

Financial Statements of

**ALZHEIMER SOCIETY OF
SAULT STE. MARIE AND
ALGOMA DISTRICT**

Year ended March 31, 2017



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INDEPENDENT AUDITORS' REPORT

To the Members of Alzheimer Society of Sault Ste. Marie and Algoma District

We have audited the accompanying financial statements of Alzheimer Society of Sault Ste. Marie and Algoma District, which comprise the statement of financial position as at March 31, 2017, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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 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.

Auditors' 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 our 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, we consider internal control 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 control. 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 audit opinion.



Basis for Qualified Opinion

In common with many charitable organizations, the Alzheimer Society of Sault Ste. Marie and Algoma District derives revenues from the donations and fundraising events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of those revenues was limited to the amounts recorded in the records of the Alzheimer Society of Sault Ste. Marie and Algoma District and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenues, excess (deficiency) of revenue over expenses and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Alzheimer Society of Sault Ste. Marie and Algoma District as at March 31, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

May 24, 2017

Sault Ste. Marie, Canada

ALZHEIMER SOCIETY OF SAULT STE. MARIE AND ALGOMA DISTRICT

Statement of Financial Position

March 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash	\$ 143,161	122,425
Marketable securities	1,070,563	1,053,506
Accounts receivable	6,442	29,875
Prepaid expenses	2,630	2,553
	1,222,796	1,208,359
Capital assets (note 2)	240,588	240,588
Less accumulated amortization	89,195	65,136
	151,393	175,452
	\$ 1,374,189	1,383,811
Liabilities, Deferred Capital Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 30,285	39,900
Deferred revenue	186,035	174,314
	216,320	214,214
Deferred capital contributions (note 4)	14,904	17,885
	231,224	232,099
Net assets:		
Unrestricted	1,022,965	1,031,712
Internally restricted for special projects	120,000	120,000
	1,142,965	1,151,712
Commitments (note 5)		
	\$ 1,374,189	1,383,811

See accompanying notes to financial statements.

Approved on behalf of the Board:

_____ Director

_____ Director

ALZHEIMER SOCIETY OF SAULT STE. MARIE AND ALGOMA DISTRICT

Statement of Operations

Year ended March 31, 2017, with comparative information for 2016

	Operations	LHIN Funded Programs	Recreation Therapy	Total 2017	Total 2016
Revenue:					
Donations	\$ 58,017	-	67,090	125,107	109,064
Fundraising	133,623	34,083	-	167,706	152,150
Local Health Integration Network (LHIN)	-	339,775	-	339,775	326,417
Nevada and Raffle	63,105	-	-	63,105	61,580
Alzheimer Society of Ontario	9,000	-	-	9,000	9,000
Grants	54,756	-	3,338	58,094	20,348
Interest	5,467	-	-	5,467	8,966
Other	6,051	-	-	6,051	21,161
Amortization of deferred capital contributions	2,981	-	-	2,981	2,981
	333,000	373,858	70,428	777,286	711,667
Expenses:					
Salaries	165,770	263,504	79,483	508,757	445,461
Benefits	23,377	31,758	9,008	64,143	53,875
Building and grounds	26,415	42,376	14,705	83,496	65,869
Supplies	17,044	8,693	4,237	29,974	16,260
Equipment	2,539	564	742	3,845	6,430
Sundry	23,945	26,963	10,021	60,929	70,927
Research	10,000	-	-	10,000	10,000
Scholarship	1,200	-	-	1,200	1,200
Fundraising costs	39,098	-	-	39,098	37,733
Amortization of capital assets	24,059	-	-	24,059	19,438
	333,447	373,858	118,196	825,501	727,193
Deficiency of revenue over expenses before undernoted item	(447)	-	(47,768)	(48,215)	(15,526)
Unrealized gain (loss) on marketable securities	39,468	-	-	39,468	(24,833)
Excess (deficiency) of revenue over expenses	\$ 39,021	-	(47,768)	(8,747)	(40,359)

See accompanying notes to financial statements.

ALZHEIMER SOCIETY OF SAULT STE. MARIE AND ALGOMA DISTRICT

Statement of Changes in Net Assets

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Net assets, beginning of year	\$ 1,151,712	1,192,071
Deficiency of revenue over expenses	(8,747)	(40,359)
Net assets, end of year	\$ 1,142,965	1,151,712

See accompanying notes to financial statements.

