

Financial Statements of

**ALZHEIMER SOCIETY SUDBURY –
MANITOULIN NORTH BAY & DISTRICTS
SOCIÉTÉ ALZHEIMER SUDBURY-
MANITOULIN NORTH BAY ET DISTRICTS**

And Independent Auditors' Report thereon

Year ended March 31, 2022



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Members of Alzheimer Society Sudbury - Manitoulin North Bay & Districts Société
Alzheimer Sudbury-Manitoulin North Bay et Districts

Qualified Opinion

We have audited the financial statements of Alzheimer Society Sudbury - Manitoulin North Bay & Districts Société Alzheimer Sudbury-Manitoulin North Bay et Districts (the Entity), which comprise:

- the statement of financial position as at March 31, 2022
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and the notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, except for the possible effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditors' report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2022, 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Entity derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at March 31, 2022 and March 31, 2021.
- the fundraising revenues and excess (deficiency) of revenues over expenses reported in the statements of operations for the years ended March 31, 2022 and March 31, 2021.



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- the fund balances, at the beginning and end of the year, reported in the statements of operations and changes in fund balances for the years ended March 31, 2022 and March 31, 2021
- the excess (deficiency) of revenues over expenses reported in the statements of cash flows for the years ended March 31, 2022 and March 31, 2021

Our opinion on the financial statements for the year ended March 31, 2021 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity 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 these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibility 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 Entity'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 Entity or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 qualified 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 the 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 risk 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 qualified 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, internal 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 purposes of expressing an opinion on the effectiveness of the Entity'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 the events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity's 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.



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- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

June 14, 2022

ALZHEIMER SOCIETY SUDBURY - MANITOULIN NORTH BAY & DISTRICTS SOCIÉTÉ ALZHEIMER SUDBURY-MANITOULIN NORTH BAY ET DISTRICTS

Statement of Financial Position

March 31, 2022, with comparative information for 2021

	March 31, 2022			March 31, 2021
	Operating	Capital	Total	
Assets				
Current assets:				
Cash and cash equivalents	\$ 630,627	\$ -	\$ 630,627	555,238
Investments (note 2)	1,125,626	-	1,125,626	1,069,085
Accounts receivable (note 3)	252,951	-	252,951	318,360
Prepaid expenses	8,852	-	8,852	5,406
Interfund accounts	(75,000)	75,000	-	-
	1,943,056	75,000	2,018,056	1,948,089
Capital assets (note 4)	-	321,087	321,087	396,405
	\$ 1,943,056	\$ 396,087	\$ 2,339,143	\$ 2,344,494

Liabilities and Fund Balances

Current liabilities:

Accounts payable and accrued liabilities (note 5)	\$ 279,673	\$ -	\$ 279,673	\$ 229,025
Deferred revenue (note 6)	119,557	-	119,557	231,596
	399,230	-	399,230	460,621

Fund balances	1,543,826	396,087	1,939,913	1,883,873
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Contingent liability (note 7)

Commitment (note 8)

	\$ 1,943,056	\$ 396,087	\$ 2,339,143	\$ 2,344,494
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See accompanying notes to financial statements.

On behalf of the Board:



ALZHEIMER SOCIETY SUDBURY - MANITOULIN NORTH BAY & DISTRICTS SOCIÉTÉ ALZHEIMER SUDBURY-MANITOULIN NORTH BAY ET DISTRICTS

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2022, with comparative information for 2021

