

**ALZHEIMER SOCIETY OF SASKATCHEWAN**

**FINANCIAL STATEMENTS**

**MARCH 31, 2019**

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of **Alzheimer Society of Saskatchewan** have been prepared by the Organization's management in accordance with Canadian accounting standards for not-for-profit organizations and necessarily include some amounts based on informed judgement and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

The Board of Directors have reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, **Virtus Group LLP**, and their report is presented separately.

  
\_\_\_\_\_  
**Chief Executive Officer**  
\_\_\_\_\_  
**Finance and Administration Manager**



## INDEPENDENT AUDITORS' REPORT

**To the Members,  
Alzheimer Society of Saskatchewan**

### *Qualified Opinion*

We have audited the financial statements of **Alzheimer Society of Saskatchewan**, which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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, 2019, and its financial performance and 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 many non-profit organizations, the Organization derives revenues from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenue was limited to accounting for amounts recorded in the records of the Organization. As a result, we were not able to determine whether any adjustments might be necessary in respect of revenues, assets, liabilities or net assets.

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 Saskatchewan, 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 opinion.

### *Information Other than the Financial Statements and Auditors' Report Thereon*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### *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.

...continued

## INDEPENDENT AUDITORS' REPORT continued

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 significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

May 21, 2019  
Regina, Saskatchewan

VIRTUS GROUP LLP  
Chartered Professional Accountants




**ALZHEIMER SOCIETY OF SASKATCHEWAN**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2019**  
**(with comparative figures for 2018)**

<b>ASSETS</b>		<b>2019</b>	<b>2018</b>
<b>Current assets</b>			
Cash (Note 3)	\$	71,292	\$ 43,999
Investments (Note 5)		468,369	327,806
Accounts receivable		13,648	14,567
Prepaid expenses		20,778	21,311
		<u>574,087</u>	<u>407,683</u>
<b>Tangible capital assets (Note 4)</b>		78,722	99,509
<b>Investments (Note 5)</b>		489,234	454,604
<b>Intangible assets (Note 6)</b>		<u>2,751</u>	<u>2,751</u>
	\$	<u>1,144,794</u>	\$ <u>964,547</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	\$	61,360	\$ 79,835
Deferred revenue (Note 7)		16,225	119,400
Due to Alzheimer Society of Canada (Note 11)		21,015	39,456
		<u>98,600</u>	<u>238,691</u>
<b>NET ASSETS</b>			
<b>Short term reserve (Note 8)</b>		350,000	-
<b>Long term reserve (Note 8)</b>		450,000	-
<b>Research reserve (Note 9)</b>		180,491	201,046
<b>Accumulated surplus</b>		<u>65,703</u>	<u>524,810</u>
		<u>1,046,194</u>	<u>725,856</u>
	\$	<u>1,144,794</u>	\$ <u>964,547</u>
<b>Commitments (Note 10)</b>			

See accompanying notes to the financial statements.

**APPROVED ON BEHALF OF THE BOARD:**

 Director

 Director

**ALZHEIMER SOCIETY OF SASKATCHEWAN**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2019**  
(with comparative figures for the year ended March 31, 2018)

	<u>Short term</u> <u>reserve</u>	<u>Long term</u> <u>reserve</u>	<u>Research</u> <u>reserve</u>	<u>Accumulated</u> <u>surplus</u>	<u>Total</u> <u>2019</u>	<u>Total</u> <u>2018</u>
Net assets - beginning of year	\$ -	\$ -	\$ 201,046	\$ 524,810	\$ 725,856	\$ 1,015,754
Excess (deficiency) of revenue over expenses	-	-	79,445	240,893	320,338	(289,898)
Transfers	350,000	450,000	(100,000)	(700,000)	-	-
Net assets - end of year	<u>\$ 350,000</u>	<u>\$ 450,000</u>	<u>\$ 180,491</u>	<u>\$ 65,703</u>	<u>\$ 1,046,194</u>	<u>\$ 725,856</u>

See accompanying notes to the financial statements.

