

**Alzheimer Society of Kingston,
Frontenac, Lennox and Addington
Financial Statements**
March 31, 2020

Alzheimer Society of Kingston, Frontenac, Lennox and Addington

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For the year ended March 31, 2020

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Independent Auditor's Report

To the Members of Alzheimer Society of Kingston, Frontenac, Lennox and Addington:

Qualified Opinion

We have audited the financial statements of Alzheimer Society of Kingston, Frontenac, Lennox and Addington (the "Organization"), 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 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, 2020, and the results of its 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 charitable organizations, the Organization derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenues, excess of revenue over expenditures, assets and changes in 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 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.

Other Matter

The financial statements of the Organization for the year ended March 31, 2019 were audited by Baker Tilly SEO LLP of Kingston, Ontario, Canada. Baker Tilly SEO LLP expressed a qualified opinion on those statements on May 22, 2019 for the reasons described in the Basis for Qualified Opinion paragraph.

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

Kingston, Ontario

July 13, 2020

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Alzheimer Society of Kingston, Frontenac, Lennox and Addington
Statement of Financial Position

As at March 31, 2020

	2020	2019
Assets		
Current		
Cash	401,094	274,395
Short-term investments	62,247	163,405
Accounts receivable (Note 3)	47,909	35,745
Prepaid expenses and deposits	5,574	3,776
	516,824	477,321
Investments	372,891	437,457
Capital assets (Note 4)	1,455	4,366
	891,170	919,144
Liabilities		
Current		
Accounts payable and accruals (Note 5)	40,320	49,487
Deferred contributions	9,050	7,050
Deferred contributions related to capital assets (Note 6)	1,455	4,366
	50,825	60,903
Net Assets		
Satellite Program Fund	80,000	80,000
Fiscal Strength Fund	147,118	147,118
Education and Family Support Fund	66,569	66,569
Relocation Leasehold Improvement Fund	26,686	26,686
Information Technology Sinking Fund	10,152	10,152
Externally Restricted Fund	19,320	19,339
Unrestricted Fund	490,500	508,377
	840,345	858,241
	891,170	919,144

Approved on behalf of the Board

 Director

 Director

The accompanying notes are an integral part of these financial statements

Alzheimer Society of Kingston, Frontenac, Lennox and Addington
Statement of Operations
For the year ended March 31, 2020

	2020	2019
Revenue		
Donations	128,698	224,382
Fundraising (Note 9)	154,475	124,494
Investment income	(30,323)	17,703
Ministry of Health and Long-Term Care (Schedule 1)	272,710	254,992
Other grants	15,000	-
Other revenue	131,407	117,740
	671,967	739,311
Expenses		
Advertising	3,221	2,729
Amortization	2,911	2,911
Bank charges and interest	2,688	3,544
Board and meeting expenses	2,251	2,364
Building maintenance	1,004	3,441
Building rent	47,287	45,838
Computer supplies and software	4,059	3,685
Education and program supplies	26,772	9,158
Equipment and software maintenance	6,389	11,023
Equipment rent	5,827	5,285
Fundraising and volunteer expenses	6,794	11,290
Insurance	2,335	2,203
Membership fees	350	514
Ministry of Health and Long Term Care - One Time Expenses	3,218	-
Office supplies	15,002	19,841
Postage and courier	3,875	3,208
Professional fees	37,890	29,571
Salaries and benefits	491,695	406,567
Telephone and internet	5,878	6,572
Training and conference expenses	6,448	18,517
Travel	9,828	14,750
Utilities	4,141	4,361
	689,863	607,372
Excess of revenue over expenses	(17,896)	131,939

The accompanying notes are an integral part of these financial statements

Alzheimer Society of Kingston, Frontenac, Lennox and Addington
Statement of Changes in Net Assets

For the year ended March 31, 2020

	Satellite Program Fund	Fiscal Strength Fund	Education and Family Support Fund	Relocation Leasehold Improvement Fund	Information Technology Sinking Fund	Externally Restricted Fund	Unrestricted Fund	2020	2019
Net assets, beginning of year	80,000	147,118	66,569	26,686	10,152	19,339	508,377	858,241	726,302
Excess of revenue over expenses	-	-	-	-	-	(19)	(17,877)	(17,896)	131,939
Net assets, end of year	80,000	147,118	66,569	26,686	10,152	19,320	490,500	840,345	858,241

