

Alzheimer Society of Muskoka
Financial Statements
For the year ended March 31, 2022

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Independent Auditor's Report

To the Board of Directors of Alzheimer Society of Muskoka

Qualified Opinion

We have audited the accompanying financial statements of the Alzheimer Society of Muskoka, which comprise the statement of financial position as at March 31, 2022 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 effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization 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

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.

In common with many charitable organizations, the Alzheimer Society of Muskoka derives revenue from membership fees, donations and fund raising receipts 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. We were unable to determine whether any adjustments might be necessary to revenues other than grants and government funding, excess of revenues over expenses and cash flows from operations for the years ended March 31, 2022 and March 31, 2021, current assets as at March 31, 2022 and March 31, 2021, and net assets as at April 1 and March 31 for both the 2021 and 2020 years. Our audit opinion on the statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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

Management is responsible for the preparation and fair presentation of these 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.

Chartered Professional Accountants, Licensed Public Accountants

Bracebridge, Ontario
June 22, 2022

**Alzheimer Society of Muskoka
Statement of Financial Position**

March 31	2022	2021
Assets		
Current		
Cash	\$ 69,304	\$ 61,770
Short-term investments (Note 2)	512,452	444,480
Accounts receivable	38,645	25,879
Prepaid expenses	2,496	3,488
	622,897	535,617
Tangible capital assets (Note 3)	3,557	5,474
	\$ 626,454	\$ 541,091
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 4)	\$ 38,798	\$ 37,302
Repayable to the Local Health Integration Network (Note 5)	-	2,359
Deferred contributions (Note 6)	-	500
	38,798	40,161
Deferred contributions related to capital assets (Note 7)	3,203	4,127
	42,001	44,288
Net Assets		
Net assets internally restricted (Note 8)	248,219	248,219
Unrestricted net assets	336,234	248,584
	584,453	496,803
	\$ 626,454	\$ 541,091

On behalf of the Board:

_____ Director



_____ Director

**Alzheimer Society of Muskoka
Statement of Changes in Net Assets**

For the year ended March 31	Internally Restricted	Unrestricted	Total 2022	Total 2021
Balance , beginning of year	\$ 248,219	\$ 248,584	\$ 496,803	\$ 443,542
Excess of revenue over expenses for the year	-	87,650	87,650	53,259
Balance , end of year	\$ 248,219	\$ 336,234	\$ 584,453	\$ 496,801

Alzheimer Society of Muskoka Statement of Operations

For the year ended March 31	2022	2021
Revenue (Fund Type 2)		
Donations	\$ 18,777	\$ 16,785
Provincial grants	235,520	227,458
Recoveries	-	3,837
Amortization of deferred contributions	853	1,072
	255,150	249,152
Expenses (Fund Type 2)		
Amortization of tangible capital assets	853	1,072
Benefit contributions	6,482	8,601
Equipment expenses	5,854	17,120
Supplies and sundry expenses	53,219	52,231
Buildings and grounds expenses	13,973	12,749
Salaries and wages	174,769	157,379
	255,150	249,152
Excess of revenue over expenses for the year (Fund Type 2)	-	-
Fund Type 3 - Other		
Revenue	242,811	198,395
Expenses	155,161	145,136
	87,650	53,259
Excess of revenue over expenses for the year (Fund Type 3)	87,650	53,259
Excess of revenue over expenses for the year	87,650	53,259

The accompanying notes are an integral part of these financial statements

Alzheimer Society of Muskoka
Statement of Cash Flows

For the year ended March 31	2022	2021
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 87,650	\$ 53,259
Adjustment for		
Amortization of tangible capital assets	924	1,169
Amortization of deferred contributions related to capital assets	(924)	(1,169)
	87,650	53,259
Changes in non-cash working capital balances		
Accounts receivable	(12,765)	(10,372)
Prepaid expenses	992	(420)
Accounts payable and accrued liabilities	1,495	12,342
Deferred contributions	(500)	(8,463)
Other	(2,359)	-
	74,513	46,346
Investing activities		
Purchase of capital assets	993	(993)
Decrease (increase) in short-term investments	(67,972)	15,520
	7,534	60,873
Increase in cash during the year	7,534	60,873
Cash, beginning of year	61,770	897
Cash, end of year	\$ 69,304	\$ 61,770

Alzheimer Society of Muskoka

Notes to Financial Statements

March 31, 2022

1. Nature of Operations and Summary of Significant Accounting Policies

i) Nature of Operations

The Alzheimer Society of Muskoka is a not-for-profit organization incorporated without share capital under the laws of Ontario. The organization provides education and research support regarding Alzheimer disease, as well as support for families affected by the disease.

Provincial grants received from the Local Health Integration Network and the related expenditures of this funding are presented as fund 2 items on the statement of operations. All other sources of revenue and expenditures are presented as fund 3 items on the statement of operations.

The organization is a registered charity and, as such, is exempt from income tax and may issue tax receipts to donors.

ii) Basis of Accounting

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

iii) 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.

iv) Financial Instruments

Financial Instruments are recorded at fair value at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

v) Tangible Capital Assets

Purchased tangible capital assets are stated at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution and are amortized, unless fair value is not determinable in which case contributed tangible capital assets are recorded at nominal value at the date of contribution.

