ALZHEIMER SOCIETY OF GREY-BRUCE INC.

FINANCIAL STATEMENTS

MARCH 31, 2017

ALZHEIMER SOCIETY OF GREY-BRUCE INC.
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COLLINS BARROW
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of **Alzheimer Society of Grey-Bruce Inc.**:

Report on the Financial Statements

We have audited the accompanying financial statements of **Alzheimer Society of Grey-Bruce Inc.**, which comprise the statement of financial position as at March 31, 2017 and the statement of operations and changes in fund balances and cash flow statement 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 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.

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 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 control relevant to the Organization'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 Organization'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

Alzheimer Society of Grey-Bruce Inc. derives revenue from a variety of sources, however, income derived from charitable cash donations and fundraising activities is not susceptible to satisfactory audit verification with respect to completeness. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization. Consequently, for both years, we were unable to determine whether any adjustments to revenues, excess of revenue over expenditures, assets, or fund balances were necessary.

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 Grey-Bruce Inc.** as at March 31, 2017 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.

Collins Barrow SGB LLP

COLLINS BARROW SGB LLP
LICENSED PUBLIC ACCOUNTANTS
Owen Sound, Ontario
May 31, 2017

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ALZHEIMER SOCIETY OF GREY-BRUCE INC.
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31

	2017 $	2016 $
ASSETS		
CURRENT:		
Cash	**88,528**	21,751
HST Receivable	**7,035**	15,474
Prepaid Expenses	**4,418**	1,725
	99,981	38,950
PROPERTY AND EQUIPMENT:		
COST-		
Land	**18,750**	18,750
Building	**257,419**	257,419
Equipment	**30,128**	30,128
	306,297	306,297
ACCUMULATED AMORTIZATION-		
Building	**103,415**	96,998
Equipment	**13,815**	9,736
	117,230	106,734
	189,067	199,563
OTHER:		
Charitable Remainder Trust	**361,054**	345,858
Investments (Note 5)	**109,086**	100,050
Endowment Funds (Note 6)	**111,209**	58,654
	581,349	504,562
TOTAL ASSETS	**870,397**	743,075

ON BEHALF OF THE BOARD

Lloyd R. Wilson Director

Director

(See Accompanying Notes to Financial Statements)

ALZHEIMER SOCIETY OF GREY-BRUCE INC.
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31

	2017 $	2016 $
LIABILITIES		
CURRENT:		
Accounts Payable and Accrued Charges	**23,249**	23,267
Deferred Revenue	**2,042**	-
	25,291	23,267
DEFERRED CONTRIBUTIONS FOR PROPERTY AND EQUIPMENT (Note 7)	**71,545**	77,481
Total Liabilities	**96,836**	100,748
FUND BALANCE		
UNRESTRICTED NET ASSETS - GENERAL FUND	**629,629**	508,315
INVESTED IN CAPITAL ASSET FUND	**118,103**	122,662
BRIDGE TO TOMORROW FUND	**(85,380)**	(47,305)
ENDOWMENT FUND	**111,209**	58,655
Total Fund Balances	**773,561**	642,327
TOTAL LIABILITIES AND FUND BALANCES	**870,397**	743,075

(See Accompanying Notes to Financial Statements)

ALZHEIMER SOCIETY OF GREY-BRUCE INC.
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31

	General Fund $	LHIN $	Capital Asset Fund $	Bridge to Tomorrow Fund $	Endowment Fund $	2017 $	2016 $
Fund Balance at Beginning of Year	508,315	-	122,662	(47,305)	58,655	**642,327**	729,597
Excess of Revenue Over Expenditures (Expenditures Over Revenue)	121,314	-	(4,559)	11,934	2,545	**131,234**	(87,270)
Interfund Transfer (Note 9)	-	-	-	(50,009)	50,009	-	-
Fund Balance at End of Year	629,629	-	118,103	(85,380)	111,209	**773,561**	642,327

(See Accompanying Notes to Financial Statements)

ALZHEIMER SOCIETY OF GREY-BRUCE INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31

