

ALZHEIMER SOCIETY OF THUNDER BAY

Financial Statements

Year Ended March 31, 2019



ALZHEIMER SOCIETY OF THUNDER BAY

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Year Ended March 31, 2019

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Alzheimer Society of Thunder Bay have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Alzheimer Society of Thunder Bay's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Audit Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by LCPS Professional Corporation, in accordance with Canadian accounting standards for not-for-profit organizations.



Director



Director

Thunder Bay, ON
June 26, 2019



INDEPENDENT AUDITOR'S REPORT

To the Members of Alzheimer Society of Thunder Bay

Qualified Opinion

We have audited the financial statements of Alzheimer Society of Thunder Bay (the Organization), which comprise the statement of financial position as at March 31, 2019, and the statements of revenue and expenditures, 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 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 Organization as at March 31, 2019, 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 Organization derives revenue from 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 Organization. Therefore, we were not able to determine whether any adjustments might be necessary to 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.

As disclosed in Note 2, the Organization does not capitalize tangible capital assets on the statement of financial position and does not amortize them accordingly as recommended by the Canadian Institute of Chartered Professional Accountants. In this respect, the financial statements are not in accordance with the Canadian generally accepted accounting principles.

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 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 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 Organization'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 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 timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Thunder Bay, ON
June 26, 2019



Professional Corporation
Chartered Professional Accountants
Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

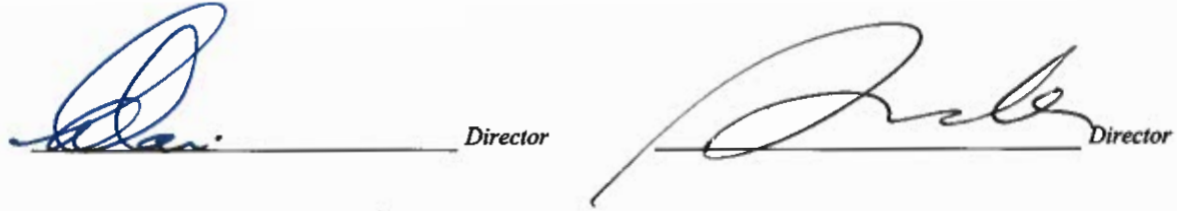
ALZHEIMER SOCIETY OF THUNDER BAY

Statement of Financial Position

March 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 201,003	\$ 118,434
Short Term Investments <i>(Note 3)</i>	-	10,044
Accounts receivable	27,585	73,229
Prepaid expenses	8,378	8,396
	<u>\$ 236,966</u>	<u>\$ 210,103</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 36,885	\$ 33,145
Alzheimer Society of Ontario - Research <i>(Note 4)</i>	634	384
Government remittances payable	15,837	9,857
Deferred revenue <i>(Note 5)</i>	6,550	10,694
	<u>59,906</u>	<u>54,080</u>
NET ASSETS	<u>177,060</u>	<u>156,023</u>
	<u>\$ 236,966</u>	<u>\$ 210,103</u>

ON BEHALF OF THE BOARD



Director

Director

ALZHEIMER SOCIETY OF THUNDER BAY

Statement of Revenue and Expenditures

Year Ended March 31, 2019

	2019	2018
REVENUE		
Northwest LHIN- Base Funding	\$ 326,126	\$ 251,026
Northwest LHIN - One Time Funding	-	50,368
Fundraising	144,763	150,356
Donations	129,934	113,973
Other income	32,853	29,729
Grant funding	11,990	25,521
Public education - St. Joseph's Care Group	-	11,000
Investment income	517	1
Memberships	225	145
	<u>646,408</u>	<u>632,119</u>
EXPENDITURES		
Advertising and promotion	11,018	3,447
Bank and credit card charges	5,895	6,060
Fundraising	43,268	61,961
Harmonized sales tax	18,942	17,728
Insurance	2,177	2,283
Office	20,468	17,770
Professional Fees	22,000	20,500
Professional development	9,468	3,202
Research	250	584
Rent	41,495	41,495
Service delivery	19,082	25,278
Telephone	4,726	5,307
Travel	9,680	6,541
Wages and benefits	415,863	387,598
	<u>624,332</u>	<u>599,754</u>
EXCESS OF REVENUE OVER EXPENDITURES FROM OPERATIONS	22,076	32,365
OTHER INCOME		
Loss on sale of marketable securities	<u>(1,039)</u>	-
EXCESS OF REVENUE OVER EXPENDITURES	\$ 21,037	\$ 32,365

ALZHEIMER SOCIETY OF THUNDER BAY

Statement of Changes in Net Assets

Year Ended March 31, 2019

	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 156,023	\$ 123,658
EXCESS OF REVENUE OVER EXPENDITURES	<u>21,037</u>	<u>32,365</u>
NET ASSETS - END OF YEAR	<u>\$ 177,060</u>	<u>\$ 156,023</u>

