

ALZHEIMER SOCIETY OF NOVA SCOTIA
Financial Statements
Year Ended March 31, 2021

ALZHEIMER SOCIETY OF NOVA SCOTIA
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Year Ended March 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of Alzheimer Society of Nova Scotia

Qualified Opinion

We have audited the financial statements of Alzheimer Society of Nova Scotia (the Society), which comprise the balance sheet as at March 31, 2021, and the statements of revenues and expenditures, changes in net assets and cash flow 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 Society as at March 31, 2021, and the results of its operations and its cash flow 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 Society derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues were 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 donations and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2021, current assets and net assets as at March 31, 2021.

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 those 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 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 Society'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 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.

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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.

Halifax, NS
June 9, 2021

accounting for business
OPTIO



Chartered Professional Accountants
Licensed Public Accountants

ALZHEIMER SOCIETY OF NOVA SCOTIA
Statement of Revenues and Expenditures
Year Ended March 31, 2021

	2021	2020
REVENUES		
Revenue Development		
Memorials, donations and bequests	\$ 560,801	\$ 664,091
Fund development, events and annual drives	417,191	375,276
Support and Education		
Educational programs	8,760	42,338
Department of Health and Wellness Funding	1,073,474	1,113,252
Information and awareness	-	48,341
ASC revenue collected (Note 9)	170,125	226,920
Administration revenue	33,352	34,779
	2,263,703	2,504,997
EXPENSES		
Revenue development	334,271	503,436
Support services	538,115	644,107
Information and awareness	128,097	126,357
Educational programs	418,332	564,345
Community outreach	194,488	179,872
Research	67,523	76,783
ASC operating assessment (Note 9)	41,207	47,134
Administration	159,245	145,790
	1,881,278	2,287,824
EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER INCOME	382,425	217,173
Other income		
Gain on sale of marketable securities	29,932	26,972
Unrealized gain (loss) on marketable securities (Note 11)	219,299	(91,665)
	249,231	(64,693)
EXCESS OF REVENUES OVER EXPENSES	\$ 631,656	\$ 152,480

ALZHEIMER SOCIETY OF NOVA SCOTIA**Balance Sheet****March 31, 2021**

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 979,506	\$ 729,365
Accounts receivable (Note 3)	133,654	51,058
Inventory	2,954	5,029
Prepaid expenses	896	48,923
Due from ASC / Health Partners (Note 9)	32,831	2,549
Due from United Way	-	4,697
	1,149,841	841,621
FURNITURE AND EQUIPMENT (Note 4)	18,540	7,345
INVESTMENTS (Note 5)	1,356,244	1,087,537
	\$ 2,524,625	\$ 1,936,503
LIABILITIES		
CURRENT		
Accounts payable	\$ 110,156	\$ 92,942
Deferred revenue (Note 7)	600,938	661,686
	711,094	754,628
NET ASSETS	1,813,531	1,181,875
	\$ 2,524,625	\$ 1,936,503

Lease Commitments (Note 8)

Impact of COVID-19 (Note 13)

ON BEHALF OF THE BOARD_____
Director_____
Director

See accompanying notes to financial statements

ALZHEIMER SOCIETY OF NOVA SCOTIA
Statement of Changes in Net Assets
Year Ended March 31, 2021

	2021	2020
NET ASSETS - Beginning of Year	\$ 1,181,875	\$ 1,029,395
Excess of revenues over expenses	631,656	152,480
NET ASSETS - End of Year	\$ 1,813,531	\$ 1,181,875

ALZHEIMER SOCIETY OF NOVA SCOTIA**Statement of Cash Flow****Year Ended March 31, 2021**

	2021	2020
OPERATING ACTIVITIES		
Cash receipts	\$ 2,062,969	\$ 2,662,757
Cash paid to suppliers and employees	(1,812,828)	(2,409,915)
Investment income	30,941	30,579
Cash flow from operating activities	281,082	283,421
INVESTING ACTIVITIES		
Investment income re-invested in investments	(30,941)	(30,579)
Proceeds on sales of gifted investments	-	10,874
Cash flow used by investing activities	(30,941)	(19,705)
INCREASE IN CASH FLOW	250,141	263,716
Cash - beginning of year	729,365	465,649
CASH - END OF YEAR	\$ 979,506	\$ 729,365

See accompanying notes to financial statements

ALZHEIMER SOCIETY OF NOVA SCOTIA

Notes to Financial Statements

Year Ended March 31, 2021

1. PURPOSE OF THE SOCIETY

The Alzheimer Society of Nova Scotia (the "Society") is a voluntary, not-for-profit charitable organization registered under the Societies Act of Nova Scotia in February, 1983. The purpose of the Society is to work towards alleviating the personal and social consequences of Alzheimer Disease and related dementias and to promote the research for the causes and cures.

