

ALZHEIMER SOCIETY OF SASKATCHEWAN

FINANCIAL STATEMENTS

MARCH 31, 2020

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, 2020, 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, 2020, 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.

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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 14, 2020
Regina, Saskatchewan

VIRTUS GROUP LLP
Chartered Professional Accountants



ALZHEIMER SOCIETY OF SASKATCHEWAN
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020
(with comparative figures for 2019)

ASSETS		2020	2019
Current assets			
Cash (Note 3)	\$	117,661	\$ 71,292
Investments (Note 5)		348,460	468,369
Accounts receivable		11,565	13,648
Prepaid expenses		23,756	20,778
		<u>501,442</u>	<u>574,087</u>
Tangible capital assets (Note 4)		100,657	78,722
Investments (Note 5)		2,504,693	489,234
Intangible assets (Note 6)		<u>2,751</u>	<u>2,751</u>
	\$	<u>3,109,543</u>	\$ <u>1,144,794</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$	84,822	\$ 61,360
Deferred revenue (Note 7)		27,350	16,225
Due to Alzheimer Society of Canada (Note 11)		17,074	21,015
		<u>129,246</u>	<u>98,600</u>
NET ASSETS			
Internally restricted reserves (Note 8)		1,800,000	800,000
Restricted research reserves (Note 9)		266,892	180,491
Accumulated surplus		<u>913,405</u>	<u>65,703</u>
		<u>2,980,297</u>	<u>1,046,194</u>
	\$	<u>3,109,543</u>	\$ <u>1,144,794</u>
Commitments (Note 10)			

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, 2020
(with comparative figures for the year ended March 31, 2019)

	Internally restricted reserves	Restricted research reserve	Accumulated surplus	Total 2020	Total 2019
Net assets - beginning of year	\$ 800,000	\$ 180,491	\$ 65,703	\$ 1,046,194	\$ 725,856
Excess of revenue over expenses	-	186,401	1,747,702	1,934,103	320,338
Transfers	1,000,000	(100,000)	(900,000)	-	-
Net assets - end of year	<u>\$ 1,800,000</u>	<u>\$ 266,892</u>	<u>\$ 913,405</u>	<u>\$ 2,980,297</u>	<u>\$ 1,046,194</u>

See accompanying notes to the financial statements.

ALZHEIMER SOCIETY OF SASKATCHEWAN
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2020
(with comparative figures for the year ended March 31, 2019)

	<u>2020</u>	<u>2019</u>
Revenue		
Donations	\$ 540,787	\$ 512,025
Fundraising and projects	468,913	447,511
Government funding	1,110,584	595,116
Interest and other revenues	62,099	29,139
National revenue sharing (Note 11)	39,963	54,695
Planned giving	1,741,427	356,144
Sponsorships and grants	354,760	319,487
	<u>4,318,533</u>	<u>2,314,117</u>
Expenses		
Administration	127,875	99,977
Advocacy	36,977	42,592
Awareness	369,343	457,140
Governance	99,385	84,388
Federation assessment	51,354	57,843
Fund development	325,597	297,306
Programs and services	1,113,294	738,535
Research	260,605	215,998
	<u>2,384,430</u>	<u>1,993,779</u>
Excess of revenues over expenses	<u>\$ 1,934,103</u>	<u>\$ 320,338</u>

See accompanying notes to the financial statements.

ALZHEIMER SOCIETY OF SASKATCHEWAN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020
(with comparative figures for the year ended March 31, 2019)

	<u>2020</u>	<u>2019</u>
Cash provided by (used in) operating activities:		
Excess of revenues over expenses	\$ 1,934,103	\$ 320,338
Items not involving cash:		
- Amortization	27,422	25,185
	1,961,525	345,523
Non-cash operating working capital (Note 14)	29,751	(138,639)
	<u>1,991,276</u>	<u>206,884</u>
Cash provided by (used in) investing activities:		
Additions to investments	(1,895,550)	(187,026)
Proceeds on disposal of investments	-	11,834
Additions to tangible capital assets	(57,292)	(10,294)
Proceeds on disposal of tangible capital assets	7,935	5,895
	<u>(1,944,907)</u>	<u>(179,591)</u>
Increase in cash	46,369	27,293
Cash position - beginning of year	71,292	43,999
Cash position - end of year	<u>\$ 117,661</u>	<u>\$ 71,292</u>

See accompanying notes to the financial statements.

ALZHEIMER SOCIETY OF SASKATCHEWAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020
(with comparative figures for the year ended March 31, 2019)

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(l)(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.

ALZHEIMER SOCIETY OF SASKATCHEWAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020
(with comparative figures for the year ended March 31, 2019)

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 (2019 - \$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, 2020
(with comparative figures for the year ended March 31, 2019)

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 (2019 - \$nil).

