

**ALZHEIMER SOCIETY OF HASTINGS PRINCE EDWARD  
Financial Statements**

For The Initial Year Ended March 31, 2017

**ERIC REYNOLDS**  

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**CHARTERED ACCOUNTANT**  

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**ALZHEIMER SOCIETY OF HASTINGS PRINCE EDWARD**  
Index to the Financial Statements  
For The Initial Year Ended March 31, 2017

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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, 2017, 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.

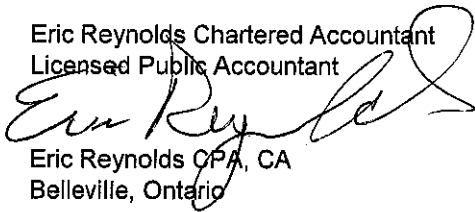
### **Basis for Qualified Opinion**

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, 2017, 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 20, 2017

## ALZHEIMER SOCIETY OF HASTINGS PRINCE EDWARD

Statement of Financial Position as at March 31, 2017

| ASSETS   | General<br>Fund<br>\$ | Restricted<br>Fund<br>\$ | Capital Asset<br>Fund<br>\$ | Total<br>2017<br>\$ | 2016<br>\$     |
|--|-----------------------|--------------------------|-----------------------------|---------------------|----------------|
| Current  |                       |                          |                             |                     |                |
| Cash   | 155,534               | 18,049                   | -                           | 173,583             | 146,447        |
| Marketable securities (note 5)                   | 10,000                | 4,904                    | -                           | 14,904              | 14,842         |
| Accounts receivable, trade and other             | 8,733                 | -                        | -                           | 8,733               | 9,608          |
| Remittances due from government                  | 4,508                 | -                        | -                           | 4,508               | 8,068          |
| Prepaid expenses and other assets                | 3,174                 | -                        | -                           | 3,174               | 3,017          |
| Loan receivable                                  | 29,315                | -                        | -                           | 29,315              | 38,069         |
| Due from(to) fund                                | 1,557                 | (1,557)                  | -                           | -                   | -              |
|  | <u>212,821</u>        | <u>21,396</u>            | <u>-</u>                    | <u>234,217</u>      | <u>220,051</u> |
| Long-Term  |                       |                          |                             |                     |                |
| Long-term investments (note 5)                   | 176,860               | 445,424                  | -                           | 622,284             | 568,769        |
| Property, plant and equipment (note 4)           | -                     | -                        | 132,077                     | 132,077             | 134,558        |
|  | <u>176,860</u>        | <u>445,424</u>           | <u>132,077</u>              | <u>754,361</u>      | <u>703,327</u> |
|  | <u>389,681</u>        | <u>466,820</u>           | <u>132,077</u>              | <u>988,578</u>      | <u>923,378</u> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>      |                       |                          |                             |                     |                |
| Current liabilities                              |                       |                          |                             |                     |                |
| Bank indebtedness (note 6)                       | 28,928                | -                        | -                           | 28,928              | 37,091         |
| Accounts payable and accrued liabilities         | 31,513                | -                        | -                           | 31,513              | 26,928         |
| Remittances due to government                    | -                     | -                        | -                           | -                   | 1,449          |
| Deferred contributions                           | 4,495                 | -                        | -                           | 4,495               | -              |
|  | <u>64,936</u>         | <u>-</u>                 | <u>-</u>                    | <u>64,936</u>       | <u>65,468</u>  |
| Net Assets                                       |                       |                          |                             |                     |                |
| Externally restricted funds                      | -                     | 4,904                    | -                           | 4,904               | 4,842          |
| Internally restricted funds                      | -                     | 461,916                  | -                           | 461,916             | 416,289        |
| Unrestricted                                     | 324,745               | -                        | -                           | 324,745             | 302,221        |
| Net Assets invested in property plant and equip. | -                     | -                        | 132,077                     | 132,077             | 134,558        |
|  | <u>324,745</u>        | <u>466,820</u>           | <u>132,077</u>              | <u>923,642</u>      | <u>857,910</u> |
|  | <u>389,681</u>        | <u>466,820</u>           | <u>132,077</u>              | <u>988,578</u>      | <u>923,378</u> |