The accompanying notes are an integral part of these financial statements

Alzheimer Society of Kingston, Frontenac, Lennox and Addington
Statement of Cash Flows
For the year ended March 31, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	(17,896)	131,939
Amortization	2,911	2,911
	(14,985)	134,850
Changes in working capital accounts		
Accounts receivable	(12,164)	(18,981)
Prepaid expenses and deposits	(1,798)	2,063
Accounts payable and accruals	(9,167)	1,638
Deferred contributions	2,000	7,050
Deferred contributions related to capital assets	(2,911)	(2,911)
	(39,025)	123,709
Investing		
Decrease (increase) in short-term investments	101,158	(63,458)
Decrease (increase) in long-term investments	64,566	(42,507)
	165,724	(105,965)
Increase in cash resources	126,699	17,744
Cash resources, beginning of year	274,395	256,651
Cash resources, end of year	401,094	274,395

The accompanying notes are an integral part of these financial statements

Alzheimer Society of Kingston, Frontenac, Lennox and Addington

Notes to the Financial Statements

For the year ended March 31, 2020

1. Incorporation and Nature of the Organization

Alzheimer Society of Kingston, Frontenac, Lennox and Addington (the "Organization") was incorporated without share capital and is a registered charity exempt from income taxes under subsection 149(1)(f) of the Income Tax Act.

The Organization's principal activities include public education, family support and support of research for Alzheimer's disease.

2. Significant Accounting Policies

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Fund Accounting

The Organization follows the deferral method of accounting for contributions and reports using fund accounting, and maintains 7 funds: Unrestricted Fund, Satellite Program Fund, Fiscal Strength Fund, Education and Family Support Fund, Relocation Lease Improvement Fund, Information Technology Sinking Fund, Externally Restricted Fund.

The Unrestricted Fund reports the Organization's cost of operations of providing services financed by donations, fundraising, grants, and other general income.

The Externally Restricted Fund reports the restricted contributed funds from the Dowker Memorial Fund and the LaFrance Memorial Fund. These funds are to be used by the Organization solely to provide education and awareness over Alzheimer's disease in the community.

The Organization has established the following internally restricted funds to provide a source of funds for future endeavours:

Satellite Program Fund - The purpose of this fund is to fund future satellite offices and related programming in the event that other funding for these endeavours is no longer available.

Fiscal Strength Fund - The purpose of this fund is to manage the financial risk of the Organization and promote financial stability. The fund balance represents 50% of normalized operating (less base government funding) expenditures and fund development expenditures and is adjusted periodically to reflect changing expense levels.

Education and Family Support Fund - The purpose of this fund is to provide funds for the expansion of core services within the City of Kingston, County of Frontenac, and County of Lennox and Addington, either on a stand alone basis or in collaboration with other similar organizations or other community partners. This fund will be adjusted periodically to meet the Organization's current needs.

Relocation Lease Improvement Fund - The purpose of this fund is to reduce the impact of one-time costs of relocated or needed improvements to the office configuration and is adjusted from time to time as necessary or prudent.

Information Technology Sinking Fund - The purpose of this fund is to facilitate the upgrading and replacement of equipment to maintain an efficient working system. Annual increments, deemed necessary by the Board should be provided. Investments in new hardware/software or system upgrades are charged to this fund.

Revenue Recognition

The Organization follows the deferral method of accounting for contributions, which includes donations and government grants. Government grants are recorded as revenue in the period to which they relate. 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. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Interest and other income are recognized as earned.

Contributed Services

Volunteers contribute significant hours each year to assist the Organization in carrying out its events. Since these services are not normally purchased by the Organization and because of the difficulty in identifying a reliable basis for their value, contributed services are not recognized in these financial statements.

Alzheimer Society of Kingston, Frontenac, Lennox and Addington
Notes to the Financial Statements
For the year ended March 31, 2020

Cash and Cash Equivalents

Cash and cash equivalents include balances with banks and funds in money market funds capable of short term liquidity.

Investments

Investments are initially recorded at their acquisition cost. At the financial statement date the investments are adjusted to fair value, and the corresponding unrealized gains and losses are recorded in the statement of operations.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method		Rate
Furniture and equipment	straight-line	3	years

Measurement Uncertainty (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 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 reporting period.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

3. Accounts Receivable

	2020	2019
Accounts receivable	32,155	24,873
HST receivable	15,754	10,872
	47,909	35,745

4. Capital Assets

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Furniture and equipment	8,732	7,277	1,455	4,366

During the year, the Organization acquired capital assets in the amount of \$Nil (2019 - \$Nil).

