

# Alzheimer Society of Sarnia-Lambton

## Financial Statements

For the year ended March 31, 2020

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## Independent Auditor's Report

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**To the Board of Directors of Alzheimer Society of Sarnia-Lambton**

### **Qualified Opinion**

We have audited the financial statements of Alzheimer Society of Sarnia-Lambton (the Society), which comprise the statement of financial position as at March 31, 2020, 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, 2020, 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, 2020 and 2019, current assets as at March 31, 2020 and 2019, and net assets as at April 1 and March 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended March 31, 2020 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  
September 14, 2020

# Alzheimer Society of Sarnia-Lambton


## Statement of Financial Position

March 31,	2020	2019
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 794,178	\$ 138,816
Cash - externally restricted (Note 6)	17,679	6,437
Short-term investments - Stabilization (Note 2)	-	101,859
Short-term investments - Capital (Note 2)	4,822	502,680
Accounts receivable	25,360	13,165
Prepaid expenses	3,281	1,181
	845,320	764,138
<b>Capital assets (Note 3)</b>	<b>124,798</b>	<b>10,942</b>
	<b>\$ 970,118</b>	<b>\$ 775,080</b>

### Liabilities and Net Assets

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 103,705	\$ 50,687
Deferred revenue (Note 8)	6,455	6,000
	110,160	56,687
<b>Deferred capital contributions (Note 9)</b>	<b>129,239</b>	<b>-</b>
	<b>239,399</b>	<b>56,687</b>
<b>Commitments (Note 5)</b>		
<b>Net Assets</b>		
Externally restricted fund (Note 6)	17,679	6,437
Stabilization fund	159,156	198,334
Capital fund	553,884	513,622
	730,719	718,393
	<b>\$ 970,118</b>	<b>\$ 775,080</b>

On behalf of the Board:

 (TREASURER) 20/12/20 Director

 Director

## Alzheimer Society of Sarnia-Lambton

### Statement of Operations

For the year ended March 31,

2020

2019

	General and Restricted Funds	Ministry of Health Fund	Total	Total
<b>Revenue</b>				
Government funding (Note 4)	\$ -	\$ 637,574	\$ 637,574	\$ 687,274
Special events	180,274	-	180,274	119,244
User fees and other	1,730	91,302	93,032	113,116
Donations and bequests	55,994	-	55,994	62,036
Grants	32,515	-	32,515	9,554
Interest	11,460	-	11,460	11,473
Amortized contributions (Note 9)	761	-	761	-
	<b>282,734</b>	<b>728,876</b>	<b>1,011,610</b>	<b>1,002,697</b>
<b>Expenses</b>				
Salaries	38,990	592,588	631,578	670,968
Employee benefits (Note )	9,929	84,068	93,997	76,416
Special events	84,658	-	84,658	50,746
Occupancy	-	49,711	49,711	34,645
Office printing and materials	3,209	36,196	39,405	38,766
Travel	1,191	15,158	16,349	11,850
Public relations	914	14,504	15,418	16,988
Program support	-	11,165	11,165	18,968
Professional	179	10,339	10,518	17,728
Telephone	1,074	9,408	10,482	6,960
Research	10,000	-	10,000	10,000
Repairs and maintenance	-	8,814	8,814	8,690
Interest and bank charges	1,838	3,562	5,400	4,666
Meetings and conferences	87	4,188	4,275	4,145
Training	11	3,326	3,337	8,781
Amortization of tangible capital assets (Note 9)	2,188	-	2,188	1,216
Insurance	-	1,989	1,989	1,836
	<b>154,268</b>	<b>845,016</b>	<b>999,284</b>	<b>983,369</b>
Excess of revenue over expenses (expenses over revenue) before fund transfer	128,466	(116,140)	12,326	19,328
Interfund transfer	(116,140)	116,140	-	-
<b>Excess of revenue over expenses</b>	<b>\$ 12,326</b>	<b>\$ -</b>	<b>\$ 12,326</b>	<b>\$ 19,328</b>

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## Alzheimer Society of Sarnia-Lambton

### Statement of Changes in Net Assets

For the year ended March 31,

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	Ministry of Health Fund	Capital and Stabilization Fund	Externally Restricted Fund	2020 Total	2019 Total
Balance, beginning of year	\$ -	\$ 711,956	\$ 6,437	\$ 718,393	\$ 699,065
Excess of expenses over revenue	(116,140)	128,466	-	12,326	19,328
Interfund transfers	116,140	(127,382)	11,242	-	-
Balance, end of year	\$ -	\$ 713,040	\$ 17,679	\$ 730,719	\$ 718,393

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## Alzheimer Society of Sarnia-Lambton

### Statement of Cash Flows

For the year ended March 31,	2020	2019
<b>Cash from operations</b>		
Excess revenue over expenses	\$ 12,326	\$ 19,328
Items not requiring an outlay of cash		
Amortization - capital assets	<u>2,188</u>	<u>1,216</u>
	14,514	20,544
<b>Changes in non-cash working capital</b>		
Accounts receivable	(12,195)	22,677
Prepaid expenses	(2,100)	(288)
Accounts payable and accrued liabilities	53,018	20,875
Deferred contributions	455	5,740
Deferred capital contributions	<u>129,239</u>	<u>-</u>
	182,931	69,548
<b>Cash from financing</b>		
Purchase of capital assets	<u>(116,044)</u>	<u>(12,156)</u>
<b>Increase in cash and cash equivalents during the year</b>	<b>66,887</b>	<b>57,392</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>749,792</u></b>	<b><u>692,400</u></b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 816,679</b>	<b>\$ 749,792</b>
<b>Represented by:</b>		
Cash	\$ 794,178	\$ 138,816
Cash - externally restricted	17,679	6,437
Short-term investments - Stabilization	-	101,859
Short-term investments - Capital	<u>4,822</u>	<u>502,680</u>
	<b>\$ 816,679</b>	<b>\$ 749,792</b>



