

ALZHEIMER SOCIETY OF HASTINGS PRINCE EDWARD
Financial Statements

For The Initial Year Ended March 31, 2016

ERIC REYNOLDS

CHARTERED ACCOUNTANT

ALZHEIMER SOCIETY OF HASTINGS PRINCE EDWARD
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For The Initial Year Ended March 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of ALZHEIMER SOCIETY OF HASTINGS PRINCE EDWARD

I have audited the accompanying financial statements of ALZHEIMER SOCIETY OF HASTINGS PRINCE EDWARD, which comprise the balance sheet as at March 31, 2016, and the statements of income, retained earnings and cash flows for the initial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on our audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

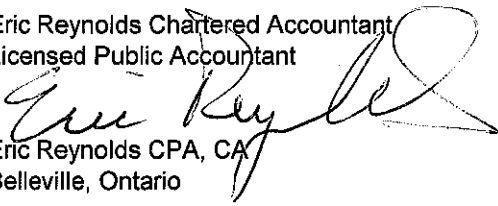
Basis for Qualified Opinion

In common with many not-for-profit organizations, the ALZHEIMER SOCIETY OF HASTINGS PRINCE EDWARD Company derives revenue from donations and fundraisers the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the corporation and I was not able to determine whether any adjustments might be necessary to revenue, excess revenue over expenses, assets, net assets and cash flows from operations.

Qualified Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of ALZHEIMER SOCIETY OF HASTINGS PRINCE EDWARD as at March 31, 2016, 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.

Eric Reynolds Chartered Accountant
Licensed Public Accountant



Eric Reynolds CPA, CA
Belleville, Ontario

June 15, 2016

ALZHEIMER SOCIETY OF HASTINGS PRINCE EDWARD

Statement of Financial Position as at March 31, 2016

ASSETS	General Fund \$	Restricted Fund \$	Capital Asset Fund \$	Total 2016 \$	Opening 2016 \$
Current					
Cash	137,922	8,525	-	146,447	151,566
Marketable securities (note 5)	10,000	4,842	-	14,842	4,781
Accounts receivable, trade and other	9,608	-	-	9,608	14,149
Remittances due from government	8,068	-	-	8,068	6,420
Prepaid expenses and other assets	3,017	-	-	3,017	3,470
Loan receivable	38,069	-	-	38,069	46,308
Due from(to) fund	1,557	(1,557)	-	-	-
	<u>208,241</u>	<u>11,810</u>	<u>-</u>	<u>220,051</u>	<u>226,694</u>
Long-Term					
Long-term investments (note 5)	159,448	409,321	-	568,769	582,427
Property, plant and equipment (note 4)	-	-	134,558	134,558	137,815
	<u>159,448</u>	<u>409,321</u>	<u>134,558</u>	<u>703,327</u>	<u>720,242</u>
	<u>367,689</u>	<u>421,131</u>	<u>134,558</u>	<u>923,378</u>	<u>946,936</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities					
Bank indebtedness (note 6)	37,090	-	-	37,090	45,829
Accounts payable and accrued liabilities	26,930	-	-	26,930	21,074
Remittances due to government	1,449	-	-	1,449	73
Deferred contributions	-	-	-	-	10,000
	<u>65,469</u>	<u>-</u>	<u>-</u>	<u>65,469</u>	<u>76,976</u>
Net Assets					
Externally restricted funds	-	4,842	-	4,842	4,781
Internally restricted funds	-	416,289	-	416,289	405,764
Unrestricted	302,220	-	-	302,220	321,600
Net Assets invested in property plant and equip.	-	-	134,558	134,558	137,815
	<u>302,220</u>	<u>421,131</u>	<u>134,558</u>	<u>857,909</u>	<u>869,960</u>
	<u>367,689</u>	<u>421,131</u>	<u>134,558</u>	<u>923,378</u>	<u>946,936</u>

See accompanying notes to the financial statements

Approved by:

Director: 