The Alzheimer Society of Nova Scotia has united with the other provincial societies and the national society through a Federation Agreement signed in November 2008 to increase cooperation in programs directed towards research, education, awareness, communications and development.

The Society is a not-for-profit organization and, as such, is exempt from income taxes. The Society has remained current with their taxation filings which facilitates their tax exempt status.

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).

Cash

Cash consist of cash on hand and bank deposits.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Furniture and equipment

Furniture and equipment is stated at cost or deemed cost less accumulated amortization. Furniture and equipment is amortized over its estimated useful life on a declining balance basis at the following rates:

Equipment	30%
Furniture	20%
Leasehold improvements	15 years

The Society regularly reviews its furniture and equipment to eliminate obsolete items.

Investments

Investments consist of marketable securities and guaranteed investment certificates. Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income. Guaranteed investment certificates are recorded at their cost plus accrued interest. Unrealized gains or losses are reported as part of net income.

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ALZHEIMER SOCIETY OF NOVA SCOTIA

Notes to Financial Statements

Year Ended March 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Donated goods

Donated goods and services are recorded at their fair market value at the time of the donation. During the year \$nil in goods were donated [2020 \$1,714].

Revenue recognition

The Society follows the deferral method of accounting for restricted 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.

Endowment contributions are recognized as direct increases in net assets.

Investment income includes interest, dividends and realized gains or losses on investments. Interest income is recorded using the accrual method and dividends are recorded when declared.

Measurement uncertainty

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. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Allocation of expenses

The Society engages in revenue development, support services, information and resource services, educational programs, community outreach, research and administration programs. The costs of each program include the costs of payroll and human resources and other expenses that are directly related to providing the program. The Society also incurs a number of general support expenses that are common to the administration of the Society and each of its programs.

The policy for allocating expenditures is based on the percentage of personnel's time that are required in each program area. Expenditures that are directly related to a specific program are recorded directly to that program.

Volunteer services

The Society is dependent on the work of many volunteers to fulfill its mission. Donated services and materials are not recorded in these financial statements.

ALZHEIMER SOCIETY OF NOVA SCOTIA
Notes to Financial Statements
Year Ended March 31, 2021

3. ACCOUNTS RECEIVABLE

	2021	2020
Government HST	\$ 17,954	\$ 40,314
Government Funding	112,840	-
Interest	-	229
Other receivables	2,860	10,515
	\$ 133,654	\$ 51,058

Accounts receivable are net of an allowance for doubtful accounts of \$nil [2020 - \$nil].

4. FURNITURE AND EQUIPMENT

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Equipment	\$ 90,461	\$ 76,079	\$ 14,382	\$ 1,134
Furniture	30,236	28,100	2,136	2,670
Leasehold improvements	23,252	21,230	2,022	3,541
	\$ 143,949	\$ 125,409	\$ 18,540	\$ 7,345

5. INVESTMENTS

	2021	2020
Seamark Investment Fund	\$ 1,279,577	\$ 1,011,823
Guaranteed Investment Certificates	75,211	74,258
Life Insurance Policy	1,456	1,456
	\$ 1,356,244	\$ 1,087,537

The Society's investments consist of Mutual Funds and Guaranteed Investment Certificates. The Guaranteed Investment Certificates are held with Canadian Chartered Banks at rates of 0.80% for year 1 and 2.00% for year 2 and have maturity dates in November 2021.

6. CREDIT FACILITY

The Society has a credit facility with the Bank of Montreal, which includes an approved operating line that can be drawn upon to a maximum of \$50,000, which bears interest at prime plus 1% and is secured by the Guaranteed Investment Certificates. At the balance sheet date, the amount owing, which is due on demand, was \$nil [2020 - \$nil].

ALZHEIMER SOCIETY OF NOVA SCOTIA**Notes to Financial Statements****Year Ended March 31, 2021**

7. DEFERRED REVENUE

Deferred revenue consist of contributions which are designated by the contributor to fund future expenses. These contributions will be recognized as revenue when the designated disbursements are made.

	Opening Balance	Increase	Decrease	2021
Events	\$ 21,674	\$ 3,830	\$ (9,145)	\$ 16,359
Dementia Strategy	29,274	1,044,200	(1,073,474)	-
Research	610,738	31,365	(57,524)	584,579
	<u>\$ 661,686</u>	<u>\$ 1,079,395</u>	<u>\$ (1,140,143)</u>	<u>\$ 600,938</u>

8. LEASE COMMITMENTS

1. The Society leases office equipment which requires annual payments of \$4,280. The lease expires May 2023.
2. The Society has committed to a management and database system requiring annual payments to maintain it. In the current year \$43,855 [2020 - \$41,120] was paid for maintenance.
3. The Society through it's long term strategic plan has committed to annual contributions to the Alzheimer's Canada Research Program. The current years contribution was \$51,100 [2020 \$49,319] and future year contributions will be determined on an annual basis.
4. The Society leases office space requiring the following minimum annual lease payments. The lease expires March 2026.