ALZHEIMER SOCIETY OF THUNDER BAY

**Statement of Cash Flows
Year Ended March 31, 2019**

	2019	2018
OPERATING ACTIVITIES		
excess of revenue over expenditures	\$ 21,037	\$ 32,365
Changes in non-cash working capital:		
Accounts receivable	45,644	(36,493)
Accounts payable and accrued liabilities	3,740	(6,936)
Deferred revenue	(4,144)	(864)
Prepaid expenses	18	2,996
Alzheimer Society of Ontario - Research	250	(19,901)
Government remittances payable	5,980	9,857
	<u>51,488</u>	<u>(51,341)</u>
Cash flow from (used by) operating activities	<u>72,525</u>	<u>(18,976)</u>
INVESTING ACTIVITY		
Short Term Investments	<u>10,044</u>	<u>(10,044)</u>
INCREASE (DECREASE) IN CASH FLOW	82,569	(29,020)
Cash - beginning of year	<u>118,434</u>	<u>147,454</u>
CASH - END OF YEAR	\$ 201,003	\$ 118,434

1. PURPOSE OF THE ORGANIZATION

Alzheimer Society of Thunder Bay is incorporated without share capital under the Business Corporation Act of Ontario as a not-for-profit organization and is a registered charity under the Income Tax Act.

The primary purpose of Alzheimer Society of Thunder Bay is to alleviate the personal and social consequences of Alzheimer's disease and other dementias; promote research about the disease; and provide information, education and support to all persons with Alzheimer's disease and other dementias and their partners in care.

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 (ASNPO).

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Cash and cash equivalents

The Organization's policy is to disclose cash on hand and on deposit with financial institutions under cash and cash equivalents.

Investments

Investments are recorded and carried at cost. All gains and losses from the sale, collection, or other disposition of investments and other non-cash assets are accounted for in statement of revenue and expenditures in the year in which the event occurred.

Short-term investments represent the amounts to be realized within one year. All other investments are considered long-term.

Property and equipment

Property and equipment are expensed in the year they are purchased. Management feels that the fair value of tangible assets in total are immaterial.

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.

Other recoveries are recognized as revenue when the amount is measurable and collection is reasonably assured.

Interest is recognized as revenue in the period in which it is earned.

(continues)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*Use of Estimates

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.

Significant estimates and assumptions are used to evaluate the carrying value and valuation allowances for accounts receivable. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those reported. Management believes that the estimates are reasonable.

Financial instrumentsMeasurement of financial instruments:

The Organization initially measures its financial assets and liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment:

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously.

Contributed services

A number of people have contributed significant amounts of time to the activities of the Society without compensation. The fair value of these contributed services is not readily determinable and, as such, is not reflected in these financial statements.

3. SHORT TERM INVESTMENTS

Investments are comprised of mutual funds held within a Canadian Securities dealer.

	<u>2019</u>	<u>2018</u>
729 shares of Signature Dividend Corp Class E mutual funds	\$ -	\$ 10,044

The market value of the investments held as of March 31, 2019 was \$nil.

4. DUE TO ALZHEIMER SOCIETY OF ONTARIO - RESEARCH

The amount owed to Alzheimer Society of Ontario is made up of donations received by the society that are specifically marked for research purposes. The donations are restricted for this purpose only and can not be used for any other intended purposes. Because no research is performed locally, these funds must be forwarded to the Alzheimer Society of Ontario.

	<u>2019</u>	<u>2018</u>
Due to Alzheimer Society of Ontario - Research		
Balance, beginning of year	\$ 384	\$ 20,285
Donations received during the year	250	584
Amounts forwarded to Alzheimer Society of Ontario	-	(20,485)
	<u>634</u>	<u>384</u>
Balance, end of year	\$ 634	\$ 384

5. DEFERRED REVENUE

	<u>2019</u>	<u>2018</u>
Balance - beginning of the year	\$ 10,694	\$ 11,558
Repayment of funding	(5,027)	-
Revenue recognized in the year	(5,667)	(23,214)
Revenue deferred during the year	6,500	22,350
	<u>6,500</u>	<u>10,694</u>

The deferred funding represents restricted funding received that is related to projects to be completed in subsequent year(s).

6. ECONOMIC DEPENDENCE

Approximately 51% (2018 - 48%) of the Organization's revenue is received from the North West Local Health Integration Network. The continuation of this Organization is dependent on this funding or its replacement under similar terms.

7. CONTINGENT LIABILITY

The Organization is contingently liable to its funding agencies for any expenditures that it may have made in contravention of the contract agreements with these agencies and any surpluses may be subject to recovery, depending on the terms and conditions of the relevant contract agreements. The actual amount of any contingent liability is currently not determinable.

8. FINANCIAL INSTRUMENTS

The Organization 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 Organization's risk exposure and concentration as of March 31, 2019.

(a) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities. The Organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other price risks arising from these financial instruments.

9. COMMITMENTS

The Organization has entered into a lease agreement for a photocopier, expiring February 2020.

During the year, the Organization entered into a lease agreement for a new phone system. The lease calls for monthly payments of \$108.00 plus HST over a 60 month period, expiring October 2023.

The future minimum lease payments total \$12,127 and include the following payments over the next five years:

2020	\$	7,483
2021		1,296
2022		1,296
2023		1,296
2024		756
	\$	<u>12,127</u>

10. COMPARATIVE FIGURES

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