Director: 

ALZHEIMER SOCIETY OF HASTINGS PRINCE EDWARD

Statement of Income for the initial year ended March 31, 2016

	General Fund 2016 \$	C2C Fund 2016 \$	Hope for Tomorrow Fund 2016 \$	Meagher Award Fund 2016 \$	Capital Asset Fund 2016 \$	Total Restricted Funds 2016 \$
Revenue						
Grants -MOHLTC	217,237	-	-	-	-	-
Fundraising revenues	200,969	-	-	-	-	-
General Donations	51,966	-	-	-	-	-
Memorial Donations	43,658	-	-	-	-	-
Bequests and major gifts	22,902	-	-	-	-	-
Rental Income	19,800	-	-	-	-	-
Grants - Other	18,165	-	-	-	-	-
Investment Income	10,558	-	19,772	62	-	19,834
Membership Donations	2,580	-	-	-	-	-
	<u>587,835</u>	<u>-</u>	<u>19,772</u>	<u>62</u>	<u>-</u>	<u>19,834</u>
Operating Expenses:						
MOHLTC - per schedule	303,695	-	-	-	-	-
Salaries and benefits	93,481	-	-	-	-	-
Fundraising Expenses	35,462	-	-	-	-	-
Rent	27,450	-	-	-	-	-
Office expenses	25,337	-	-	-	-	-
Programs and services	23,497	-	-	-	-	-
Professional fees	14,274	-	-	-	-	-
Utilities	12,371	-	-	-	-	-
Repairs and maintenance	12,269	-	-	-	-	-
Travel	4,333	-	-	-	-	-
Insurance	4,318	-	-	-	-	-
Interest and bank charges	4,068	-	-	-	-	-
Telephone	3,491	-	-	-	-	-
Supplies	3,451	-	-	-	-	-
Property and municipal taxes	2,799	-	-	-	-	-
Advertising and promotion	2,678	-	-	-	-	-
Training	2,033	-	-	-	-	-
Miscellaneous	1,683	-	-	-	-	-
Equipment	172	-	-	-	-	-
Amortization of property, plant and equipment	-	-	-	-	3,257	3,257
	<u>576,862</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,257</u>	<u>3,257</u>
Excess(deficiency) of revenue over expenses before change in fair value of investments	10,973	-	19,772	62	(3,257)	16,577
Adjustments to held for trading investments	(3,958)	-	(34,303)	-	-	(34,303)
Excess (deficiency) of revenue over expenses	7,015	-	(14,531)	62	(3,257)	(17,726)
Net Assets (Deficit), beginning of year	321,600	(25,055)	430,820	4,780	137,815	548,360
Ministry recovery	(1,340)	-	-	-	-	-
Interfund transfers	(25,055)	25,055	-	-	-	-
Net Assets (Deficit), end of year	<u>302,220</u>	<u>-</u>	<u>416,289</u>	<u>4,842</u>	<u>134,558</u>	<u>530,634</u>

See accompanying notes to the financial statements

ALZHEIMER SOCIETY OF HASTINGS PRINCE EDWARD
 Schedule of Direct expenses for the initial year ended March 31, 2016

	2016
	\$
Salaries and benefits	278,718
Building Occupancy	13,629
Office	977
Travel	9,396
Training	975
	303,695
	303,695

In addition to the above direct expenses, the Corporation incurred additional expenses (FUND TYPE 2) related to MOHLTC which are included in the statement of operations and net assets in the following expense categories.