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# Alzheimer Society of Sarnia-Lambton

## Notes to Financial Statements

March 31, 2020

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### 1. Significant accounting policies

<b>Nature of Society</b>	The Alzheimer Society of Sarnia-Lambton 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: In-Home Respite Care, Public Education, Caregiver Education, and Caregiver Support Services.						
<b>Basis of accounting</b>	These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.						
<b>Fund accounting</b>	<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>The Externally Restricted Fund reports the bingo revenue earned. Expenses paid from the bingo account are reflected in the general fund.</p>						
<b>Capital assets</b>	<p>Purchased capital assets are recorded at cost. The minimum threshold for the capitalization of capital assets is \$1,000. Amortization expense is reported in the Capital Asset Fund provided as follows:</p> <table><tr><td>Leasehold improvements</td><td>4% straight-line</td></tr><tr><td>Furniture and equipment</td><td>20% declining balance</td></tr><tr><td>Computer hardware</td><td>30% declining balance</td></tr></table> <p>One half the rate is used in the year of acquisition.</p>	Leasehold improvements	4% straight-line	Furniture and equipment	20% declining balance	Computer hardware	30% declining balance
Leasehold improvements	4% straight-line						
Furniture and equipment	20% declining balance						
Computer hardware	30% declining balance						
<b>Financial instruments</b>	Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, all guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. All other 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 expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.						

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# Alzheimer Society of Sarnia-Lambton

## Notes to Financial Statements

March 31, 2020

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### 1. Significant accounting policies (continued)

<b>Use of estimates</b>	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.
<b>Revenue recognition</b>	<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 when received.</p> <p>Externally restricted contributions are recognized as revenue in the period in which the related expenses are incurred.</p>
<b>Pension plan</b>	The society maintains a defined contribution pension plan for its employees. The expense for this plan is equal to the society's required contribution for the year.
<b>Contributed services</b>	Volunteers contributed the vast majority of the fundraising services provided by the association. Because of the difficulty in determining their fair value, contributed services are not recognized in these financial statements.

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# Alzheimer Society of Sarnia-Lambton

## Notes to Financial Statements

March 31, 2020

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### 1. Significant accounting policies (continued)

#### Allocation of expenses

The society engages in health promotion, education and in home community services through funding provided by the Ministry of Health. 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.

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.

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

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## Alzheimer Society of Sarnia-Lambton

### Notes to Financial Statements

**March 31, 2020**

**2. Short-term investments**

	2020	2019
<i>Stabilization Fund</i>		
Scotiabank - GIC 2.50%; matured October 2019	\$ -	\$ 101,859
	\$ -	\$ 101,859
<i>Capital Fund</i>		
Scotiabank - GIC 0.98%; maturing February 2021	\$ 4,822	\$ -
Scotiabank - GIC 1.55%; matured February 2020	-	200,331
Scotiabank - GIC 1.52%; matured November 2019	-	150,781
Scotiabank - GIC 1.59%; matured December 2019	-	151,568
	\$ 4,822	\$ 502,680

The investments are recorded at fair market value.

**3. Capital assets**

	Cost	Accumulated Amortization	2020	2019
Leasehold improvement	\$ 84,736	\$ -	\$ 84,736	\$ -
Furniture and equipment	40,526	(3,404)	37,122	10,942
Computer hardware	2,940	-	2,940	-
	\$ 128,202	\$ (3,404)	\$ 124,798	\$ 10,942

**4. Economic dependence**

The Society received 68% funding from the Ministry of Health (2019 - 68%).

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# Alzheimer Society of Sarnia-Lambton

## Notes to Financial Statements

March 31, 2020

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### 5. Commitments

The Society has entered into a five year extension on the current lease agreement expiring July 2025. The minimum annual payments for all leases net of applicable taxes for the next year is \$48,500 annually. The agreement also provides an option of one additional 5-year renewal term, for which rent will be charged at market value.

A second lease was entered for two additional units in the same building. The total lease payments amount to \$5,500 and the lease expires July 2020.

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### 6. Externally restricted net assets

The bingo fund is externally restricted by the Regular and Special Bingo Licence Terms and Conditions dated May 2001 and is to be used mainly for the purchase of respite supplies, reimbursement of volunteer mileage, research donation and advertising for Alzheimer awareness. At year-end the balance of restricted net assets relating to the bingo is \$17,679 (2019 - \$6,437).

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### 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.

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### 8. Deferred revenue

Deferred contributions represents sponsorships received during the year for future fundraising event and were not earned at March 31, 2020. At year end the balance was \$6,455 for subsequent fundraiser (2019 - \$6,000).

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## Alzheimer Society of Sarnia-Lambton

### Notes to Financial Statements

March 31, 2020

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#### 9. Deferred capital contributions

Deferred capital contributions represent funding received for the purpose of bringing the day program onsite and increasing, furnishing and equipping office space to provide better client programming and support.

	2020	2019
Deferred capital contributions, beginning of year	\$ -	\$ -
Add: Restricted contributions	130,000	-
Less: Amortization for the year	(761)	-
Deferred capital contributions, end of year	<u>\$ 129,239</u>	<u>\$ -</u>

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#### 10. Subsequent Events

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the organization, its funders and donors. Management is actively monitoring the affect on its financial condition, liquidity, operations, industry and workforce. As a result, management anticipates a temporary decline in donation revenue and has postponed a number of its essential fundraisers.

Given the daily evolution of the COVID-19 out break and the global responses to curb its spread, the Society is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

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