	Society		Programs		Capital		Total	Total
	2022	2021	2022	2021	2022	2021	2022	2021
Revenue:								
Ministry of Health - core	\$ -	\$ -	\$ 2,464,696	\$ 2,251,099	\$ -	\$ -	\$ 2,464,696	\$ 2,251,099
User fees	-	-	67,293	33,595	-	-	67,293	33,595
Other income	247,070	169,127	2,783	6,438	-	-	249,853	175,565
Donations	232,976	197,236	-	-	-	-	232,976	197,236
Fundraising	52,350	38,299	-	-	-	-	52,350	38,299
Property tax recoveries	-	-	31,037	12,854	-	-	31,037	12,854
Investment income	62,912	79,573	68	160	-	-	62,980	79,733
Unrealized gain on investments	3,898	-	-	-	-	-	3,898	-
Bingo	-	-	6,544	12,524	-	-	6,544	12,524
ASO direct mail campaign	41,644	27,004	-	-	-	-	41,644	27,004
	640,850	511,239	2,572,421	2,316,670	-	-	3,213,271	2,827,909
Expenses:								
Salaries and benefits	110,173	24,159	2,228,863	1,771,597	-	-	2,339,036	1,795,756
Other	260,449	207,650	6,234	245,658	-	-	266,683	453,308
Client services	-	-	111,184	104,151	-	-	111,184	104,151
Meals	-	-	18,304	3,083	-	-	18,304	3,083
Building occupancy	-	-	62,877	84,286	-	-	62,877	84,286
Office	270	45	51,959	55,614	-	-	52,229	55,659
Supplies	-	275	46,619	23,851	-	-	46,619	24,126
Travel	-	-	56,029	37,019	-	-	56,029	37,019
Property taxes	-	-	44,131	40,168	-	-	44,131	40,168
Training	10,571	2,372	6,004	5,641	-	-	16,575	8,013
Professional fees	15,808	6,368	6,662	14,037	-	-	22,470	20,405
Insurance	-	-	11,155	10,332	-	-	11,155	10,332
Meetings	341	-	714	-	-	-	1,055	-
Data processing	-	-	20,534	10,864	-	-	20,534	10,864
Advertising	109	100	2,034	1,139	-	-	2,143	1,239
Fundraising	152	-	-	-	-	-	152	-
Amortization of capital assets	-	-	-	-	86,055	90,836	86,055	90,836
	397,873	240,969	2,673,303	2,407,440	86,055	90,836	3,157,231	2,739,245
Excess (deficiency) of revenue over expenses before undemoted	242,977	270,270	(100,882)	(90,770)	(86,055)	(90,836)	56,040	88,664
Fund balances, beginning of year	1,412,468	1,262,998	-	-	471,405	532,211	1,883,873	1,795,209
Transfers - capital additions and surpluses	(111,619)	(120,800)	100,882	90,770	10,737	30,030	-	-
Fund balances, end of year	\$ 1,543,826	\$ 1,412,468	\$ -	\$ -	\$ 396,087	\$ 471,405	\$ 1,939,913	\$ 1,883,873

See accompanying notes to financial statements.

ALZHEIMER SOCIETY SUDBURY - MANITOULIN NORTH BAY & DISTRICTS SOCIÉTÉ ALZHEIMER SUDBURY-MANITOULIN NORTH BAY ET DISTRICTS

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 56,040	\$ 88,664
Adjustments for:		
Amortization of capital assets	86,055	90,836
	142,095	179,500
Change in non-cash working capital:		
Increase (decrease) in accounts receivable	65,409	(203,917)
Increase in prepaid expenses	(3,446)	(4,729)
Increase in accounts payable and accrued liabilities	50,648	17,260
Decrease in deferred revenue	(112,039)	(33,295)
	142,667	(45,181)
Cash flows from investing activities:		
Purchase of capital assets	(10,737)	(30,030)
Increase in investments	(56,541)	(1,069,085)
	(67,278)	(1,099,115)
Net increase (decrease) in cash and cash equivalents	75,389	(1,144,296)
Cash and cash equivalents, beginning of year	555,238	1,699,534
Cash and cash equivalents, end of year	\$ 630,627	\$ 555,238

See accompanying notes to financial statements.

ALZHEIMER SOCIETY SUDBURY - MANITOULIN NORTH BAY & DISTRICTS SOCIÉTÉ ALZHEIMER SUDBURY-MANITOULIN NORTH BAY ET DISTRICTS

Notes to Financial Statements

Year ended March 31, 2022

Alzheimer Society Sudbury - Manitoulin North Bay & Districts Société Alzheimer Sudbury-Manitoulin North Bay et Districts (the "Society") operates as a Chapter of the Alzheimer Society of Ontario and is incorporated without share capital under the Ontario Corporations Act.

1. Significant accounting policies:

(a) Basis of presentation:

In order to ensure observance and restrictions placed on the use of resources, the accounts are maintained in accordance with the principles of fund accounting. The operating fund accounts for all revenue and expenses related to current operations. The capital fund accounts for the equity in capital assets and includes a \$75,000 reserve for capital replacement.

