

Alzheimer Society of Windsor and Essex County

Financial Statements

For the year ended March 31, 2019

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Tel: 519 944 6993
Fax: 519 944 6116
www.bdo.ca

BDO Canada LLP
3630 Rhodes Drive, Building 100
Windsor, ON N8W 5A4 Canada

Independent Auditor's Report

To the Board of Directors of Alzheimer Society of Windsor and Essex County

Qualified Opinion

We have audited the financial statements of Alzheimer Society of Windsor and Essex County (the Society), which comprise the statement of financial position as at March 31, 2019, the statements of operations and 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 described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2019, and its financial performance and cash flows for the then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from 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 Society. 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 years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets as at April 1 and March 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Ontario
May 30, 2019

Alzheimer Society of Windsor and Essex County

Statement of Financial Position

March 31, 2019 2018

Assets

Current

Cash and bank	\$ 178,106	\$ 28,583
Cash and bank - restricted (Note 2)	11,102	4,121
Short-term investments - capital and stabilization (Note 3)	467,105	478,015
Accounts receivable	31,448	17,750
HST recoverable and other receivables	36,153	13,216
Prepaid expenses	4,914	8,825

728,828 550,510

Capital assets (Note 4)

787,204 781,971

\$1,516,032 \$ 1,332,481

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ 328,606	\$ 146,365
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Deferred contributions (Note 5)

655,763 689,342

984,369 835,707

Commitments (Note 9)

Net Assets

Invested in capital assets	264,450	241,662
Internally restricted - stabilization	267,213	255,112

531,663 496,774

\$1,516,032 \$ 1,332,481

On behalf of the Board



Director



Director

Alzheimer Society of Windsor and Essex County

Statement of Operations

For the year ended March 31, 2019 2018

	General Funds	Ministry of Health Fund	Total	Total
Revenue				
Government funding (Note 6)	\$ -	\$1,928,198	\$1,928,198	\$1,656,298
Donations and bequests	364,412	-	364,412	214,848
User fees	-	305,826	305,826	305,940
Special events	221,428	-	221,428	215,266
Other	3,482	110,934	114,416	52,467
Amortized contributions (Note 5)	31,599	-	31,599	38,574
Interest	-	7,277	7,277	2,623
	620,921	2,352,235	2,973,156	2,486,016
Expenses				
Salaries and subcontracting- program	61,995	1,462,551	1,524,546	1,284,960
Employee benefits	15,338	344,194	359,532	347,352
Occupancy	-	349,316	349,316	104,162
Salaries- administration	-	280,862	280,862	275,219
Program support	1,008	75,838	76,846	132,114
Office printing and materials	1,802	68,481	70,283	37,250
Automotive and travel	1,211	61,191	62,402	56,192
Special events	5,462	39,462	44,924	34,362
Amortization of capital assets	40,353	-	40,353	38,574
Meetings, training and conferences	846	30,969	31,815	28,701
Telephone	-	26,093	26,093	39,758
Public relations	7,253	18,284	25,537	22,425
Professional fees	-	18,788	18,788	13,740
Lease of equipment	-	14,311	14,311	13,912
Interest and bank charges	-	7,683	7,683	6,086
Research	-	4,976	4,976	5,016
	135,268	2,802,999	2,938,267	2,439,823
Excess of revenue over expenses	485,653	(450,764)	34,889	46,193
Transfer to Ministry Fund	(450,764)	450,764	-	-
Transfer to Other Funds	(34,889)	-	(34,889)	(46,193)
	\$ -	\$ -	\$ -	\$ -

Alzheimer Society of Windsor and Essex County

Statement of Changes in Net Assets

For the year ended March 31, **2019** **2018**

		General and Ministry of Health Fund	Invested in Capital Assets	Stabilization Fund	Total	Total
Balance, beginning of year	\$	-	\$ 241,662	\$ 255,112	\$496,774	\$450,581
Excess of revenues over expenditures		34,889	-	-	34,889	-
Interfund transfers		(34,889)	22,788	12,101	-	-
Balance, end of year	\$	-	\$ 264,450	\$ 267,213	\$531,663	\$450,581

Net assets invested in capital assets consist of:

	2019	2018
Capital assets	\$ 787,204	\$ 781,971
Investments - capital account	133,009	149,033
Deferred contributions	(655,763)	(689,342)
	\$ 264,450	\$ 241,662

Alzheimer Society of Windsor and Essex County

Statement of Cash Flows

For the year ended March 31,	2019	2018
Cash from operations		
Excess revenue over expenses	\$ 34,889	\$ 46,193
Items not requiring an outlay of cash		
Amortization - capital assets	40,353	38,574
Amortization - deferred capital contributions	<u>(31,599)</u>	<u>(38,574)</u>
	43,643	46,193
Changes in non-cash working capital		
Accounts receivable	(13,698)	15,593
HST recoverable and other receivables	(22,937)	(970)
Prepaid expenses	3,911	2,432
Accounts payable and accrued liabilities	<u>182,241</u>	<u>2,703</u>
	<u>193,160</u>	<u>65,951</u>
Cash from financing		
Net receipts from deferred capital contributions	(1,980)	(4,179)
Purchase of capital assets	<u>(45,586)</u>	<u>(20,493)</u>
	<u>(47,566)</u>	<u>(24,672)</u>
Increase in cash during the year	145,594	41,279
Cash and cash equivalents, beginning of year	<u>510,719</u>	<u>469,440</u>
Cash and cash equivalents, end of year	<u>\$ 656,313</u>	<u>\$ 510,719</u>
Represented by:		
Cash and bank	\$ 178,106	\$ 28,583
Cash and bank - restricted	11,102	4,121
Short - term investments - capital and stabilization	<u>467,105</u>	<u>478,015</u>
	<u>\$ 656,313</u>	<u>\$ 510,719</u>