See accompanying notes to the financial statements

Approved by:

Director: 

Director:

**ALZHEIMER SOCIETY OF HASTINGS PRINCE EDWARD**  
Statement of Income and net assets for the year ended March 31, 2017

|   | General<br>Fund<br>2017<br>\$ | C2C<br>Fund<br>2017<br>\$ | Hope<br>for<br>Tomorrow<br>Fund<br>2017<br>\$ | Meagher<br>Award<br>Fund<br>2017<br>\$ | Capital<br>Asset<br>Fund<br>2017<br>\$ | Total<br>Restricted<br>Funds<br>2017<br>\$ |
|---|-------------------------------|---------------------------|---|--|--|--|
| <b>Revenue</b>  |                               |                           |   |  |  |  |
| Grants -MOHLTC  | 212,237                       | -                         | -   | -                                      | -                                      | -  |
| Fundraising revenues  | 141,867                       | -                         | -   | -                                      | -                                      | -  |
| General Donations   | 131,337                       | -                         | -   | -                                      | -                                      | -  |
| Reserach Donations  | 375                           | -                         | -   | -                                      | -                                      | -  |
| Memorial Donations  | 36,051                        | -                         | -   | -                                      | -                                      | -  |
| Bequests and major gifts  | 4,036                         | -                         | -   | -                                      | -                                      | -  |
| Rental Income   | 19,800                        | -                         | -   | -                                      | -                                      | -  |
| Grants - Other  | 26,015                        | -                         | -   | -                                      | -                                      | -  |
| Investment Income   | 8,729                         | -                         | 18,747  | 62                                     | -                                      | 18,809                                     |
| Membership Donations  | 7,466                         | -                         | -   | -                                      | -                                      | -  |
|   | <u>587,913</u>                | <u>-</u>                  | <u>18,747</u>                                 | <u>62</u>                              | <u>-</u>                               | <u>18,809</u>                              |
| <b>Operating Expenses:</b>  |                               |                           |   |  |  |  |
| MOHLTC - per schedule   | 305,443                       | -                         | -   | -                                      | -                                      | -  |
| Salaries and benefits   | 118,361                       | -                         | -   | -                                      | -                                      | -  |
| Fundraising Expenses  | 18,404                        | -                         | -   | -                                      | -                                      | -  |
| Rent  | 29,012                        | -                         | -   | -                                      | -                                      | -  |
| Office expenses   | 16,031                        | -                         | -   | -                                      | -                                      | -  |
| Programs and services   | 18,823                        | -                         | -   | -                                      | -                                      | -  |
| Professional fees   | 9,323                         | -                         | -   | -                                      | -                                      | -  |
| Utilities   | 16,841                        | -                         | -   | -                                      | -                                      | -  |
| Repairs and maintenance   | 8,375                         | -                         | -   | -                                      | -                                      | -  |
| Travel  | 4,386                         | -                         | -   | -                                      | -                                      | -  |
| Insurance   | 6,191                         | -                         | -   | -                                      | -                                      | -  |
| Interest and bank charges   | 4,046                         | -                         | -   | -                                      | -                                      | -  |
| Telephone   | 4,945                         | -                         | -   | -                                      | -                                      | -  |
| Supplies  | 794                           | -                         | -   | -                                      | -                                      | -  |
| Property and municipal taxes  | 3,726                         | -                         | -   | -                                      | -                                      | -  |
| Advertising and promotion   | 6,419                         | -                         | -   | -                                      | -                                      | -  |
| Training  | 599                           | -                         | -   | -                                      | -                                      | -  |
| Miscellaneous   | 1,207                         | -                         | -   | -                                      | -                                      | -  |
| Equipment   | 2,113                         | -                         | -   | -                                      | -                                      | -  |
| Amortization of property, plant and equipment   | -                             | -                         | -   | -                                      | 2,481                                  | 2,481                                      |
|   | <u>575,039</u>                | <u>-</u>                  | <u>-</u>                                      | <u>-</u>                               | <u>2,481</u>                           | <u>2,481</u>                               |
| Excess(deficiency) of revenue over expenses<br>before change in fair value of investments | 12,874                        | -                         | 18,747  | 62                                     | (2,481)                                | 16,328                                     |
| Adjustments to held for trading investments   | 9,651                         | -                         | 26,880  | -                                      | -                                      | 26,880                                     |
| Excess (deficiency) of revenue over expenses  | 22,525                        | -                         | 45,627  | 62                                     | (2,481)                                | 43,208                                     |
| <b>Net Assets, beginning of year</b>  | 302,220                       | -                         | 416,289                                       | 4,842                                  | 134,558                                |  |
| <b>Net Assets, end of year</b>  | <u>324,745</u>                | <u>-</u>                  | <u>461,916</u>                                | <u>4,904</u>                           | <u>132,077</u>                         |  |

