

Financial Statements of

**ALZHEIMER SOCIETY OF
SAULT STE. MARIE AND
ALGOMA DISTRICT**

And Independent Auditor's Report thereon

Year ended March 31, 2023



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INDEPENDANT AUDITOR'S REPORT

To the Members of the Alzheimer Society of Sault Ste. Marie and Algoma District

Opinion

We have audited the financial statements of Alzheimer Society of Sault Ste. Marie and Algoma District (the Society), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2023 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 Opinion

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 auditor's 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 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 based on 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 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.



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- 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.
- 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

Sault Ste. Marie, Canada

May 25, 2023

ALZHEIMER SOCIETY OF SAULT STE. MARIE AND ALGOMA DISTRICT

Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash	\$ 538,410	\$ 523,050
Marketable securities (note 2)	1,939,373	1,841,653
Accounts receivable	332,347	261,771
Prepaid expenses	27,732	27,228
	2,837,862	2,653,702
Capital assets (note 3)	115,657	46,427
	\$ 2,953,519	\$ 2,700,129

Liabilities, Deferred Capital Contributions and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 105,563	\$ 76,125
Deferred revenue	643,386	425,797
	748,949	501,922
Deferred capital contributions (note 5)	107,350	36,891
	856,299	538,813
Net assets	2,097,220	2,161,316
Contingent liability (note 7)		
Commitments (note 8)		
	\$ 2,953,519	\$ 2,700,129

See accompanying notes to financial statements.

Approved on behalf of the Board:


 _____ Director


 _____ Director

ALZHEIMER SOCIETY OF SAULT STE. MARIE AND ALGOMA DISTRICT

Statement of Operations

Year ended March 31, 2023, with comparative information for 2022

		OHN Funded Programs	Recreation Therapy	Total 2023	Total 2022
Revenue:					
Ontario Health North	\$	-	1,398,251	-	\$ 1,398,251
Donations		133,047	94,279	156,272	383,598
Fundraising		125,185	595	-	125,780
Grants		23,188	53,786	-	76,974
Investment income		59,763	-	-	59,763
Adult day program client fees		-	43,053	-	43,053
Nevada and Raffle		42,085	-	-	42,085
Other (note 6)		23,405	-	-	23,405
Amortization of deferred capital contributions		14,301	-	-	14,301
Alzheimer Society of Ontario		-	-	-	-
		420,974	1,589,964	156,272	2,167,210
					1,792,163
Expenses:					
Salaries		189,014	927,469	120,237	1,236,720
Benefits		30,383	271,616	17,524	319,523
Building and grounds		59,329	245,736	94	305,159
Equipment		3,905	53,224	208	57,337
Supplies		20,593	32,027	845	53,465
Travel		1,164	18,554	10,121	29,839
Meetings and courses		5,721	5,602	4,437	15,760
Sundry		7,806	11,720	85	19,611
Bank charges and investment fees		17,150	4,219	-	21,369
Telephone and communications		10,762	14,598	642	26,002
Professional fees		13,819	-	-	13,819
Insurance		3,119	5,199	2,079	10,397
Research		20,286	-	-	20,286
Scholarship		1,200	-	-	1,200
Fundraising costs		21,194	-	-	21,194
Amortization of capital assets		15,529	-	-	15,529
		420,974	1,589,964	156,272	2,167,210
					1,640,269
Excess of revenue over expenses before undernoted item					
		-	-	-	-
Unrealized loss on marketable securities		(64,096)	-	-	(64,096)
		-	-	-	-
Excess (deficiency) of revenue over expenses					
	\$	(64,096)	-	-	\$ (64,096)
					\$ 27,981

See accompanying notes to financial statements.

ALZHEIMER SOCIETY OF SAULT STE. MARIE AND ALGOMA DISTRICT

Statement of Changes in Net Assets

Year ended March 31, 2023, with comparative information for 2022

		Invested in capital assets	Unrestricted	2023	2022
Net assets, beginning of year	\$	9,536	2,151,780	2,161,316	\$ 2,133,335
Excess (deficiency) of revenue over expenses		(1,228)	(62,868)	(64,096)	27,981
Purchase of capital assets		84,760	(84,760)	-	-
Net assets, end of year	\$	93,068	2,004,152	2,097,220	\$ 2,161,316

See accompanying notes to financial statements.

ALZHEIMER SOCIETY OF SAULT STE. MARIE AND ALGOMA DISTRICT

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	\$ (64,096)	\$ 27,981
Items not involving cash:		
Amortization of capital assets	15,529	24,969
Amortization of deferred capital contributions	(14,301)	(4,922)
Unrealized loss on marketable securities	64,096	123,913
	1,228	171,941
Change in non-cash working capital balances:		
Increase in accounts receivable	(70,576)	(221,756)
(Increase) decrease in prepaid expenses	(504)	13,877
Increase in accounts payable and accrued liabilities	29,438	1,910
Increase in deferred revenue	217,589	130,661
	177,175	96,633
Cash flows from financing activities:		
Receipt of deferred capital contributions	84,760	(90,002)
Cash flows from investing activities:		
Purchase of capital assets	(84,760)	(38,833)
Increase in marketable securities	(161,815)	(109,616)
	(246,575)	(148,449)
Increase (decrease) in cash	15,360	(141,818)
Cash, beginning of year	523,050	664,868
Cash, end of year	\$ 538,410	\$ 523,050

See accompanying notes to financial statements.