**ALZHEIMER SOCIETY OF SASKATCHEWAN**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2019**  
(with comparative figures for the year ended March 31, 2018)

	<u>2019</u>	<u>2018</u>
<b>Revenue</b>		
Donations	\$ 512,025	\$ 294,487
Fundraising and projects	447,511	341,635
Government funding	595,116	579,789
Interest and other revenues	29,139	24,225
National revenue sharing (Note 11)	54,695	79,663
Planned giving	356,144	277,810
Sponsorships and grants	319,487	229,202
	<u>2,314,117</u>	<u>1,826,811</u>
<b>Expenses</b>		
Administration	99,977	119,549
Advocacy	42,592	39,010
Awareness	457,140	485,926
Governance	84,388	79,849
Federation assessment	57,843	48,138
Fund development	297,306	289,656
Programs and services	738,535	850,143
Research	215,998	204,438
	<u>1,993,779</u>	<u>2,116,709</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>\$ 320,338</u>	<u>\$ (289,898)</u>

See accompanying notes to the financial statements.

**ALZHEIMER SOCIETY OF SASKATCHEWAN**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2019**  
(with comparative figures for the year ended March 31, 2018)

	<u>2019</u>	<u>2018</u>
<b>Cash provided by (used in) operating activities:</b>		
Excess (deficiency) of revenues over expenses	\$ 320,338	\$ (289,898)
Items not involving cash:		
- Amortization	25,185	29,046
	345,523	(260,852)
Non-cash operating working capital (Note 14)	(138,639)	123,946
	<u>206,884</u>	<u>(136,906)</u>
<b>Cash provided by (used in) investing activities:</b>		
Additions to investments	(187,026)	(21,927)
Proceeds on disposal of investments	11,834	274,218
Additions to tangible capital assets	(10,294)	(6,167)
Proceeds on disposal of tangible capital assets	5,895	-
	<u>(179,591)</u>	<u>246,124</u>
<b>Increase in cash</b>	27,293	109,218
<b>Cash position - beginning of year</b>	43,999	(65,219)
<b>Cash position - end of year</b>	<u>\$ 71,292</u>	<u>\$ 43,999</u>

See accompanying notes to the financial statements.

**ALZHEIMER SOCIETY OF SASKATCHEWAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2019**  
**(with comparative figures for the year ended March 31, 2018)**

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**1. Nature of operations**

Alzheimer Society of Saskatchewan (the "Organization") was incorporated under *The Non-profit Corporations Act* in the province of Saskatchewan. The Organization provides resources and support to individuals with Alzheimer's disease and related dementias and their families.

The Organization is a registered charity under the *Income Tax Act* of Canada and as such is exempt from income taxes under 149(1)(f) of the Act.

**2. Summary of significant accounting policies**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit Organizations which required 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 period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. The financial statements reflect the following policies:

**Financial instruments**

Financial assets and financial liabilities are recorded on the statement of financial position when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are required to be recognized at fair value upon initial recognition, except for certain related party transactions. Measurement in subsequent periods of equity instruments is at fair value. All other financial assets and financial liabilities are subsequently measured at amortized cost adjusted by transaction costs, which are amortized over the expected life of the instrument.

Fair value is the amount at which a financial instrument could be exchanged at arm's length between willing, unrelated parties in an open market. Changes in fair values of financial assets and financial liabilities measured at fair value are recognized in excess of revenue over expenses. When there is an indication of impairment the carrying amount of financial assets measured at amortized cost may be reduced. Such impairments can be subsequently reversed if the value improves.

The Organization's recognized financial instruments costs of cash, accounts receivable, investments and accounts payable and accrued liabilities.

**Contributed assets**

Contributed assets are recorded at their fair value. In kind contributed goods and services are not recorded in the financial statements of the Organization.

