

**ALZHEIMER SOCIETY OF NOVA SCOTIA**  
**Financial Statements**  
**Year Ended March 31, 2019**

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**ALZHEIMER SOCIETY OF NOVA SCOTIA**  
**Index to Financial Statements**  
**Year Ended March 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Alzheimer Society of Nova Scotia

### *Qualified Opinion*

We have audited the financial statements of Alzheimer Society of Nova Scotia (the Society), which comprise the balance sheet as at March 31, 2019, and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible 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 Society as at March 31, 2019, and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Society derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues were limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2019, current assets and net assets as at March 31, 2019. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation of scope.

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 Society 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 Society's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

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

Chartered Professional Accountants,  
Licensed Public Accountants

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*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 Society'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 Society'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 Society 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.

Halifax, NS  
June 12, 2019

  
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Licensed Public Accountants

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**ALZHEIMER SOCIETY OF NOVA SCOTIA**  
**Statement of Revenues and Expenditures**  
**Year Ended March 31, 2019**

	2019	2018
<b>REVENUES</b>		
Revenue Development		
Memorials, donations and bequests	\$ 574,286	\$ 558,988
Fund development, events and annual drives	324,815	351,262
Support and Education		
Educational programs	42,720	59,020
Department of Health and Wellness Funding	767,177	502,075
Information and awareness	43,553	38,724
ASC revenue collected (Note 11)	169,343	175,378
Administration revenue	38,203	26,478
	<b>1,960,097</b>	<b>1,711,925</b>
<b>EXPENSES</b>		
Revenue development	490,663	425,669
Support services	578,298	464,111
Information and awareness	137,522	64,316
Educational programs	419,328	359,571
Community outreach	122,238	97,991
Research	77,215	84,606
ASC operating assessment (Note 11)	47,547	58,961
Administration	181,273	145,909
	<b>2,054,084</b>	<b>1,701,134</b>
<b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<b>(93,987)</b>	<b>10,791</b>
Other income		
Gain on sale of marketable securities	4,200	34,129
Unrealized gain (loss) on marketable securities (Note 13)	9,527	(69,361)
	<b>13,727</b>	<b>(35,232)</b>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<b>\$ (80,260)</b>	<b>\$ (24,441)</b>

See accompanying notes to financial statements

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**ALZHEIMER SOCIETY OF NOVA SCOTIA****Balance Sheet****March 31, 2019**

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	2019	2018
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 465,649	\$ 299,029
Accounts receivable (Note 3)	337,743	226,017
Inventory	7,365	7,197
Prepaid expenses	75,172	45,849
Due from ASC / Health Partners (Note 11)	18,796	7,284
Due from United Way	7,737	3,853
	<b>912,462</b>	<b>589,229</b>
FURNITURE AND EQUIPMENT (Note 4)	10,017	12,813
INVESTMENTS (Note 5)	1,138,744	1,106,873
	<b>\$ 2,061,223</b>	<b>\$ 1,708,915</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable	\$ 164,268	\$ 63,381
Deferred revenue (Note 7)	779,229	447,548
	<b>943,497</b>	<b>510,929</b>
<b>NET ASSETS</b>	<b>1,117,726</b>	<b>1,197,986</b>
	<b>\$ 2,061,223</b>	<b>\$ 1,708,915</b>

Lease Commitments (Note 8)

**ON BEHALF OF THE BOARD**  
\_\_\_\_\_  
Director\_\_\_\_\_  
Director

See accompanying notes to financial statements

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**ALZHEIMER SOCIETY OF NOVA SCOTIA**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2019**

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	<b>2019</b>	<b>2018</b>
<b>NET ASSETS - Beginning of Year</b>	<b>\$ 1,197,986</b>	<b>\$ 1,222,427</b>
Deficiency of revenues over expenses	<b>(80,260)</b>	<b>(24,441)</b>
<b>NET ASSETS - End of Year</b>	<b>\$ 1,117,726</b>	<b>\$ 1,197,986</b>

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**ALZHEIMER SOCIETY OF NOVA SCOTIA**  
**Statement of Cash Flow**  
**Year Ended March 31, 2019**

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Cash receipts	\$ 2,124,834	\$ 1,851,813
Cash paid to suppliers and employees	(1,966,041)	(1,669,934)
Investment income	30,594	25,537
Cash flow from operating activities	189,387	207,416
<b>INVESTING ACTIVITIES</b>		
Investment income re-invested in investments	(30,594)	(25,537)
Proceeds on sales of gifted investments	9,283	32,054
Life insurance asset	(1,456)	-
Cash flow (used by) from investing activities	(22,767)	6,517
<b>INCREASE IN CASH FLOW</b>	<b>166,620</b>	<b>213,933</b>
Cash - beginning of year	299,029	85,096
<b>CASH - END OF YEAR</b>	<b>\$ 465,649</b>	<b>\$ 299,029</b>



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# ALZHEIMER SOCIETY OF NOVA SCOTIA

## Notes to Financial Statements

Year Ended March 31, 2019

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### 1. PURPOSE OF THE SOCIETY

The Alzheimer Society of Nova Scotia is a voluntary, not-for-profit charitable organization registered under the Societies Act of Nova Scotia in February, 1983. The purpose of the Society is to work towards alleviating the personal and social consequences of Alzheimer Disease and related dementias and to promote the research for the causes and cures.