(b) Revenue recognition:

The financial statements are prepared according to the restricted fund method of accounting. Under this method, the following principles have been applied:

- Contributions are recorded as revenue in the respective funds based on their nature, source and the restrictions stipulated by the donor.
- Contributions including pledges and donations are recognized as revenue when received.
- Deferred revenues represent amounts collected but for which related expenses have not yet been incurred or goods delivered. The amounts will be recognized as revenues in the fiscal year the services are performed, or the purchases are made.

(c) Capital assets:

Capital assets are stated at cost. Amortization is provided on the straight-line basis using the following annual rates:

Asset	Rate
Leasehold improvements	5%
Landscaping	33 1/3%
Furniture and equipment	33 1/3%
Computers	55%

(d) Donated services:

The work of the Society is dependent on the voluntary services of many members. Since these services are not normally purchased by the Society and because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

ALZHEIMER SOCIETY SUDBURY - MANITOULIN NORTH BAY & DISTRICTS SOCIÉTÉ ALZHEIMER SUDBURY-MANITOULIN NORTH BAY ET DISTRICTS

Notes to Financial Statements (continued)

Year ended March 31, 2022

1. Significant accounting policies (continued):

(e) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, cash held with chartered banks and guaranteed investments certificates with a maturity date of 90 days or less from the date of purchase.

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods specified. Significant items subject to such estimates and assumptions include the carrying value of capital assets. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

(g) 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 Society has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expenses as incurred.

2. Investments:

The Society holds various pooled investments which are reflected at market value as of the year end date.

	2022		2021	
	Market Value	Cost	Market Value	Cost
Fixed income	\$ 495,669	\$ 557,894	\$ 468,693	\$ 500,936
Canadian income equity	282,639	210,655	220,342	182,094
Global equity	275,009	227,084	348,612	314,695
Alternative investments	71,932	70,497	31,438	31,610
Cash	377	377	-	-
	<u>\$ 1,125,626</u>	<u>\$ 1,066,507</u>	<u>\$ 1,069,085</u>	<u>\$ 1,029,335</u>

The investments are considered level 2 investments and the investments are recorded at their market value as of the year end date. Unrealized gains (losses) are reported within the statement of operations.

ALZHEIMER SOCIETY SUDBURY - MANITOULIN NORTH BAY & DISTRICTS SOCIÉTÉ ALZHEIMER SUDBURY-MANITOULIN NORTH BAY ET DISTRICTS

Notes to Financial Statements (continued)

Year ended March 31, 2022

3. Accounts receivable:

	2022	2021
Day Program receivables	\$ 179,011	\$ 36,135
Funding Agency	28,594	240,179
HST rebates	45,346	42,046
	\$ 252,951	\$ 318,360

4. Capital assets:

2022	Cost	Accumulated amortization	Net book value
Furniture and equipment	\$ 257,845	\$ 247,409	\$ 10,436
Landscaping	26,166	26,166	-
Leasehold improvements	1,353,521	1,050,654	302,867
Computers	28,040	20,256	7,784
	\$ 1,665,572	\$ 1,344,485	\$ 321,087

2021	Cost	Accumulated amortization	Net book value
Furniture and equipment	\$ 257,845	\$ 231,983	\$ 25,862
Landscaping	26,166	26,166	-
Leasehold improvements	1,353,521	982,978	370,543
Computers	17,303	17,303	-
	\$ 1,654,835	\$ 1,258,430	\$ 396,405

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$24,902 (2021 - \$19,208), which includes amounts payable for payroll related taxes.