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**ALZHEIMER SOCIETY OF SASKATCHEWAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2019**  
**(with comparative figures for the year ended March 31, 2018)**

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**2. Summary of significant accounting policies continued**

**Tangible capital assets**

Tangible capital assets are recorded at cost less accumulated amortization. Amortization is provided on the diminishing balance basis over the estimated useful life of the assets at the following annual rates:

Computer equipment	30 %
Office equipment	20 %
Furniture and fixtures	20 %

Leasehold improvements are amortized on the straight-line basis over 10 years. Contributed tangible capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

**Intangible assets**

Intangible assets are accounted for at cost and are not amortized. When the carrying amount exceeds the fair value, an impairment loss is recognized in an amount equal to the excess. No impairments have been recognized on these assets (2018 - \$nil).

**Revenue recognition**

The Organization follows the deferral method of accounting for 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.

Investment income is recognized as revenue in the year it is earned. Operating and other grants are recognized as revenue as they are earned. Grants for specific projects are recognized concurrent with project expenses.

**Allocation of expenses**

The Organization engages in administration, advocacy, awareness, governance, education, federation activities, fund development, research and support programs. The costs of each program include the costs of payroll and other expenses that are directly related to providing the program. The Organization also incurs a number of general support expenses that are common to the administration of the Organization and each of its programs.

The policy for allocating expenses is based on the percentage of each person's time spent in each program area. Expenses that are directly related to a specific program are recorded directly to that program.

**Volunteer services**

The Organization is dependant on the work of many volunteers to fulfil its mission. Donated services and materials are not recorded in these statements.

**ALZHEIMER SOCIETY OF SASKATCHEWAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2019**  
(with comparative figures for the year ended March 31, 2018)

**3. Cash / bank indebtedness**

The Organization has an unsecured line of credit with a limit of \$70,000, bearing interest at prime plus 0%. At year-end, the line of credit was not used (2018 - \$32,000).

**4. Tangible capital assets**

	<b>2019</b>		<b>2018</b>	
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Net Book Value</b>
Computer equipment	\$ 65,772	\$ 43,684	\$ 22,088	\$ 32,052
Furniture and fixtures	46,755	41,252	5,503	6,022
Office equipment	81,231	50,869	30,362	32,276
Leasehold improvements	149,187	128,418	20,769	29,159
	<u>\$ 342,945</u>	<u>\$ 264,223</u>	<u>\$ 78,722</u>	<u>\$ 99,509</u>

**5. Investments**

The Organization's investments consist of guaranteed investment certificates with interest rates ranging from 1.81% to 3.28% (2018 - 1.81% to 2.60%) and maturity dates ranging from April 2019 to December 2022 (2018 - September 2018 to August 2020).

**6. Intangible assets**

Mineral rights	\$ 2,750
Trademark with Alzheimer Society of Canada	<u>1</u>
	<u>\$ 2,751</u>

**7. Deferred revenue**

	<b>2019</b>	<b>2018</b>
Restricted - research	\$ -	\$ 100,000
Minds in Motion program	-	12,000
Other	16,225	7,400
	<u>\$ 16,225</u>	<u>\$ 119,400</u>

**ALZHEIMER SOCIETY OF SASKATCHEWAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2019**  
**(with comparative figures for the year ended March 31, 2018)**

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**8. Internally restricted reserves**

The Board of Directors may choose to establish internal restrictions which govern the use of assets held by the Organization. Any surplus in excess of the Organization's operating requirements may be designated to either reserve by the Board of Directors.

The Board of Directors has approved the establishment of a short term reserve for the protection of the Organization against uneven operating cash flows.

The Board of Directors has approved the establishment of a long term reserve for wrap up costs in the event the Organization is wound down.

**9. Research reserve**

The Organization has received donations that are specifically restricted for research. Some of these donations are contributed to fund general research and some are directed to fund research in Saskatchewan. The Board of Directors has established a separate Research Reserve to ensure that the wishes of such donors are honoured. As at March 31, 2019, the balance of this reserve was comprised of the following:

	<u>2019</u>	<u>2018</u>
Research - Saskatchewan	\$ 100,000	\$ 200,000
Research - General	80,491	1,046
	<u>\$ 180,491</u>	<u>\$ 201,046</u>

**10. Commitments**

The Organization leases premises under agreements requiring aggregate minimum payments over the next three years as follows:

2020	\$ 71,728
2021	69,464
2022	69,464

In 2016, the Organization renewed an agreement with the Saskatchewan Health Research Foundation to provide research funding of \$500,000 over a five year period. At March 31, 2019, the Organization's remaining commitment is \$100,000 which will be distributed in 2020.