The Alzheimer Society of Nova Scotia has united with the other provincial societies and the national society through a Federation Agreement signed in November 2008 to increase cooperation in programs directed towards research, education, awareness, communications and development.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

#### Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank deposits.

#### Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

#### Furniture and equipment

Furniture and equipment is stated at cost or deemed cost less accumulated amortization. Furniture and equipment is amortized over its estimated useful life on a declining balance basis at the following rates:

Equipment	30%
Furniture	20%
Leasehold improvements	20%

The Society regularly reviews its furniture and equipment to eliminate obsolete items.

#### Other investments

Investments consist of marketable securities and guaranteed investment certificates. Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income. Guaranteed investment certificates are recorded at their cost plus accrued interest. Unrealized gains or losses are reported as part of net income.

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## ALZHEIMER SOCIETY OF NOVA SCOTIA

### Notes to Financial Statements

Year Ended March 31, 2019

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

##### Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

##### Donated goods

Donated goods and services are recorded at their fair market value at the time of the donation. During the year \$3,019 in goods were donated [2018 - \$2,862].

##### Revenue recognition

The Society follows the deferral method of accounting for restricted contributions.

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 to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in net assets.

Investment income includes interest, dividends and realized gains or losses on investments. Interest income is recorded using the accrual method and dividends are recorded when declared.

##### Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

##### Allocation of expenses

The Society engages in revenue development, support services, information and resource services, educational programs, community outreach, research and administration programs. The costs of each program include the costs of payroll and human resources and other expenses that are directly related to providing the program. The Society also incurs a number of general support expenses that are common to the administration of the Society and each of its programs.

The policy for allocating expenditures is based on the percentage of personnel's time that are required in each program area. Expenditures that are directly related to a specific program are recorded directly to that program.

##### Volunteer services

The Society is dependent on the work of many volunteers to fulfill its mission. Donated services and materials are not recorded in these financial statements.

**ALZHEIMER SOCIETY OF NOVA SCOTIA**  
**Notes to Financial Statements**  
**Year Ended March 31, 2019**

**3. ACCOUNTS RECEIVABLE**

	<u>2019</u>	<u>2018</u>
Government	\$ 134,888	\$ 171,457
Interest	318	274
Other receivables	<u>202,537</u>	<u>54,286</u>
	<u>\$ 337,743</u>	<u>\$ 226,017</u>

Accounts receivable are net of an allowance for doubtful accounts of \$nil [2018 - \$nil].

**4. FURNITURE AND EQUIPMENT**

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Equipment	\$ 74,475	\$ 72,855	\$ 1,620	\$ 2,317
Furniture	30,236	26,898	3,338	4,173
Leasehold improvements	<u>23,252</u>	<u>18,193</u>	<u>5,059</u>	<u>6,323</u>
	<u>\$ 127,963</u>	<u>\$ 117,946</u>	<u>\$ 10,017</u>	<u>\$ 12,813</u>

**5. INVESTMENTS**

	<u>2019</u>	<u>2018</u>
Seamark Investment Fund	\$ 1,064,388	\$ 1,035,121
Guaranteed Investment Certificates	72,900	71,752
Life Insurance Policy	<u>1,456</u>	<u>-</u>
	<u>\$ 1,138,744</u>	<u>\$ 1,106,873</u>

The Society's investments consist of Mutual Funds and Guaranteed Investment Certificates. The Guaranteed Investment Certificates are with Canadian Chartered Banks at rates of 1.60% for year 1 and 1.85% for year 2 and have maturity dates in November 2019.

**6. CREDIT FACILITY**

The Society has a credit facility with the Bank of Montreal, which includes an approved operating line that can be drawn upon to a maximum of \$50,000, which bears interest at prime plus 1% and is secured by the Guaranteed Investment Certificates. At the balance sheet date, the amount owing, which is due on demand, was \$nil [2018 - \$nil].

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**ALZHEIMER SOCIETY OF NOVA SCOTIA****Notes to Financial Statements****Year Ended March 31, 2019**

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**7. DEFERRED REVENUE**

Deferred revenue consist of contributions which are designated by the contributor to fund future expenses. These contributions will be recognized as revenue when the designated disbursements are made.

	Opening Balance	Increase	Decrease	2019	2018
Events	\$ 22,449	\$ 38,255	\$ (12,957)	\$ 47,747	\$ 22,449
Dementia Strategy	19,867	820,600	(767,177)	73,290	19,867
Research	405,232	293,728	(65,768)	633,192	405,232
Dementia Friendly Communities Grant	-	25,000	-	25,000	-
	<u>\$ 447,548</u>	<u>\$ 1,177,583</u>	<u>\$ (845,902)</u>	<u>\$ 779,229</u>	<u>\$ 447,548</u>

**8. LEASE COMMITMENTS**

1. The Society leases office equipment which requires annual payments of \$4,280. The lease expires May 2023.
2. The Society has committed to a management and database system requiring annual payments to maintain it. In the current year \$39,022 [2018 - \$33,770] was paid for maintenance.
3. The Society through it's long term strategic plan has committed to annual contributions to the Alzheimer's Canada Research Program. The current years contribution was \$49,268 and future year contributions will be determined on an annual basis.
4. The Society leases office space requiring the following minimum annual lease payments. The lease expires August, 2022.