2022	\$ 70,821
2023	75,542
2024	77,903
2025	77,903
2026	77,903
	<u>\$ 380,072</u>

9. ALZHEIMER SOCIETY OF CANADA TRANSACTIONS

All funds received by Alzheimer Society of Canada ("ASC") are distributed to the provincial Alzheimer Society in the province and/or territory from which the funds originated. The ASC is funded by the provinces through research and operating assessment fees.

	2021	2020
<u>Revenues</u>		
Memorials, donations and bequests	\$ 36,197	\$ 89,751
Health Partners	14,981	24,785

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ALZHEIMER SOCIETY OF NOVA SCOTIA
Notes to Financial Statements
Year Ended March 31, 2021

9. ALZHEIMER SOCIETY OF CANADA TRANSACTIONS (continued)

	2021	2020
Direct Marketing (net of expense allocations, not including research)	88,182	69,089
Research (Other than direct marketing)	30,765	43,295
	170,125	226,920
<u>Expenditures</u>		
Research Assessments	51,100	49,319
Operating Assessments	41,207	47,134
	92,307	96,453
	\$ 77,818	\$ 130,467

As at year end a net receivable from ASC of \$32,831 [2020 - \$2,549] was recorded as Due From ASC / Health Partners.

10. ALLOCATION OF EXPENSES

Payroll, human resources and office expenses totalling \$1,582,632 [2020 - \$1,745,465] have been allocated as follows:

	2021	2020
Revenue development	\$ 304,092	\$ 437,392
Support services	535,103	628,871
Information and resource services	46,620	25,727
Educational programs	373,896	382,909
Community outreach	192,440	153,570
Research	3,423	10,191
Administration	127,058	106,805
	\$ 1,582,632	\$ 1,745,465

ALZHEIMER SOCIETY OF NOVA SCOTIA
Notes to Financial Statements
Year Ended March 31, 2021

11. UNREALIZED GAIN (LOSS) ON INVESTMENTS

Unrealized gains and losses on investments are as follows:

	<u>2021</u>	<u>2020</u>
<i>Seamark Investments</i>		
Fair Market Value	\$ 1,279,277	\$ 1,011,822
Cost	<u>1,023,143</u>	<u>999,269</u>
Total Unrealized Gain	256,134	12,553
Gain Recognized In Prior Years	<u>36,835</u>	104,218
	\$ 219,299	\$ (91,665)

12. FINANCIAL INSTRUMENTS

The Society 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 Society's risk exposure and concentration as of March 31, 2021.

(a) Credit risk

The Society is exposed to credit risk primarily with respect to their accounts receivable. The Society manages that risk through regular monitoring of balances and continuous communication with debtors.

(b) Liquidity risk

The Society's liquidity risk represents the risk that the Society could encounter difficulty in meeting obligations associated with its financial liabilities. The Society is exposed to liquidity risk mainly in respect of its accounts payable and accrued liabilities, and research funding obligations. Liquidity risk is not considered to be significant because the Society maintains sufficient funds to meet outstanding obligations.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Society is mainly exposed to currency risk and interest rate risk.

(d) Currency risk

Currency risk is the risk to the Society that arises from fluctuations in foreign exchange rates. The Society is exposed to currency risk on its investments held in foreign currencies.

(e) Interest rate risk

Interest rate risk is the risk that the fair value (price risk) or future cash flows (cash flow risk) of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to price risk with respect to investments with fixed interest rates, and cash flow risk with respect to investments with variable interest rates.

ALZHEIMER SOCIETY OF NOVA SCOTIA**Notes to Financial Statements****Year Ended March 31, 2021**

13. IMPACT OF COVID-19

In March 2020, the 2019 coronavirus disease outbreak ("COVID-19") was recognized as a pandemic by the World Health Organization ("WHO"). COVID-19 has continued to spread globally, including in the communities in which the Association operates, and is having a significant impact on general economic conditions. In response to the WHO declaration and continuing spread of COVID-19, several measures have been taken by the Society and local governments.

The Society continues to run modified versions of its programs. It is unknown the extent of the impact the COVID-19 outbreak may have on the Society as this will depend on future developments of the pandemic. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced levels of revenue to the Society and may have a significant effect on the Society's fundraising activities over an undetermined period of time. The Society also continues to monitor government assistance programs available and plans to utilize these during the upcoming year