ALZHEIMER SOCIETY OF SAULT STE. MARIE AND ALGOMA DISTRICT

Notes to Financial Statements

Year ended March 31, 2023

Alzheimer Society of Sault Ste. Marie and Algoma District (the "Society") is incorporated without share capital under the laws of the province of Ontario. The Society is affiliated with the Alzheimer Society of Ontario. Its mission exists to improve the quality of life for people with Alzheimer disease and related dementias, and to provide support for their caregivers. The Society is a registered charity under the Income Tax Act and is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook. The Society's significant accounting policies are as follows:

(a) Revenue recognition:

The Society follows the deferral method of accounting for contributions which include donations and government grants.

Grants are recognized in the year the related expenditures are incurred. Donations, fundraising, and other revenues are recognized in the year the amount is received or receivable if collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue, at the rate corresponding with the amortization rate for the related capital asset.

(b) Capital assets:

Purchased capital assets are recorded at cost. Capital assets are amortized on a straight-line basis using the following useful life:

	Useful Life
Office equipment and furniture	10 years
Sign	10 years
Telecommunications equipment	10 years

ALZHEIMER SOCIETY OF SAULT STE. MARIE AND ALGOMA DISTRICT

Notes to Financial Statements

Year ended March 31, 2023

1. Significant accounting policies (continued):

(c) 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.

(d) 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 elected to carry its marketable securities at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value

(e) Use of estimates:

The preparation of the financial statements requires 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates

ALZHEIMER SOCIETY OF SAULT STE. MARIE AND ALGOMA DISTRICT

Notes to Financial Statements

Year ended March 31, 2023

2. Investments:

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

	2023		2022	
	Market Value	Cost	Market Value	Cost
Fixed income	\$ -	\$ -	\$ 98,857	\$ 98,500
Equity investments	641,996	613,870	440,739	404,950
Mutual funds	1,045,779	1,045,307	1,292,368	1,519,513
Cash	251,598	251,598	9,689	9,689
	\$ 1,939,373	\$ 1,910,775	\$ 1,841,653	\$ 2,032,652

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.

3. Capital assets:

2023	Cost	Accumulated amortization	Net book value
Office equipment	\$ 86,367	\$ 43,187	\$ 43,180
Sign	38,833	5,825	33,008
Telecommunications equipment	59,900	20,431	39,469
	\$ 185,100	\$ 69,443	\$ 115,657

2022	Cost	Accumulated amortization	Net book value
Office equipment	\$ 45,462	\$ 36,550	\$ 8,912
Sign	38,833	1,941	36,892
Telecommunications equipment	16,045	15,422	623
	\$ 100,340	\$ 53,913	\$ 46,427

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$15,833 (2022 - \$30,124) which includes amounts payable for payroll related taxes.

ALZHEIMER SOCIETY OF SAULT STE. MARIE AND ALGOMA DISTRICT

Notes to Financial Statements

Year ended March 31, 2023

5. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2023	2022
Balance, beginning of year	\$ 36,891	\$ 2,980
Contributions received during the year	84,760	38,833
Less amortization of deferred capital contributions	(14,301)	(4,922)
Balance, end of year	\$ 107,350	\$ 36,891

6. Other revenue:

Included in other revenue are amounts related to government assistance under various programs. In response to COVID-19, the Canadian government enacted the Canadian Emergency Wage Subsidy (CEWS) program to aid eligible Canadian businesses.

Under the CEWS program, the Society received assistance in the amount of \$nil (2022 - \$201,453). There are no amounts receivable related to the CEWS program as of March 31, 2023 (2022 - \$nil).

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. Commitments:

The Society has leased premises in Sault Ste. Marie under an operating lease which commenced in August 2021 with an expiry date of July 31, 2038. Annual minimum lease payments required under the lease agreement are \$195,371, escalating to \$236,262 annually in 2030 and remaining the same to the end of the term in 2038.

The Society also has leased premises under an operating lease in Elliot Lake expiring May 2023. Annual rent required under the lease agreement is \$6,744.

The Society also has leased premises under an operating lease in Wawa on a month-to-month basis. Annual rent required under the lease agreement is \$5,400.

The Society also has leased premises under rental agreement in Blind River for program space commencing August 1, 2022 on a month-to-month basis. Annual rent required under the agreement is \$3,000.

ALZHEIMER SOCIETY OF SAULT STE. MARIE AND ALGOMA DISTRICT

Notes to Financial Statements

Year ended March 31, 2023

9. Risk management:

(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 2022.

(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.

10. Comparative information:

Certain 2022 comparative information have been reclassified to conform to the financial statement presentation of 2023.