4. Tangible capital assets

	2020		2019	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 73,635	\$ 34,870	\$ 38,765	\$ 22,088
Furniture and fixtures	43,100	35,909	7,191	5,503
Office equipment	91,688	49,367	42,321	30,362
Leasehold improvements	149,187	136,807	12,380	20,769
	<u>\$ 357,610</u>	<u>\$ 256,953</u>	<u>\$ 100,657</u>	<u>\$ 78,722</u>

5. Investments

The Organization's investments consist of guaranteed investment certificates with interest rates ranging from 1.81% to 3.28% (2019 - 1.81% to 3.28%) and maturity dates ranging from April 2020 to February 2025 (2019 - April 2019 to December 2022).

6. Intangible assets

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

7. Deferred revenue

	2020	2019
Sponsorship	\$ 15,250	\$ 15,000
Minds in Motion	9,600	-
U-First	-	525
Other	<u>2,500</u>	<u>700</u>
	<u>\$ 27,350</u>	<u>\$ 16,225</u>

ALZHEIMER SOCIETY OF SASKATCHEWAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020
(with comparative figures for the year ended March 31, 2019)

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 an operating 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.

The Board of Directors has approved the establishment of a capital asset replacement fund for funding future capital requirements.

The Board of Directors has approved the establishment of an opportunity reserve fund for funding of program exploration or development, initiatives with one-time costs, and for building capacity through staff development, or investments in infrastructure.

As at March 31, 2020, the balance of these reserves was comprised of the following:

	<u>2020</u>	<u>2019</u>
Operating reserve (formerly short term reserve)	\$ 1,000,000	\$ 350,000
Long term reserve	500,000	450,000
Capital asset replacement reserve	100,000	-
Opportunity reserve	200,000	-
	<u>\$ 1,800,000</u>	<u>\$ 800,000</u>

9. Restricted 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 Restricted Research Reserve to ensure that the wishes of such donors are honoured. As at March 31, 2020, the balance of this reserve was comprised of the following:

	<u>2020</u>	<u>2019</u>
Saskatchewan Restricted Research Reserve Fund	\$ 25,000	\$ 100,000
Restricted Research Reserve Fund	241,892	80,491
	<u>\$ 266,892</u>	<u>\$ 180,491</u>

ALZHEIMER SOCIETY OF SASKATCHEWAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020
(with comparative figures for the year ended March 31, 2019)

10. Commitments

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

2021	\$	76,635
2022		76,635
2023		7,141
2024		7,141
2025		3,570

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, 2020, the Organization's remaining commitment is \$5,000 over the next year.

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>2020</u>	<u>2019</u>
Direct mail	\$ 14,118	\$ 16,844
Bequests	-	10,000
General donations	12,147	14,268
Memorial donations	5,808	4,775
Health partners	7,890	8,808
	<u>\$ 39,963</u>	<u>\$ 54,695</u>
During the year, the Organization paid assessments to ASC as follows:		
National operation assessment	\$ 51,354	\$ 57,843
Research assessment	100,000	59,037
	<u>\$ 151,354</u>	<u>\$ 116,880</u>

At year end, the Organization has a net payable to ASC in the amount of \$17,074 (2019 - \$21,015).

ALZHEIMER SOCIETY OF SASKATCHEWAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020
(with comparative figures for the year ended March 31, 2019)

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 \$101,864 (2019 - \$89,013).

13. Allocation of expenses

Payroll, human resources and office expenses totaling \$1,773,769 (2019 - \$1,553,005) have been allocated as follows:

	<u>2020</u>	<u>2019</u>
Administration	\$ 104,852	\$ 81,197
Advocacy	36,364	39,287
Awareness	310,411	424,526
Governance	64,522	58,442
Fund development	248,608	206,533
Programs and services	956,017	692,573
Research	52,995	50,447
	<u>\$ 1,773,769</u>	<u>\$ 1,553,005</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>2020</u>	<u>2019</u>
(Increase) decrease in current assets:		
Accounts receivable	\$ 2,083	\$ 919
Prepaid expenses	(2,978)	533
	<u>(895)</u>	<u>1,452</u>
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	23,462	(18,475)
Deferred revenue	11,125	(103,175)
Due to Alzheimer Society of Canada	(3,941)	(18,441)
	<u>30,646</u>	<u>(140,091)</u>
	<u>\$ 29,751</u>	<u>\$ (138,639)</u>

ALZHEIMER SOCIETY OF SASKATCHEWAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020
(with comparative figures for the year ended March 31, 2019)

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. COVID-19 pandemic

On March 11, 2020, the World Health Organization declared a global pandemic for the COVID-19 virus. The Organization is following health advisories and mandatory requirements from local, provincial and national health and government organizations. The impact of the pandemic on the Organization's operations and finances, if any, is unknown at this time.

17. Comparative figures

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