \$	2019 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	406,474	360,646
Accounts receivable	40,550	24,124
Prepaid expenses	16,028	12,680
Short-term investments (note 3)	153,700	-
	616,752	397,450
<b>Long-term investments (note 3)</b>	430,414	578,479
<b>Tangible capital assets (note 5)</b>	84,126	98,068
	1,131,292	1,073,997
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	157,979	110,356
Government remittances payable	30,357	31,090
Deferred capital contributions (note 6)	25,202	33,602
Deferred revenue (note 7)	38,386	13,741
	251,924	188,789
<b>Fund balances</b>		
Externally restricted (note 8)	17,954	17,423
Internally restricted (note 8)	802,490	803,318
Equity in tangible capital assets	58,924	64,467
	879,368	885,208
	1,131,292	1,073,997

*The accompanying notes are an integral part of these financial statements*

STATEMENT OF CHANGES IN FUND BALANCES  
For the Year Ended March 31, 2020

	Operating Fund 2020 \$	Equity in Tangible Capital Assets 2020 \$	Externally Restricted Fund 2020 \$	Internally Restricted Funds 2020 \$	Total 2020 \$	Total 2019 \$
<b>Fund balances - beginning of year</b>	-	64,467	17,423	803,318	885,208	859,379
Excess (deficiency) of revenue over expenses for the year	14,700	(21,071)	531	-	(5,840)	25,829
Board approved transfer of surplus	(14,700)	15,528	-	(828)	-	-
<b>Fund balances - end of year</b>	-	58,924	17,954	802,490	879,368	885,208

*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, 2020**

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
<b>Revenue</b>			
Grants			
Ontario Health Agency	846,273	898,726	883,111
Alzheimer Society of Ontario	19,000	19,392	18,184
Other	-	26,218	43,209
Donations (Schedule 1)	253,300	228,235	193,404
Fundraising activities - net (Schedule 2)	130,300	121,282	82,413
Investment income	-	16,733	15,142
Other	9,500	9,408	3,800
<b>Total revenue</b>	<b>1,258,373</b>	<b>1,319,994</b>	<b>1,239,263</b>
<b>Expenses</b>			
Salaries and benefits	948,790	1,006,601	944,542
Direct service costs (Schedule 3)	81,944	86,425	64,663
Public awareness (Schedule 4)	20,400	10,274	15,766
Research and awards	800	300	300
Facilities	139,000	122,076	91,769
Office (Schedule 5)	65,350	70,521	67,092
Amortization	2,000	29,472	26,366
Covid-19 Expenses	-	165	-
Loss on disposal of tangible capital assets	-	-	2,936
<b>Total expenses</b>	<b>1,258,284</b>	<b>1,325,834</b>	<b>1,213,434</b>
<b>Excess (Deficiency) of Revenue over Expenses for the Year</b>	<b>89</b>	<b>(5,840)</b>	<b>25,829</b>

*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, 2020**

	2020 \$	2019 \$
<b>CASH PROVIDED FROM (USED FOR):</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	(5,840)	25,829
Non-cash charges to operations		
Amortization expense	29,472	26,366
Amortization of deferred capital contributions	(8,401)	(8,401)
Loss on disposal of tangible capital assets	-	2,936
	15,231	46,730
Changes in non-cash working capital items		
Accounts receivable	(16,426)	(6,293)
Prepaid expenses	(3,348)	(6,872)
Accounts payable and accrued	47,623	50,900
Government remittances payable	(732)	21,455
Deferred revenue	24,644	12,218
	51,761	71,408
Net increase in cash from operating activities	66,992	118,138
<b>Investing activities</b>		
Disposal of investments	119,365	110,100
Purchase of investments	(125,000)	(46,500)
Purchase of tangible capital assets	(15,529)	(106,473)
Net decrease in cash from investing activities	(21,164)	(42,873)
<b>Financing activities</b>		
Deferred capital contributions received	-	24,041
<b>Change in cash</b>	45,828	99,306
<b>Cash - beginning of year</b>	360,646	261,340
<b>Cash - end of year</b>	406,474	360,646

*The accompanying notes are an integral part of these financial statements*



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2020**

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**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 revenue 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, 2020**

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**2. SIGNIFICANT ACCOUNTING POLICIES, continued**

*(c) Fund Accounting*

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the organization, the accounts are maintained in accordance with the principles of fund accounting. Under these principles, resources are classified for accounting purposes into funds that are in accordance with particular activities or objectives specified. These funds are classified 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2020**

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**2. SIGNIFICANT ACCOUNTING POLICIES, continued**

*(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.

Tangible capital assets are reviewed for impairment whenever events or conditions indicate that the assets no longer contribute to the Enter description ability to provide services or that the service potential of the assets are less than their net carrying amount. When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the asset is written down to the asset's fair value or replacement cost.