	General Fund $	LHIN $	Capital Asset Fund $	Bridge to Tomorrow Fund $	Endowment Fund $	2017 $	2016 $
REVENUE:							
Donations	117,808	-	-	58,581	-	**176,389**	51,977
Fundraising	196,901	-	-	-	-	**196,901**	144,640
Investment Income	18,532	-	-	-	-	**18,532**	19,120
Endowment Investment Income	-	-	-	-	2,545	**2,545**	7,246
Memorials	43,904	-	-	-	-	**43,904**	26,453
Amortization of Deferred Contributions	-	-	5,936	-	-	**5,936**	5,457
LHIN	-	501,690	-	-	-	**501,690**	469,627
ASO Grants and Revenue Share	22,000	-	-	-	-	**22,000**	22,566
LHIN - One Time	-	4,500	-	-	-	**4,500**	-
Trillium Grant	42,866	-	-	-	-	**42,866**	-
Summer Student Grant (& New Horizons in 2016)	2,700	-	-	-	-	**2,700**	9,632
Other Income	30,131	-	-	-	-	**30,131**	12,138
	474,842	506,190	5,936	58,581	2,545	**1,048,094**	768,856
EXPENDITURES:							
Administration	13,880	23,158	-	-	-	**37,038**	31,458
Bank Interest and Charges	10	2,641	-	-	-	**2,651**	1,753
Amortization	-	-	10,495	-	-	**10,495**	10,302
Equipment Lease and Replacements	-	3,126	-	-	-	**3,126**	4,844
Family Resources	-	862	-	-	-	**862**	1,151
Fundraising Expenses	53,104	-	-	-	-	**53,104**	48,012
Insurance and Taxes	-	7,525	-	-	-	**7,525**	7,196
Meetings	736	2,773	-	-	-	**3,509**	6,206
Memorial, Endowment and Campaign Expenditures	1,526	-	-	46,647	-	**48,173**	49,957
LHIN - transfer to service provider organization	-	4,500	-	-	-	**4,500**	-
Professional Services	1,804	11,876	-	-	-	**13,680**	13,123
Promotions	2,052	1,255	-	-	-	**3,307**	1,932
Rent, Upkeep and Utilities	-	15,112	-	-	-	**15,112**	13,919
Salaries and Benefits	190,176	498,869	-	-	-	**689,045**	649,238
Training and Travel	9,357	23,616	-	-	-	**32,973**	16,995
	272,645	595,313	10,495	46,647	-	**925,100**	856,086
Net Surplus (Deficit)	202,197	(89,123)	(4,559)	11,934	2,545	**122,994**	(87,230)
Contribution to Underfunded Expenditures	(89,123)	89,123	-	-	-	-	-
Unrealized Gain (Loss) on Fair Value Investments	8,240	-	-	-	-	**8,240**	(40)
Excess of Revenue over Expenditures (Expenditures over Revenue)	121,314	-	(4,559)	11,934	2,545	**131,234**	(87,270)

(See Accompanying Notes to Financial Statements)

ALZHEIMER SOCIETY OF GREY-BRUCE INC.
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31

	2017 $	2016 $
CASH FROM OPERATING ACTIVITIES:		
Excess of Revenue over Expenditures (Expenditures over Revenue)	**131,234**	(87,270)
Items not Involving Cash-		
Unrealized Loss of Fair Value Investments	**(8,240)**	40
Amortization of Deferred Contributions	**(5,936)**	(5,457)
Charitable Remainder Trust Earnings	**(15,196)**	(14,544)
Investment Income Reinvested in Investments	**(3,342)**	(8,801)
Amortization	**10,495**	10,302
	109,015	(105,730)
Change in-		
HST Receivable	**8,439**	(3,907)
General Fund Due to Endowment Fund	**-**	(1,774)
Prepaid Expenses	**(2,693)**	886
Accounts Payable, Accrued Charges	**(17)**	2,966
Deferred Revenue	**2,042**	-
Deferred Contributions	**-**	17,075
	116,786	(90,484)
INVESTING ACTIVITIES:		
Transfer to Endowment Fund	**(50,009)**	-
Purchase of Capital Assets	**-**	(16,496)
	(50,009)	(16,496)
INCREASE (DECREASE) IN CASH DURING YEAR	**66,777**	(106,980)
CASH AT BEGINNING OF YEAR	**21,751**	128,731
CASH AT END OF YEAR	**88,528**	21,751

(See Accompanying Notes to Financial Statements)

PURPOSE OF THE ORGANIZATION

The Alzheimer Society of Grey-Bruce Inc. exists to alleviate the personal and social consequences of Alzheimer's disease and related disorders and to promote research.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations. The following is a summary of certain significant accounting policies followed in the preparation of the financial statements.

The Alzheimer Society of Grey-Bruce Inc. follows the deferral method of accounting for contributions.