	2016
	\$
Bank charges	2,907
Salaries and benefits	30,762
Programs and services	9,425
Advertising	2,678
Insurance	4,318
Rent	18,954
Office expenses	6,754
Professional fees	14,274
Utilities	4,153
Repairs and maintenance	2,279
Property and municipal taxes	980
	97,484
	97,484

ALZHEIMER SOCIETY OF HASTINGS PRINCE EDWARD
Statement of Cash Flows for the initial year ended March 31, 2016

	2016 \$
Cash flows from operating activities	
Excess (deficiency) of revenue over expenses	-
- General Fund	7,015
- Restricted funds	(17,726)
Non-Cash amortizaation of capital assets	3,257
Adjustments for unrealized gains arising in the year	38,261
Gain on sale of investments	(1,042)
	29,765
Changes in non-cash working capital:	
Accounts receivable, trade and other	4,541
Remittances due from government	(1,648)
Prepaid expenses and other assets	453
Loan receivable	8,239
Bank indebtedness	(8,739)
Accounts payable and accrued liabilities	5,781
Remittances due to government	1,376
Deferred contributions	(10,000)
Net cash provided by operating activities	29,768
Cash flows from investing activities	
Bond and guaranteed investment purchases	(14,842)
Bond and guranteed investment certificate maturities	5,774
Purchases of mutual funds	(19,192)
Purchases of equity securities	(9,787)
Proceeds of equity securities	4,500
Net cash provided by (used in) investing activities	(33,547)
Cash flows from financing activities	
Ministry recovery	(1,340)
Net cash provided by (used in) financing activities	(1,340)
Net increase (decrease) in cash and cash equivalents	(5,119)
Cash and cash equivalents at the beginning of the year	151,566
Cash and cash equivalents at the end of the year	146,447
Cash and cash equivalents consists of:	
Cash	146,447
	146,447

See accompanying notes to the financial statements

ALZHEIMER SOCIETY OF HASTINGS PRINCE EDWARD

Notes to Financial Statements

Year Ended March 31, 2016

1. Nature of Organization

The Alzheimer Society of Hastings Prince Edward is a not-for-profit entity. The organization exists to alleviate the personal and social consequences of Alzheimer's disease and related disorders, and to promote research.

2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profits organizations. Outlined below are those policies considered particularly significant for the organization.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash and cash equivalents consist primarily of commercial paper and deposits with an original maturity date of purchase of three months or less. Because of the short-term maturity of these investments, their carrying amount approximates fair value.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost less accumulated amortization. Property, plant, and equipment are amortized over their estimated useful lives at the following rates and methods:

	<u>Rate</u>	<u>Method</u>
Equipment	20%	declining balance
Motor vehicles	30%	declining balance
Other depreciable assets	20%	declining balance
Furniture and fixtures	20%	declining balance
Building and Building Improvements	4%	declining balance

The Company regularly reviews its property, plant, and equipment to eliminate obsolete items.

Revenue

Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Investment income is recognized as revenue when earned.

Fund Accounting

The Corporation follows the restricted fund method of accounting for contributions.

The General Fund reports assets, liabilities, revenues and expenses related to the operations of the Corporation. This fund reports unrestricted resources.

ALZHEIMER SOCIETY OF HASTINGS PRINCE EDWARD

Notes to Financial Statements
Year Ended March 31, 2016

2. Summary of Significant Accounting Policies Continued

The Restricted Funds, which include Crossroads to Care(C2C), Hope for Tomorrow and the Meagher Award, reflect the activities related to the bequests and donations made available to the Corporation under conditions specified by the donors or by the board of directors. The C2C Fund is to be used towards the co-location project being undertaken by the Corporation. The Hope for Tomorrow Fund is to be used for programs and services which are under development by the Corporation. The Meagher Award Fund is to be used primarily for awards for deserving care providers who are caring for someone with dementia in the home of Hastings County or Brighton.

Use of Estimates

The preparation of financial statements in conformity with Canadian accounts standards requires management to make estimates and assumptions that affect the reported amounts of assets and disclosure of contingent assets and liabilities at that date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences in actual results from prior estimates are taken into account at the time the differences are determined. Significant financial statements items that require the use of estimates are the useful life of property plant and equipment and accrued liabilities.

Income Taxes

The Corporation is a registered charity and thus is exempt from income taxes.