ALZHEIMER SOCIETY SUDBURY - MANITOULIN NORTH BAY & DISTRICTS SOCIÉTÉ ALZHEIMER SUDBURY-MANITOULIN NORTH BAY ET DISTRICTS

Notes to Financial Statements (continued)

Year ended March 31, 2022

6. Deferred revenue:

2022	Balance, beginning of year	Additions	Expenditures/ Transfers	Balance, end of year
North East Dementia Network	\$ 2,295	\$ -	\$ (2,295)	\$ -
Bingo	4331	4,416	(6,031)	2,716
Comfort Care Kits	669	-	(669)	-
Minds in Motion	7,665	15,180	(14,385)	8,460
Bequest	142,582	-	(44,518)	98,064
Special Purpose	60,282	-	(60,282)	-
Bike	8,286	-	-	8,286
Senior's At Risk	2,031	-	-	2,031
Art Program	2,455	100	(2,555)	-
Recreation Therapy	-	-	-	-
Snozolan Grant	1,000	-	(1,000)	-
	\$ 231,596	\$ 19,696	\$(131,735)	\$ 119,557

2021	Balance, beginning of year	Additions	Expenditures/ Transfers	Balance, end of year
North East Dementia Network	\$ 2,295	\$ -	\$ -	\$ 2,295
Bingo	7,122	12,437	(15,229)	4,330
Comfort Care Kits	1,184	-	(515)	669
Minds in Motion	7,708	-	(42)	7,666
Bequest	199,693	17,889	(75,000)	142,582
Special Purpose	24,704	35,577	-	60,281
Bike	8,287	-	-	8,287
Senior's At Risk	2,031	-	-	2,031
Art Program	2,509	-	(54)	2,455
Recreation Therapy	4,358	-	(4,358)	-
Snozolan Grant	5,000	1,000	(5,000)	1,000
	\$ 264,891	\$ 66,903	\$(100,198)	\$ 231,596

ALZHEIMER SOCIETY SUDBURY - MANITOULIN NORTH BAY & DISTRICTS SOCIÉTÉ ALZHEIMER SUDBURY-MANITOULIN NORTH BAY ET DISTRICTS

Notes to Financial Statements (continued)

Year ended March 31, 2022

7. Contingent liability:

The Society receives the majority of its funding from the Ministry of Health (the "Ministry") through the Ontario Health North. The operations of the Society are therefore subject to audit by the Ministry, with possible audit adjustments repayable to the Ministry.

Any adjustments required to the audited financial statements due to these audits are made to operations in the year of the adjustments are communicated.

8. Commitment:

The Society has entered into a 20-year lease for its premises with the City of Greater Sudbury. The lease expires on June 30, 2026 and requires rent payments equal to the Society's share of operating costs only. For the year ended March 31, 2022 this amounted to \$100,556 (2021 - \$57,309) and is included within building occupancy expenses on the statement of operations.

9. Comparative information:

Some of the comparative figures have been revised to conform with the current year's financial statement presentation.

10. Financial risks and concentration of credit risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements. The Society 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 2021.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society is exposed to credit risk with respect to the accounts receivable. The Society assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

(c) Market risk:

Market risk is the risk that changes in market prices and interest rates will affect the Society's net earnings or the value of financial instruments. These risks are generally outside the control of the Society. The objective of the Society is to mitigate market risk exposures within acceptable limits, while maximizing returns. The Society mitigates its market risk by laddering its investments, so a portion is maturing each year.

ALZHEIMER SOCIETY SUDBURY - MANITOULIN NORTH BAY & DISTRICTS SOCIÉTÉ ALZHEIMER SUDBURY-MANITOULIN NORTH BAY ET DISTRICTS

Notes to Financial Statements (continued)

Year ended March 31, 2022

10. Financial risks and concentration of credit risk (continued):

(d) Other risks:

The Society's main sources of revenue are government operating grants, fundraising and donation revenues and program fee revenues. In March 2021, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. The Society halted all in-person fundraising activities and programs and moved all non-essential staff to remote working. In September 2020, adult day programs were re-opened, and the offering of overnight beds was resumed in February of 2021.

Due to the nature of the Society's operations, COVID-19 did not have a significant negative impact on revenue streams, and the majority of COVID-19 specific expenses were covered by the additional funding provided by the Ministry of Health ("MOH").

The impact of COVID-19 is expected to negatively impact normal operations for a duration that cannot be reasonably predicted. The further overall operational and financial impact is highly dependent on the duration of COVID-19, including the potential occurrence of additional waves of the pandemic, and could be affected by other factors that are currently not known at this time. Management is actively monitoring the effect of the pandemic on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the pandemic and the global responses to curb its spread, the Society is not able to fully estimate the effects of the pandemic on its results of operations, financial condition, or liquidity at this time.