ALZHEIMER SOCIETY OF SAULT STE. MARIE AND ALGOMA DISTRICT

Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Cash flows from operating activities:		
Deficiency of revenue over expenses	\$ (8,747)	(40,359)
Items not involving cash:		
Amortization of capital assets	24,059	19,438
Amortization of deferred capital contributions	(2,981)	(2,981)
	<u>12,331</u>	<u>(23,902)</u>
Change in non-cash working capital balances:		
Decrease (increase) in accounts receivable	23,433	(19,976)
Decrease (increase) in prepaid expenses	(77)	3
Increase (decrease) in accounts payable and accrued liabilities	(9,615)	5,556
Increase in deferred revenue	11,721	41,558
	<u>37,793</u>	<u>3,239</u>
Cash flows from investing activities:		
Purchase of capital assets	-	(92,412)
Decrease (increase) in marketable securities	(17,057)	16,943
	<u>(17,057)</u>	<u>(75,469)</u>
Increase (decrease) in cash	20,736	(72,230)
Cash, beginning of year	122,425	194,655
Cash, end of year	<u>\$ 143,161</u>	<u>122,425</u>

See accompanying notes to financial statements.

ALZHEIMER SOCIETY OF SAULT STE. MARIE AND ALGOMA DISTRICT

Notes to Financial Statements

Year ended March 31, 2017

Alzheimer Society of Sault Ste. Marie and Algoma District (the "Organization") is incorporated without share capital under the laws of the province of Ontario. The Organization is affiliated with the Alzheimer Society of Ontario. Its mission exists to improve the quality of life for people with Alzheimer disease and related dementias, and to provide support for their caregivers. The Organization is a registered charity under the Income Tax Act and is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook. The Organization's significant accounting policies are as follows:

(a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions which include donations and government grants.

Grants and subsidies are recognized in the year the related expenditures are incurred. Donations, fundraising and other revenues are recognized in the year the amount is received or receivable as long as collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue, at the rate corresponding with the amortization rate for the related capital asset.

(b) Capital assets:

Purchased capital assets are recorded at cost. Capital assets are amortized on a straight-line basis using the following useful life:

	Useful Life
Leasehold improvements	10 years
Office equipment	10 years
Telecommunications equipment	10 years

ALZHEIMER SOCIETY OF SAULT STE. MARIE AND ALGOMA DISTRICT

Notes to Financial Statements

Year ended March 31, 2017

1. Significant accounting policies (continued):

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has elected to carry its marketable securities at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(d) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates.

ALZHEIMER SOCIETY OF SAULT STE. MARIE AND ALGOMA DISTRICT

Notes to Financial Statements

Year ended March 31, 2017

2. Capital assets:

2017	Cost	Accumulated amortization	Net book value
Leasehold improvements	\$ 179,081	\$ 67,977	\$ 111,104
Office equipment	45,462	10,000	35,462
Telecommunications equipment	16,045	11,218	4,827
	\$ 240,588	\$ 89,195	\$ 151,393

2016	Cost	Accumulated amortization	Net book value
Leasehold improvements	\$ 179,081	\$ 50,068	\$ 129,013
Office equipment	45,462	8,000	37,462
Telecommunications equipment	16,045	7,068	8,977
	\$ 240,588	\$ 65,136	\$ 175,452

3. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$19,519 (2016 - \$14,796), which includes amounts payable for payroll related taxes.

4. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2017	2016
Balance, beginning of year	\$ 17,885	\$ 20,866
Less amortization of deferred capital contributions	(2,981)	(2,981)
Balance, end of year	\$ 14,904	\$ 17,885

ALZHEIMER SOCIETY OF SAULT STE. MARIE AND ALGOMA DISTRICT

Notes to Financial Statements

Year ended March 31, 2017

5. Commitments:

The Organization has leased premises in Sault Ste. Marie to February 2022. Annual rent required under the lease agreement is \$65,986.

The Organization also has leased premises in Elliot Lake on a month to month basis. Annual rent required under the lease agreement is \$5,650.

The Organization also has leased premises in Blind River to September 2017. Annual rent required under the lease agreement is \$4,800.

6. Financial risks and concentration of credit risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2016.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to the accounts receivable. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.