2020	\$ 70,821
2021	70,821
2022	70,821
2023	29,509
	<u>\$ 241,972</u>

**9. GOVERNMENT FUNDING**

The Society has received funding from the Provincial and Federal governments totalling \$820,600 for the 2018/19 fiscal year in support of the Dementia Strategy Project. As of March 31, 2019, \$73,290 has been deferred, as the related expenses are expected to be incurred during the 2019/20 fiscal year. The Society is required to report to the government, project specific statistics and data measurements, survey and research results, overall progress and the related expenses. There are no requirements for repayment.

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**ALZHEIMER SOCIETY OF NOVA SCOTIA****Notes to Financial Statements****Year Ended March 31, 2019**

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**10. INCOME TAXES**

The Society is a not-for-profit organization and, as such, is exempt from income taxes. The Society has remained current with their taxation filings which facilitates their tax exempt status.

**11. ALZHEIMER SOCIETY OF CANADA TRANSACTIONS**

All funds received by Alzheimer Society of Canada ("ASC") are distributed to the provincial Alzheimer Society in the province and/or territory from which the funds originated. The ASC is funded by the provinces through research and operating assessment fees.

	<u>2019</u>	<u>2018</u>
<u>Revenues</u>		
Memorials, donations and bequests	\$ 36,423	\$ 86,676
Fund Development, events and annual drives	-	50
Health Partners	23,069	19,733
Direct Marketing (net of expense allocations, not including research)	44,132	52,235
Research (Other than direct marketing)	293,679	16,684
Research included in deferred revenues	(227,960)	-
	<u>169,343</u>	<u>175,378</u>
<u>Expenditures</u>		
Research Assessments	49,268	57,789
Operating Assessments	47,547	58,961
	<u>96,815</u>	<u>116,750</u>
	<u>\$ 72,528</u>	<u>\$ 58,628</u>

As at year end a net receivable from ASC of \$18,796 [2018 - \$7,284] was recorded as Due From ASC / Health Partners.

**12. ALLOCATION OF EXPENSES**

Payroll, human resources and office expenses totalling \$1,559,632 [2018 - \$1,300,110] have been allocated as follows:

	<u>2019</u>	<u>2018</u>
Revenue development	\$ 434,218	\$ 367,195
Support services	555,540	450,087
Information and resource services	27,941	25,971
Educational programs	318,213	271,074
Community outreach	108,491	90,194
Research	11,447	9,563
Administration	103,782	86,026
	<u>\$ 1,559,632</u>	<u>\$ 1,300,110</u>

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**ALZHEIMER SOCIETY OF NOVA SCOTIA****Notes to Financial Statements****Year Ended March 31, 2019**

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**13. UNREALIZED GAIN (LOSS) ON INVESTMENTS**

Unrealized gains and losses on investments are as follows:

	<u>2019</u>	<u>2018</u>
<b><i>Seamark Investments</i></b>		
Fair Market Value	\$ 1,064,388	\$ 1,035,120
Cost	<u>960,170</u>	<u>940,429</u>
Total Unrealized Gain	<b>104,218</b>	94,691
Gain Recognized In Prior Years	<u>94,691</u>	<u>164,052</u>
	<b>\$ 9,527</b>	<b>\$ (69,361)</b>

**14. FINANCIAL INSTRUMENTS**

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of March 31, 2019.

***(a) Credit risk***

The Society is exposed to credit risk primarily with respect to their accounts receivable. The Society manages that risk through regular monitoring of balances and continuous communication with debtors.

***(b) Liquidity risk***

The Society's liquidity risk represents the risk that the Society could encounter difficulty in meeting obligations associated with its financial liabilities. The Society is exposed to liquidity risk mainly in respect of its accounts payable and accrued liabilities, and research funding obligations. Liquidity risk is not considered to be significant because the Society maintains sufficient funds to meet outstanding obligations.

***(c) Market risk***

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. The Society is mainly exposed to currency risk and interest rate risk.

***(d) Currency risk***

Currency risk is the risk to the Society that arises from fluctuations in foreign exchange rates. The Society is exposed to currency risk on its investments held in foreign currencies.

***(e) Interest rate risk***

Interest rate risk is the risk that the fair value (price risk) or future cash flows (cash flow risk) of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to price risk with respect to investments with fixed interest rates, and cash flow risk with respect to investments with variable interest rates.

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**ALZHEIMER SOCIETY OF NOVA SCOTIA**  
**Notes to Financial Statements**  
**Year Ended March 31, 2019**

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**15. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.