Amortization based on the estimated useful life of the asset is calculated as follows:

Computer equipment	- 30% declining balance basis
Equipment and furniture	- 20% declining balance basis
Leasehold improvements	- 20% declining balance basis

Alzheimer Society of Muskoka Notes to Financial Statements

March 31, 2022

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

vi) **Contributed Materials and Services**

Contributed materials which are used in the normal course of the organization's operations, and would otherwise have been purchased, are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

2. Short term Investments

The carrying amounts of investments are comprised of the following:

	<u>2022</u>	<u>2021</u>
Royal Bank of Canada, Guaranteed Investment Certificates, non-redeemable, interest at 1%, maturing June 2021	\$ -	\$ 164,480
Royal Bank of Canada, Guaranteed Investment Certificates, redeemable, interest at .95, maturing May 2020	-	\$ 150,000
Royal Bank of Canada, Guaranteed Investment Certificates, redeemable, interest at .95%, maturing April 2021	-	130,000
Canadian Imperial Bank of Commerce, Business Operating Account, variable interest rate	<u>512,452</u>	-
	<u>\$ 512,452</u>	<u>\$ 444,480</u>

The organization is exposed to credit risk arising from all of its bank accounts and short-term deposits being held at one financial institution and deposits are only insured up to \$100,000.

The organization is exposed to cash flow risk on its business operating account which earn interest at variable rates. The cash flows will fluctuate because of changes in market rates.

Alzheimer Society of Muskoka
Notes to Financial Statements

March 31, 2022

3. Tangible Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 5,458	\$ 5,266	\$ 5,458	\$ 5,184
Equipment and furniture	12,132	8,767	13,125	7,925
Leasehold improvements	6,505	6,505	6,505	6,505
	\$ 24,095	\$ 20,538	\$ 25,088	\$ 19,614
Net book value		\$ 3,557		\$ 5,474

4. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is \$4,499 (2021 - \$1,447) in government remittances payable.

5. Due to Local Health Integration Network

In accordance with the Local Health Integration Network (LHIN) funding agreements, any excess of revenue over expenses in the current year is repayable to the LHIN. The balance repayable is as follows:

	2022
Balance , beginning of year	\$ 2,359
Less amounts repaid during the year	(2,359)
Balance , end of year	\$ -

Alzheimer Society of Muskoka
Notes to Financial Statements

March 31, 2022

6. Deferred Contributions

Deferred contributions represent restricted contributions received in the current period, for the Finding Your Way, Music and Memory and Minds in Motion programs, as well as funding received from the District of Muskoka that relates to the subsequent period. Changes in deferred contribution balances are as follows:

	2022	2021
Balance , beginning of year	\$ 500	\$ 8,963
Contributions recognized as revenue in the year	(500)	(8,463)
Balance , end of year	\$ -	\$ 500

7. Deferred Contributions Related to Tangible Capital Assets

Deferred contributions related to tangible capital assets represent the unamortized portion of contributed tangible capital assets and restricted contributions used to purchase tangible capital assets. The changes in the deferred contributions balance for the year are as follows:

	2022	2021
Balance , beginning of year	\$ 4,127	\$ 5,297
Less: amounts amortized to revenue Fund Type 2	(853)	(1,072)
Less: amounts amortized to revenue Fund Type 3	(71)	(98)
Balance , end of year	\$ 3,203	\$ 4,127

Alzheimer Society of Muskoka Notes to Financial Statements

March 31, 2022

8. Net Assets Internally Restricted

In 2001, the Board of Directors internally restricted funds from unrestricted assets to be used for contingency purposes.

In 2015, the Board of Directors internally restricted funds received in 2014 from a bequest, for the purposes of the implementation of a five year strategic plan.

The total amount of internally restricted net assets at March 31, 2022 is as follows:

	<u>2022</u>		<u>2021</u>
Internally restricted for contingency purposes	\$ 59,518	\$	59,518
Internally restricted for five year strategic plan	<u>188,701</u>		<u>188,701</u>
	<u>\$ 248,219</u>	\$	<u>248,219</u>

These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

9. Commitments

The organization has leased premises for which the minimum annual lease payments, including contribution to operating costs, realty taxes, payments for utilities and other amounts, over the next year is \$13,321.

10. Economic Dependence

The organization obtained a commitment from the Ministry of Health and Long-Term Care for continued funding on an annual basis to provide for salaries and related costs for education and First Link Care Navigation and supportive counselling.

Approximately 44% (2021 - 48%) of the organization's current revenue is received from the Ministry of Health and Long-Term Care. The continuation of some of the programs is dependent on this funding.

As the organization does not have long-term expenditure commitments, it could continue at a reduced service level without this funding.

Alzheimer Society of Muskoka Notes to Financial Statements

March 31, 2022

11. Uncertainty due to COVID-19

Although it appears that the worst of the COVID-19 pandemic is now over and ASM has so far been able to overcome its financial effects, some uncertainty over the future impact of the pandemic on staff, funders, suppliers, and donors remains. Management is actively monitoring the situation but the unpredictability of the future course of COVID-19 continues to introduce a degree of uncertainty when estimating the future financial performance and liquidity of the organization."