Alzheimer Society of Windsor and Essex County

Notes to Financial Statements

March 31, 2019

1. Significant accounting policies

Nature of Organization	The Alzheimer Society of Windsor Essex County is a charitable organization (as defined in The Income Tax Act) to receive and administer gifts, bequests and grants for charitable purposes. It provides services to those affected by Alzheimer's disease and related dementia. It provides the following services: Day Away Program, In-Home Respite Care, Public Education, Caregiver Education, and Caregiver Support Services.				
Basis of accounting	These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.				
Fund accounting	<p>The Society follows the restricted fund method of accounting for contributions.</p> <p>The General Fund accounts for the Society's program delivery and administrative activities.</p> <p>The Ministry of Health Fund is used to report contributions from the Ministry of Health, which are used to provide information and support to individuals affected by Alzheimer disease.</p> <p>Invested in capital assets reports the assets, liabilities, revenues and expenses related to the Society's capital assets.</p> <p>The Stabilization Fund reports the assets internally restricted by the Society for future contingencies as determined by the Board of Directors.</p>				
Capital assets	<p>Purchased capital assets are recorded at cost. The minimum threshold for the capitalization of capital assets is \$3,000. Amortization expense is reported in the Capital Asset Fund provided as follows:</p> <table><tr><td>Building</td><td>25 years straight-line basis</td></tr><tr><td>Furniture and equipment</td><td>20% diminishing balance basis</td></tr></table> <p>One half the rate is used in the year of acquisition.</p>	Building	25 years straight-line basis	Furniture and equipment	20% diminishing balance basis
Building	25 years straight-line basis				
Furniture and equipment	20% diminishing balance basis				
Financial instruments	Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, all financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument for those measured at amortized cost.				

Alzheimer Society of Windsor and Essex County

Notes to Financial Statements

March 31, 2019

1. Significant accounting policies (continued)

Use of estimates	The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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 revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.
Revenue recognition	<p>The Society follows the deferral method of accounting for contributions, which include donations and Ministry of Health funding.</p> <p>Unrestricted contributions are recognized as revenue as received.</p> <p>Externally restricted contributions are recognized as revenue in the period in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on the same basis as the related capital assets that are amortized.</p>
Contributed services	Volunteers contributed the vast majority of the fundraising services provided by the Society. Because of the difficulty in determining their fair value, contributed services are not recognized in these financial statements.

Alzheimer Society of Windsor and Essex County

Notes to Financial Statements

March 31, 2019

1. Significant accounting policies (continued)

Allocation of expenses

The Society engages in health promotion, education and in home and day away community services through funding provided by the Ministry of Health and Long-Term Care. The costs of these programs and services include the costs of personnel, premises, supplies and other expenses that are directly related to the provision of these programs and services. The Society also incurs a number of the general support expenses that are common to the administration of the organization and its programs and services.

Personnel costs (salaries and benefits) are allocated across the programs and services based on a percentage of the total salary for each staff position. The percentage is determined based on the estimated time spent on the various programs and services.

The Ministry of Health Fund includes an allocation of salaries and benefits related to administration and to programs and services funded by the Ministry of Health and Long-Term Care.

The General Fund includes an allocation of salaries and benefits related to fundraising and to programs and services which are not funded by the Ministry of Health and Long-Term Care.

The Society also allocated some of its general support to expenses to the Ministry of Health programs and services.

Alzheimer Society of Windsor and Essex County

Notes to Financial Statements

March 31, 2019

2. Cash and bank

The use of funds in the bingo and lottery accounts \$11,102 (2018 - \$ 4,121) are externally restricted by regulatory bodies and as such are presented as externally restricted in the financial statements.

3. Short-term investments

Included in short-term investments - capital and stabilization - are the following guaranteed investment certificates and savings accounts:

	2019	2018
<i>Stabilization Fund</i>		
WFCU, savings account	\$ 104,209	\$ 103,379
RBC GIC - 2.00%; maturing March 2020	204,000	200,101
WFCU GIC - 1.00%; maturing June 2019	25,887	25,503
	334,096	328,983
<i>Capital Fund</i>		
WFCU, savings accounts	133,009	149,033
	\$ 467,105	\$ 478,016

4. Capital assets

	Cost	Accumulated Amortization	2019	2018
Building	\$ 826,849	\$ 278,913	\$ 547,936	\$ 550,312
Land	200,000	-	200,000	200,000
Furniture and equipment	199,466	160,198	39,268	31,659
	\$1,226,315	\$ 439,111	\$ 787,204	\$ 781,971

Alzheimer Society of Windsor and Essex County

Notes to Financial Statements

March 31, 2019

5. Deferred capital contributions

Deferred capital contributions represent externally restricted contributions received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the combined statement of operations

	2019	2018
Deferred capital contributions, beginning of year	\$ 689,342	\$ 732,095
Add: Restricted contributions	(1,980)	(4,179)
Less: Amortization for the year	(31,599)	(38,574)
Deferred capital contributions, end of year	<u>\$ 655,763</u>	<u>\$ 689,342</u>

6. Economic dependence

The Society is dependent on the funding received from the Ministry of Health and Long-Term Care. During the year 62% (2018 - 64%) of revenue was received from the Ministry of Health and Long-Term Care.

7. Financial instruments risk

Liquidity risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset.

This risk is reduced due to considerable sums invested in term deposits. Trade accounts payable and accrued liabilities are generally repaid within 30 days.

The Society manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

8. Comparative figures

The comparative figures have been restated to conform to the current year's presentation.

9. Commitments

Subsequent to the year end, the Society entered into a lease with the City of Windsor for a second location of the Day Away Program. Annual rent is \$22,255, with the lease ending March 2021.