Donated Materials and Service

Donated materials are recorded at the amount for which the charitable receipt was issued. Donated services are not recorded by the corporation.

Financial Instruments

The Corporation initially measures its financial assets and financial liabilities at fair value adjusted by transaction costs in the case where a financial asset or financial liability is subsequently measure at amortized cost.

Except for investments, the Corporation subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measure at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and government remittances payable.

3. Financial Risks

The Corporation is exposed to various risks through its financial instruments The following analysis provides a measure of the rate of the risks at March 31, 2016.

ALZHEIMER SOCIETY OF HASTINGS PRINCE EDWARD

Notes to Financial Statements
Year Ended March 31, 2016

3. Financial Risks Continued...

Liquidity Risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect to government funding should expenses exceed revenues. The Corporation's management helps mitigate this risk by reviewing expected cash flow requirements, anticipating investing and financing activities and holding assets that can be readily converted to cash.

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 the market price. Market risk is comprised of currency risk, interest rate risk and other price risk.

a) Currency Risk

The Corporation's investments are denominated in Canadian dollars and therefore currency risk exposure is minimal.

b) Interest Rate Risk

Interest rate risk refers to the risk that the fair value of financial instruments and future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The Corporation's exposure to interest rate risk arises from its interest bearing assets.

The Corporation helps mitigate this risk by using a laddered portfolio with varying terms to maturity. The laddered structure of maturities helps to enhance the average portfolio yield while reducing the sensitivity of the portfolio to the impact of interest rate fluctuations.

c) Other Price Risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

Credit Risk

The Corporation is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Corporation could incur a financial loss.

ALZHEIMER SOCIETY OF HASTINGS PRINCE EDWARD

Notes to Financial Statements
Year Ended March 31, 2016

4. Property, Plant and Equipment

	Cost	Accumulated Amortization	2016 Net Book Value	Opening Net Book Value
	\$	\$	\$	\$
Land	75,000	-	75,000	75,000
Buildings	102,927	43,991	58,936	62,038
Furniture and fixtures	4,384	3,762	622	777
	182,311	47,753	134,558	137,815

5. Investments

Marketable securities consist of the following:

	2016 Market Value	Cost	Opening Market Value	Cost
	\$	\$	\$	\$
General Fund				
Short Term - General Fund				
Term deposit	10,000	10,000	-	-

The term deposit bears interest at a nominal rate and is maintained as collateral for a credit card. As of the year end there was no balance owing on the credit card.

Long-Term General Fund

Bonds

Voya High Income Fund	11,298	13,628	12,446	13,905
Atrium Mortgage Investment Corp. - maturing September 30, 2021, 5.5%	39,200	40,000	40,000	40,000
Boyd Group Income Fund - maturing October 31, 2021, 5.25%	31,250	25,000	27,250	25,000
Fidelity Corporate Bond Fund	26,937	27,773	28,262	27,775
	108,685	106,401	107,958	106,680

Equity Securities

Royal Bank of Canada	14,966	9,256	15,248	9,256
Global Infrastructure Dividend Fund	8,230	9,769	9,480	10,000
	23,196	19,025	24,728	19,256

Managed Fund

Fidelity Monthly Income Fund	16,931	17,125	10,186	10,000
Manulife US Monthly High Income Fund	10,636	9,454	11,275	10,453
	27,567	26,579	21,461	20,453

Total Long-Term General Fund	159,448	152,005	154,147	146,389
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ALZHEIMER SOCIETY OF HASTINGS PRINCE EDWARD