See accompanying notes to the financial statements

**ALZHEIMER SOCIETY OF HASTINGS PRINCE EDWARD**  
Statement of income and net assets for the year ended March 31, 2016

|   | General<br>Fund<br>2016<br>\$ | C2C<br>Fund<br>2016<br>\$ | Hope<br>for<br>Tomorrow<br>Fund<br>2016<br>\$ | Meagher<br>Award<br>Fund<br>2016<br>\$ | Capital<br>Asset<br>Fund<br>2016<br>\$ | Total<br>Restricted<br>Funds<br>2016<br>\$ |
|---|-------------------------------|---------------------------|---|--|--|--|
| <b>Revenue</b>  |                               |                           |   |  |  |  |
| Grants -MOHLTC  | 217,237                       | -                         | -   | -                                      | -                                      | -  |
| Fundraising revenues  | 200,969                       | -                         | -   | -                                      | -                                      | -  |
| General Donations   | 51,966                        | -                         | -   | -                                      | -                                      | -  |
| Reserach Donations  | -                             | -                         | -   | -                                      | -                                      | -  |
| 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>                              |
| <b>Operating Expenses:</b>  |                               |                           |   |  |  |  |
| 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<br>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)                                | (17,226)                                   |
| <b>Net Assets (Deficit), beginning of year</b>  | 321,601                       | (25,055)                  | 430,820                                       | 4,780                                  | 137,815                                |  |
| Ministry recovery   | (1,340)                       | -                         | -   | -                                      | -                                      |  |
| Interfund transfers   | (25,055)                      | 25,055                    | -   | -                                      | -                                      |  |
| <b>Net Assets, end of year</b>  | <u>302,221</u>                | <u>-</u>                  | <u>416,289</u>                                | <u>4,842</u>                           | <u>134,558</u>                         |  |

See accompanying notes to the financial statements

**ALZHEIMER SOCIETY OF HASTINGS PRINCE EDWARD**

Schedule of direct expenses for the year ended March 31, 2017

|                       | <b>2017</b>    | <b>2016</b>    |
|-----------------------|----------------|----------------|
|                       | \$             | \$             |
| Salaries and benefits | 283,032        | 278,718        |
| Building Occupancy    | 9,856          | 13,629         |
| Office                | 660            | 977            |
| Travel                | 10,778         | 9,396          |
| Training              | 1,117          | 975            |
|                       | <u>305,443</u> | <u>303,695</u> |

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.

|                              | <b>2017</b>    | <b>2016</b>   |
|------------------------------|----------------|---------------|
|                              | \$             | \$            |
| Bank charges                 | 2,798          | 2,907         |
| Salaries and benefits        | 34,900         | 30,762        |
| Programs and services        |                | 9,425         |
| Advertising                  | 6,419          | 2,678         |
| Insurance                    | 6,191          | 4,318         |
| Rent                         | 29,012         | 18,954        |
| Office expenses              | 1,261          | 6,754         |
| Professional fees            | 9,323          | 14,274        |
| Utilities                    | 5,614          | 4,153         |
| Repairs and maintenance      | 4,219          | 2,279         |
| Property and municipal taxes | 1,304          | 980           |
|                              | <u>101,041</u> | <u>97,484</u> |