5. Accounts Payable and Accruals

	2020	2019
Accounts payable and accruals	31,473	36,095
Government remittances payable	8,847	13,392
	40,320	49,487

Alzheimer Society of Kingston, Frontenac, Lennox and Addington

Notes to the Financial Statements

For the year ended March 31, 2020

6. Deferred Contributions Related to Capital Assets

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	2020	2019
Balance, beginning of year	4,366	7,277
Less: Amounts recognized as revenue during the year	(2,911)	(2,911)
Balance, end of year	1,455	4,366

7. Externally Restricted

Externally restricted funds consist of restricted donations received by the Organization as follows:

	<i>Dowker Education Fund</i>	<i>LaFrance Memorial Fund</i>	2020	2019
Balance, beginning of year	6,907	12,432	19,339	18,901
Interest income (loss)	(7)	(12)	(19)	438
Balance, end of year	6,900	12,420	19,320	19,339

8. Interfund Transfer

During the year, the board approved no interfund transfers (2019 - \$80,000 from the Unrestricted to the Satellite Program Fund).

9. Fundraising Revenue

	2020	2019
3rd party donations	43,995	-
A Changing Melody	-	120
Coffee Break	52,050	51,728
Dementia Conference	4,634	-
Golf Tournament	19,637	-
Heritage Funds	14,126	28,250
Music for Memories	1,078	-
Nevada	2,548	1,791
Walk for Memories	16,407	42,605
	154,475	124,494

Alzheimer Society of Kingston, Frontenac, Lennox and Addington
Notes to the Financial Statements
For the year ended March 31, 2020

10. Commitments

The Organization has a lease agreement for office premises in Kingston, Ontario and various equipment leases with expiry dates not later than 2029.

The minimum annual payments for the next five years are as follows:

2021	35,691
2022	31,016
2023	31,016
2024	31,016
2025	20,201
	<hr/>
	148,940

11. Financial Instruments

Financial instruments are financial assets or liabilities of the Organization where, in general, the Organization has the right to receive cash or another financial asset from another party or the Organization has the obligation to pay another party cash or other financial assets.

Financial instruments consist of cash, short-term investments, accounts receivable, investments and accounts payable and accruals.

The Organization initially recognized its financial instruments at fair value and subsequently measure them at amortized cost with the exception of short-term and long-term investments, which are recorded at fair value.

Financial assets measured at cost or amortized cost are tested for impairment at the end of each year and 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 and the amount of the reversal is recognized in net income. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost.

Market Risk

Market risk is the risk that changes in market prices and interest rates will affect the Organization's net earnings or the value of financial instruments. The Organization is exposed to market risk through the equity and preferred share investments held included in its investment portfolio.

12. Subsequent Event

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

13. Comparative Figures

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

Alzheimer Society of Kingston, Frontenac, Lennox and Addington
Schedule 1 - Schedule of Ministry of Health and Long-Term Care Funding

For the year ended March 31, 2020

	2020		2019
Revenue			
Ministry of Health and Long-Term Care			
Base	269,492	\$	254,992
One Time Funding	3,800		-
Fundraising	36,396		18,720
Donations	123,879		124,180
Other grants	15,000		28,693
Other revenue	6,621		5,397
	455,188		431,982
Expenditures			
Advertising	1,564		2,418
Amortization	2,911		2,911
Bank charges and interest	217		1,869
Board and meeting expenses	897		2,057
Building maintenance	942		3,441
Building rent	35,155		28,638
Computer supplies and software	4,059		1,575
Education and program supplies	12,305		6,709
Equipment and software maintenance	6,389		8,842
Equipment rent	4,098		5,189
Fundraising and volunteer expenses	3,829		2,163
Insurance	2,335		2,203
Membership fees	505		359
Ministry of Health and Long-Term Care - One Time Expenses	3,218		-
Office supplies	6,671		6,424
Postage and courier	2,717		3,198
Professional fees	18,710		27,581
Salaries and benefits	328,303		285,914
Telephone and internet	4,003		6,294
Training and conference expenses	6,458		18,461
Travel	7,067		11,375
Utilities	2,253		4,361
	454,606		431,982
Excess of revenue over expenditures for the year before repayable	582	\$	-
Amounts repayable to the Ministry of Health and Long-Term Care	(582)		-
Excess of revenue over expenditures for the year	-		-