Notes to Financial Statements
Year Ended March 31, 2016

5. Investments Continued...

	2016		Opening	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
	\$	\$	\$	\$
Restricted Funds				
Short Term - Meagher Award Fund				
<u>Guaranteed Investment Certificates</u>				
- maturity May 14, 2015, 1.30%	-	-	4,781	4,781
- maturity May 14, 2015, 1.26%	4,842	4,842	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Meagher Award fund	4,842	4,842	4,781	4,781
<hr/>				
Long-Term - Hope for Tomorrow Fund				
<u>Bonds</u>				
TD Capital Trust III Callable				
December 31, 2018 - maturity				
December 29, 2049, 7.243%	112,922	97,488	119,622	97,488
Voya High Income Fund	29,052	35,043	32,004	35,755
Fidelity Corporate Bond Fund	33,086	34,112	34,712	34,114
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	175,060	166,643	186,338	167,357
<u>Equity Securities</u>				
Enbridge Inc.	20,224	11,146	24,420	11,146
Enbridge Income Fund Holdings	7,104	7,824	-	-
Royal Bank of Canada	46,245	30,608	45,363	28,871
Scotia Canadian Dividend Fund	58,529	45,186	62,549	47,841
Global Infrastructure Dividend Bond	12,345	14,654	14,220	15,000
Healthcare Leaders Income Fund	40,800	50,250	51,950	50,250
US Financials Income Fund	7,400	10,000	9,100	10,000
	<hr/>	<hr/>	<hr/>	<hr/>
	192,647	169,668	207,602	163,108
<u>Managed Fund</u>				
Fidelity Monthly Income Fund	14,350	14,840	3,840	3,787
Manulife Monthly High Income Fund	27,264	28,888	30,500	30,000
	<hr/>	<hr/>	<hr/>	<hr/>
	41,614	43,728	34,340	33,787
	<hr/>	<hr/>	<hr/>	<hr/>
Total Hope for Tomorrow Funds	409,321	380,039	428,280	364,252

Investments in the managed funds are managed by investment managers who are under the direction of the Board of Directors. The managed fund includes equity securities only. The Corporation has an investment strategy which allocates the Corporation's investment assets into growth and revenue funds. The growth funds are for long-term investing at amounts to be determined by the Board and reviewed annually.

Equity securities consist of common shares of publicly traded corporations or mutual funds investing in a diversified mix of equity and income pools. Fixed income securities consist of commercial bonds of Canadian entities. The fixed income securities have effective interest rates ranging from %4.637 to %7.243 with maturity dates ranging from a few months to thirty-four years.

ALZHEIMER SOCIETY OF HASTINGS PRINCE EDWARD

Notes to Financial Statements

Year Ended March 31, 2016

6. Operating Credit

The Corporation has a operating credit with an authorized limit of \$100,000, of which \$37,090 was utilized at year end. The line of credit bears interest at prime rate and is secured by a control agreement creating a security interest against the investments held by the Corporation.

7. Restricted Funds

Restricted funds included the activities from the C2C Fund, Hope for Tomorrow Fund and the Meagher Award Fund.

During the year, the Corporation transferred \$25,055 from the General Fund to the C2C Fund. The purpose of this transaction was to transfer the deficit of the inactive C2C Fund to the General Fund.

8. Adjustments to Held for Trading Investments

	2016
	\$
Realized gains	1,042
Unrealized gains(losses) arising in the year	(38,261)
	(37,219)
	(37,219)

9. Operating Grants and Project Funds

Operating grants and project funds are provided by the Ministry of Health and Long-Term-Care (MOHLTC) and the Corporation is required to report to the Ministry as specified in the relevant agreements. The Corporation has not yet reported regarding the current fiscal year and any adjustment required to revenue on final Ministry approval will be recorded in the then current fiscal year.

10. Commitments

During the year, the Corporation entered in to an agreement for a co-location project with three other not-for-profit organizations to rent and share office space. One of the not-for-profits organizations (Providence Care) signed as the head lessee for the premises with all other not-for-profit sub-leasing from them. An estimate of future lease payments for the Corporation are as follows:

2017	35,602
2018	37,013
2019	37,938

11. Amalgamation

As of April 1, 2015, the Alzheimer Society of Belleville-Hastings and the Alzheimer Society of Prince Edward County amalgamated their organizations into Alzheimer Society of Hastings Prince Edward.