(A) PROPERTY AND EQUIPMENT

Property and equipment are recorded in the Capital Asset Fund at cost. Amortization of the building and equipment is provided on a declining balance method of 4% and 20% per year, respectively.

(B) FUND ACCOUNTING

The General Fund includes all unrestricted donations, interest earned, grants from the Ontario Society, fundraising and administration. The Endowment Fund includes funds that are restricted (refer to Note 6).

The LHIN Fund represents the funding and expenditures related to the Ministry funded programs and allocations made from fundraising and donations to cover the unfunded portions.

The Capital Asset Fund represents the amortization of capital grants and expenditures, the receipts and expenditures related to the property and equipment acquisitions, and repayments of debt incurred to acquire property and equipment.

The Bridge to Tomorrow Fund began in fiscal 2016 and will include all funds restricted or so designated by the contributor in response to the campaign.

(C) REVENUE RECOGNITION

Restricted contributions which includes various levels of government funding are recognized as revenue in the year in which the related expenses are incurred.

Endowment, Campaign and Unrestricted contributions which include donations, fundraising, investment income, and memberships are recognized as revenue of the appropriate fund when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

(D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and cash deposited in Canadian bank accounts.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(E) FINANCIAL INSTRUMENTS

The Society measures its financial assets and financial liabilities initially at fair value. Subsequently, financial assets and financial liabilities are measured either at fair value or amortized cost. Financial instruments measured at amortized cost are tested for impairment annually.

Financial assets measured at amortized cost include cash, HST receivable, accounts receivable and endowment investments. Financial liabilities measured at amortized cost include accounts payable and accrued charges and general fund due to endowment fund.

Investments in securities are measured at fair value. Fixed income investments are measured at amortized cost plus accrued interest. The Charitable Remainder Trust is measured at net present value which approximates amortized cost.

(F) USE OF ESTIMATES

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. Actual results could differ from those estimates.

2. CHARITABLE STATUS

The Alzheimer Society of Grey-Bruce Inc. is a registered charity under paragraph 149(1) (f) of the Income Tax Act and is exempt from tax by virtue of that same section. The charity has accumulated disbursement excesses available to be carried forward.

3. CONTRIBUTED SERVICES

Volunteers contribute a significant number of hours on education, support, awareness, governance and fundraising activities. Because of the difficulty of determining their fair market value, contributed services are not recognized on the financial statements.

4. LEGAL STATUS

The Society was established as a corporation without share capital under the Corporations Act of Ontario by letters patent dated July 8, 1986.

5. INVESTMENTS

Investments consist of equity securities carried at market value and fixed income investments measured at amortized cost.

	2017 $	2016 $
Fixed Income at amortized cost	**64,351**	63,555
Securities at fair value (Cost $26,644)	**44,735**	36,495
	109,086	100,050

6. ENDOWMENT

Endowment funds are maintained in a fund entitled "Leave a Legacy Fund" with the Alzheimer Foundation of London and Middlesex. The investments are measured at amortized cost. During the year $50,009 in capital was added to the endowment. This represents a 10 year gift made to the Bridge to Tomorrow Fund that was transferred to the Endowment fund.

7. DEFERRED CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of property and equipment. Provision is made for the amortization of deferred contributions in accordance with the depreciation rate on the property and equipment the contribution purchased. The amortization of capital contributions is recorded as income in the statement of operations. The changes for the year in the deferred capital contributions balance are as follows:

	2017 $	2016 $
Balance at Beginning of Year	**77,481**	65,863
Contributions Received - LHIN One-Time funding	**-**	17,075
Amounts Amortized to Revenue	**(5,936)**	(5,457)
Balance at End of Year	**71,545**	77,481

8. FINANCIAL INSTRUMENTS

The Society is not exposed to credit risk, currency risk or interest rate risk. The Society's exposure to risks from its financial instruments is described as follows:

Liquidity Risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society manages its liquidity risk by maintaining balance of short-term and long-term investments in its portfolio.

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those charges are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Society is exposed to fluctuations in market prices of securities. The equity securities are held at RBC Direct Investing Inc. and the fixed income investments are held by Meridian Credit Union. A Statement of Cash and Investments is presented to and reviewed by the Board each month and is considered the method by which the Society manages these risks. The Endowment Funds held with the Alzheimer Foundation of London and Middlesex are managed by TD Wealth Private Investment Counsel.

9. INTERFUND TRANSFER

During the year donations of $50,009 were transferred from the Bridge to Tomorrow Fund to the Endowment Fund.