

Financial Statements of

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

Year ended March 31, 2015



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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, 2015, 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 evidence. Accordingly, our 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, 2015, 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 Licensed Accountants, Licensed Public Accountants

May 21, 2015

Sault Ste. Marie, Canada

ALZHEIMER SOCIETY OF SAULT STE. MARIE AND ALGOMA DISTRICT

Statement of Financial Position

March 31, 2015, with comparative information for 2014

	2015	2014
Assets		
Current assets:		
Cash	\$ 194,655	143,288
Marketable securities	1,070,449	1,004,828
Accounts receivable	9,899	11,250
Prepaid expenses	2,556	-
	1,277,559	1,159,366
Capital assets (note 2)	148,176	148,176
Less accumulated amortization	45,698	30,880
	102,478	117,296
	\$ 1,380,037	1,276,662
Liabilities, Deferred Capital Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 34,349	30,405
Deferred revenue	132,756	91,892
	167,105	122,297
Deferred capital contributions (note 4)	20,866	23,847
	187,971	146,144
Net assets:		
Unrestricted	1,072,066	1,010,518
Internally restricted for special projects	120,000	120,000
	1,192,066	1,130,518
Commitments (note 5)		
	\$ 1,380,037	1,276,662

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, 2015, with comparative information for 2014

	Operations	LHIN Funded Programs	Recreation Therapy	Total 2015	Total 2014
Revenue:					
Donations	\$ 56,767	-	41,754	98,521	100,891
Fundraising	155,392	13,575	-	168,967	167,410
Local Health Integration Network (LHIN)	-	339,775	-	339,775	341,417
Nevada and Raffle	45,155	-	-	45,155	58,825
Alzheimer Society of Ontario	9,000	-	-	9,000	8,750
Grants	13,358	-	570	13,928	3,562
Interest	5,137	-	-	5,137	6,659
Other	11,696	-	-	11,696	11,136
Amortization of deferred capital contributions	2,981	-	-	2,981	2,981
	299,486	353,350	42,324	695,160	701,631
Expenses:					
Salaries	147,817	257,730	48,879	454,426	422,735
Benefits	20,497	37,454	7,698	65,649	55,400
Building and grounds	14,311	27,593	9,540	51,444	49,634
Supplies	4,693	7,364	3,041	15,098	14,006
Equipment	731	773	941	2,445	6,080
Sundry	19,356	22,436	7,112	48,904	52,538
Research	10,000	-	-	10,000	10,000
Scholarship	600	-	-	600	600
Fundraising costs	31,766	-	-	31,766	45,163
Amortization of capital assets	14,818	-	-	14,818	14,818
	264,589	353,350	77,211	695,150	670,974
Excess (deficiency) of revenue over expenses					
before undernoted item	34,897	-	(34,887)	10	30,657
Unrealized loss (gain) on marketable securities	(61,538)	-	-	(61,538)	(55,818)
Excess (deficiency) of revenue over expenses	\$ 96,435	-	(34,887)	61,548	86,475

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, 2015, with comparative information for 2014

	2015	2014
Net assets, beginning of year	\$ 1,130,518	1,044,043
Excess of revenue over expenses	61,548	86,475
Net assets, end of year	\$ 1,192,066	1,130,518

See accompanying notes to financial statements.

ALZHEIMER SOCIETY OF SAULT STE. MARIE AND ALGOMA DISTRICT

Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 61,548	86,475
Items not involving cash:		
Amortization of capital assets	14,818	14,818
Amortization of deferred capital contributions	(2,981)	(2,981)
	<u>73,385</u>	<u>98,312</u>
Change in non-cash working capital balances:		
Decrease in accounts receivable	1,351	1,608
Prepaid expenses	(2,556)	-
Increase (decrease) in accounts payable and accrued liabilities	3,944	(9,740)
Increase in deferred revenue	40,864	22,370
	<u>116,988</u>	<u>112,550</u>
Cash flows from investing activities:		
Purchase of capital assets	-	(6,236)
Increase in marketable securities	(65,621)	(49,952)
	<u>(65,621)</u>	<u>(56,188)</u>
Increase in cash	51,367	56,362
Cash, beginning of year	143,288	86,926
Cash, end of year	\$ 194,655	143,288

See accompanying notes to financial statements.

ALZHEIMER SOCIETY OF SAULT STE. MARIE AND ALGOMA DISTRICT

Notes to Financial Statements (continued)

Year ended March 31, 2015

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 (continued)

Year ended March 31, 2015

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 (continued)

Year ended March 31, 2015

2. Capital assets:

2015	Cost	Accumulated amortization	Net book value
Leasehold improvements	\$ 112,131	\$ 35,508	\$ 76,623
Office equipment	20,000	6,000	14,000
Telecommunications equipment	16,045	4,190	11,855
	\$ 148,176	\$ 45,698	\$ 102,478

2014	Cost	Accumulated amortization	Net book value
Leasehold improvements	\$ 112,131	\$ 24,295	\$ 87,836
Office equipment	20,000	4,000	16,000
Telecommunications equipment	16,045	2,585	13,460
	\$ 148,176	\$ 30,880	\$ 117,296

3. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$15,758 (2014 - \$13,400), 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.

	2015	2014
Balance, beginning of year	\$ 23,847	\$ 26,828
Less amortization of deferred capital contributions	(2,981)	(2,981)
Balance, end of year	\$ 20,866	\$ 23,847

ALZHEIMER SOCIETY OF SAULT STE. MARIE AND ALGOMA DISTRICT

Notes to Financial Statements (continued)

Year ended March 31, 2015

5. Commitments:

The Organization has leased premises in Sault Ste. Marie to February 2022. Annual rent required under the lease agreement is \$38,750.

The Organization also has leased premises in Elliot Lake to July 2016. Annual rent required under the lease agreement is \$5,000.

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 2014.

(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.