**ALZHEIMER SOCIETY OF HASTINGS PRINCE EDWARD**  
Statement of Cash Flows for the initial year ended March 31, 2017

|   | 2017     | 2016     |
|---|----------|----------|
|   | \$       | \$       |
| <b>Cash flows from operating activities</b>                   |          |          |
| Excess (deficiency) of revenue over expenses                  |          |          |
| - General Fund  | 22,525   | 5,675    |
| - Restricted funds  | 43,208   | (17,726) |
| Non-Cash amortization of capital assets                       | 2,481    | 3,257    |
| Adjustments for unrealized gains (losses) arising in the year | (36,531) | 38,261   |
| Gain on sale of investments                                   | 110      | (1,042)  |
|   | 31,793   | 28,425   |
| Changes in non-cash working capital:                          |          |          |
| Accounts receivable, trade and other                          | 875      | 4,541    |
| Remittances due from government                               | 3,560    | (1,648)  |
| Prepaid expenses and other assets                             | (157)    | 453      |
| Loan receivable   | 8,754    | 8,239    |
| Bank indebtedness   | (8,162)  | (8,739)  |
| Accounts payable and accrued liabilities                      | 4,585    | 5,781    |
| Remittances due to government                                 | (1,449)  | 1,376    |
| Deferred contributions  | 4,495    | (10,000) |
| <b>Net cash provided by operating activities</b>              | 44,294   | 28,428   |
| <b>Cash flows from investing activities</b>                   |          |          |
| Bond and guaranteed investment purchases                      | (61)     | (14,842) |
| Bond and guaranteed investment certificate maturities         | 1,391    | 5,774    |
| Purchases of mutual funds                                     | (28,378) | (19,192) |
| Purchases of equity securities                                | (11,705) | (9,787)  |
| Proceeds from mutual funds                                    | 8,638    |          |
| Proceeds of equity securities                                 | 12,957   | 4,500    |
| <b>Net cash provided by (used in) investing activities</b>    | (17,158) | (33,547) |
| <b>Net increase in cash and cash equivalents</b>              | 27,136   | (5,119)  |
| Cash and cash equivalents at the beginning of the year        | 146,447  | 151,566  |
| <b>Cash and cash equivalents at the end of the year</b>       | 173,583  | 146,447  |
| <b>Cash and cash equivalents consists of:</b>                 |          |          |
| Cash  | 173,583  | 146,447  |
|   | 173,583  | 146,447  |

See accompanying notes to the financial statements

## ALZHEIMER SOCIETY OF HASTINGS PRINCE EDWARD

Notes to Financial Statements

Year Ended March 31, 2017

### 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, 2017

### 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, 2017.

**ALZHEIMER SOCIETY OF HASTINGS PRINCE EDWARD**

Notes to Financial Statements

Year Ended March 31, 2017

**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, 2017

### 4. Property, Plant and Equipment

|                        | Cost           | Accumulated<br>Amortization | 2017<br>Net Book<br>Value | 2016<br>Net Book<br>Value |
|------------------------|----------------|-----------------------------|---------------------------|---------------------------|
|                        | \$             | \$                          | \$                        | \$                        |
| Land                   | 75,000         | -                           | 75,000                    | 75,000                    |
| Buildings              | 102,927        | 46,347                      | 56,580                    | 58,936                    |
| Furniture and fixtures | 4,228          | 3,731                       | 497                       | 622                       |
|                        | <u>182,155</u> | <u>50,078</u>               | <u>132,077</u>            | <u>134,558</u>            |

### 5. Investments

Marketable securities consist of the following:

|                     | 2017                    |             | 2016                    |             |
|---------------------|-------------------------|-------------|-------------------------|-------------|
|                     | <u>Market<br/>Value</u> | <u>Cost</u> | <u>Market<br/>Value</u> | <u>Cost</u> |
|                     | \$                      | \$          | \$                      | \$          |
| <b>General Fund</b> |                         |             |                         |             |
| Term deposit        | 10,000                  | 10,000      | 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.