*(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.



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2020**

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**2. SIGNIFICANT ACCOUNTING POLICIES, continued**

*(f) Measurement of 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.



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2020**

**2. SIGNIFICANT ACCOUNTING POLICIES, continued**

*(h) Measurement Uncertainty*

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Organization's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Organization's operations. The extent of the impact of this outbreak and related containment measures on the Organization's operations cannot be reliably estimated at this time.

As an emerging risk, the duration and full financial effect of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions, and other mitigating measures. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 pandemic may materially and adversely affect the Organization's operations, financial results and condition in future periods are also subject to significant uncertainty. Therefore, uncertainty about judgments, estimates, and assumptions made by management during the preparation of the Organization's financial statements related to potential impacts of the COVID-19 outbreak on revenue, expenses, assets, liabilities, and note disclosures could result in a material adjustment to the carrying value of the asset or liability affected.

**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 2021 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 Ontario Health Agency 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.

**5. TANGIBLE CAPITAL ASSETS**

Tangible capital assets consist of the following:

	Cost	Accumulated Amortization	Net Book Value	
	\$	\$	2020 \$	2019 \$
Furniture and fixtures	91,139	33,573	57,566	61,381
Computer equipment	1,219	488	731	975
Leasehold improvements	36,512	14,382	22,130	28,317
Computer software	11,093	7,394	3,699	7,395
	139,963	55,837	84,126	98,068

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2020**

**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:

	2020	2019
	\$	\$
Ontario Health Agency	10,777	19,233
Specific donations	14,425	14,369
	25,202	33,602

**7. DEFERRED REVENUE**

Included in deferred revenue are the following amounts:

	2020	2019
	\$	\$
Minds in motion	36,221	11,711
Other	2,165	2,030
	38,386	13,741

**8. INTERNALLY AND EXTERNALLY RESTRICTED FUNDS**

The restricted funds consist of the following:

	2020	2019
	\$	\$
<b>Internally Restricted</b>		
Operating reserve	518,000	518,000
Capital campaign	284,490	285,318
	802,490	803,318
<b>Externally Restricted</b>		
Burgess Estate Fund	17,954	17,423

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2020**

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**9. CHARITABLE REMAINDER TRUSTS**

The organization has been named the residual beneficiary under charitable remainder trust agreements for investments with a market value of \$19,784 (2019 - \$19,521). 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.

(c) Additional risk

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other price risks arising from these financial instruments. The risk assessment has been updated from the prior period for the impact of COVID-19.

**11. COMMITMENTS**

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

2021	\$92,405
2022	84,005
2023	84,005
2024	84,005
	<u>344,420</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2020**

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**12. BUDGET FIGURES**

Budget figures are not subject to audit.

**13. CHANGE IN ACCOUNTING POLICY**

During the year, the organization adopted section 4433 of the CPA Canada Handbook: Tangible Capital Assets Held by Not-For-Profit Organizations. Section 4433 replaces section 4431 of the same name. The main changes from Section 4431 include: the requirement that tangible capital assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to an organization's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital assets are less than their net carrying amount. The adoption of this standard did not have an impact on the organization's financial statements.



**SCHEDULES TO THE FINANCIAL STATEMENTS  
For the Year Ended March 31, 2020**

Schedule 1 - Donations

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
Memorial	50,750	53,083	58,158
General	114,850	79,276	55,488
Bequests	87,700	95,876	79,758
	253,300	228,235	193,404

Schedule 2 - Fundraising Activities - Net

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
Fundraising revenues	157,000	136,518	100,762
Fundraising costs	(26,700)	(15,236)	(18,349)
	130,300	121,282	82,413

Schedule 3 - Direct Service Costs

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
Caregivers and staff travel	44,700	41,386	37,683
Training and education	10,594	6,625	4,415
Client services	25,000	37,156	21,898
Volunteers	1,650	1,258	667
	81,944	86,425	64,663

*The accompanying notes are an integral part of these financial statements*

**SCHEDULES TO THE FINANCIAL STATEMENTS  
For the Year Ended March 31, 2020**

Schedule 4 - Public Awareness

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
Literature and library	-	-	2,200
Meetings	17,300	8,497	7,922
Seminars, conferences and workshops	3,100	1,777	5,644
	20,400	10,274	15,766

Schedule 5 - Office

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
Telephone	11,500	12,040	9,717
Postage and printing	8,800	9,502	8,101
Office supplies	6,000	5,103	7,581
Information services	23,350	27,403	26,658
Courier and freight	100	189	188
Bank charges	1,500	2,087	1,491
Insurance	2,000	2,138	1,908
Professional services	11,000	11,423	10,968
Miscellaneous	500	-	50
Association fees	600	636	430
	65,350	70,521	67,092

*The accompanying notes are an integral part of these financial statements*