In 2017, the Organization renewed an agreement with the Centre on Aging and Health to provide scholarship funds of \$25,000 over five years. At March 31, 2019, the Organization's remaining commitment is \$10,000 over the next two years.

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**ALZHEIMER SOCIETY OF SASKATCHEWAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2019**  
(with comparative figures for the year ended March 31, 2018)

**11. Federation transactions**

All funds received by Alzheimer Society of Canada ("ASC") are distributed to the provincial Alzheimer Society from which the funds originated, including individual donations designated to research. The ASC is funded by the provinces through a research and operation assessment. During the year, the Organization received net donations from ASC as follows:

	<u>2019</u>	<u>2018</u>
Direct mail	\$ 16,844	\$ 19,196
Bequests	10,000	27,853
General donations	14,268	17,255
Memorial donations	4,775	6,243
Health partners	8,808	9,116
	<u>\$ 54,695</u>	<u>\$ 79,663</u>

During the year, the Organization paid assessments to ASC as follows:

National operation assessment	\$ 57,843	\$ 48,138
Research assessment	59,037	47,184
	<u>\$ 116,880</u>	<u>\$ 95,322</u>

At year end, the Organization has a net payable to ASC in the amount of \$21,015 (2018 - \$39,456).

**12. Employee future benefits**

The Organization participates in the Saskatchewan Healthcare Employees' Pension Plan. Although the plan is a defined benefit plan, the Organization's financial obligation is limited to contributions in respect of employees' current service. The current year's pension expense is \$89,013 (2018 - \$100,981).

**ALZHEIMER SOCIETY OF SASKATCHEWAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2019**  
(with comparative figures for the year ended March 31, 2018)

**13. Allocation of expenses**

Payroll, human resources and office expenses totaling \$1,553,005 (2018 - \$1,720,154) have been allocated as follows:

	<u>2019</u>	<u>2018</u>
Administration	\$ 81,197	\$ 101,523
Advocacy	39,287	37,851
Awareness	424,526	461,784
Governance	58,442	52,942
Fund development	206,533	218,663
Programs and services	692,573	797,121
Research	50,447	50,270
	<u>\$ 1,553,005</u>	<u>\$ 1,720,154</u>

Expenses are allocated based on an estimate of the time spent in each department by each employee.

**14. Non-cash operating working capital**

Details of net change in each element of working capital relating to operations excluding cash are as follows:

	<u>2019</u>	<u>2018</u>
<b>(Increase) decrease in current assets:</b>		
Accounts receivable	\$ 919	\$ (9,324)
Prepaid expenses	533	(3,744)
	<u>1,452</u>	<u>(13,068)</u>
<b>Increase (decrease) in current liabilities:</b>		
Accounts payable and accrued liabilities	(18,475)	12,355
Deferred revenue	(103,175)	109,000
Due to Alzheimer Society of Canada	(18,441)	15,659
	<u>(140,091)</u>	<u>137,014</u>
	<u>\$ (138,639)</u>	<u>\$ 123,946</u>

**ALZHEIMER SOCIETY OF SASKATCHEWAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2019**  
**(with comparative figures for the year ended March 31, 2018)**

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**15. Financial risk management**

The Organization has a risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The significant financial risks to which the Organization is exposed are:

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization's exposure to interest rate risk is limited to the line of credit. The interest rate on this debt is variable; therefore, the Organization may face increasing interest costs in an increasing interest rate market.

**Liquidity risk**

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization's exposure to liquidity risk is dependent on the receipt of funds from its operations, external borrowings and other related sources. Funds from these sources are primarily used to finance working capital and capital expenditure requirements, and are considered adequate to meet the Organization's financial obligations.

**16. Comparative figures**

Certain comparative figures have been reclassified to conform with the presentation in the current year.

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