|   | 2017                    |                | 2016                    |                |
|---|-------------------------|----------------|-------------------------|----------------|
|   | <u>Market<br/>Value</u> | <u>Cost</u>    | <u>Market<br/>Value</u> | <u>Cost</u>    |
|   | \$                      | \$             | \$                      | \$             |
| <b>Long-Term General Fund</b>   |                         |                |                         |                |
| <u>Bonds</u>  |                         |                |                         |                |
| Voya High Income Fund   | 11,354                  | 13,221         | 11,298                  | 13,628         |
| Atrium Mortgage Investment Corp.<br>- maturing September 30, 2021, 5.5% | 40,700                  | 40,000         | 39,200                  | 40,000         |
| Boyd Group Income Fund<br>- maturing October 31, 2021, 5.25%            | 32,500                  | 25,000         | 31,250                  | 25,000         |
| Fidelity Corporate Bond Fund  | 27,795                  | 27,773         | 26,937                  | 27,773         |
|   | <u>112,349</u>          | <u>105,994</u> | <u>108,685</u>          | <u>106,401</u> |
| <u>Equity Securities</u>  |                         |                |                         |                |
| Royal Bank of Canada  | 19,378                  | 9,256          | 14,966                  | 9,256          |
| Global Infrastructure Dividend Fund                                     | -                       | -              | 8,230                   | 9,769          |
|   | <u>19,378</u>           | <u>9,256</u>   | <u>23,196</u>           | <u>19,025</u>  |
| <u>Managed Fund</u>   |                         |                |                         |                |
| Bank of Nova Scotia Canadian Banks                                      | 14,000                  | 14,000         | -                       | -              |
| Fidelity Monthly Income Fund  | 20,435                  | 19,814         | 16,931                  | 17,125         |
| Manulife US Monthly High Income Fund                                    | 10,698                  | 8,925          | 10,636                  | 9,454          |
|   | <u>45,133</u>           | <u>42,739</u>  | <u>27,567</u>           | <u>26,579</u>  |
| <b>Total Long-Term General Fund</b>                                     | <u>176,860</u>          | <u>157,989</u> | <u>159,448</u>          | <u>152,005</u> |

## ALZHEIMER SOCIETY OF HASTINGS PRINCE EDWARD

Notes to Financial Statements

Year Ended March 31, 2017

### 5. Investments Continued...

|  | 2017                |                | 2016                |                |
|--|---------------------|----------------|---------------------|----------------|
|  | <u>Market Value</u> | <u>Cost</u>    | <u>Market Value</u> | <u>Cost</u>    |
|  | \$                  | \$             | \$                  | \$             |
| <b>Restricted Funds</b>                                    |                     |                |                     |                |
| <b>Short Term - Meagher Award Fund</b>                     |                     |                |                     |                |
| <u>Guaranteed Investment Certificates</u>                  |                     |                |                     |                |
| - maturity May 14, 2016, 1.26%                             | -                   | -              | 4,842               | 4,842          |
| - maturity May 16, 2017, 0.85%                             | 4,904               | 4,904          | -                   | -              |
| <b>Total Meagher Award fund</b>                            | <b>4,904</b>        | <b>4,904</b>   | <b>4,842</b>        | <b>4,842</b>   |
| <b>Long-Term - Hope for Tomorrow Fund</b>                  |                     |                |                     |                |
| <u>Bonds</u>   |                     |                |                     |                |
| TD Capital Trust III Callable<br>December 29, 2049, 7.243% | 109,621             | 97,488         | 112,922             | 97,488         |
| Voya High Income Fund                                      | 29,196              | 33,998         | 29,052              | 35,043         |
| Fidelity Corporate Bond Fund                               | 34,139              | 34,112         | 33,086              | 34,112         |
|  | <u>172,956</u>      | <u>165,598</u> | <u>175,060</u>      | <u>166,643</u> |
| <u>Equity Securities</u>                                   |                     |                |                     |                |
| Enbridge Inc.  | 22,284              | 11,146         | 20,224              | 11,146         |
| Enbridge Income Fund Holdings                              | 7,956               | 7,824          | 7,104               | 7,824          |
| Royal Bank of Canada                                       | 62,010              | 32,501         | 46,245              | 30,608         |
| Scotia Canadian Dividend Fund                              | 66,496              | 47,254         | 58,529              | 45,186         |
| Global Infrastructure Dividend Bond                        | -                   | -              | 12,345              | 14,654         |
| Healthcare Leaders Income Fund                             | 41,700              | 47,043         | 40,800              | 50,250         |
| US Financials Income Fund                                  | 7,870               | 9,575          | 7,400               | 10,000         |
|  | <u>208,316</u>      | <u>155,343</u> | <u>192,647</u>      | <u>169,668</u> |
| <u>Managed Fund</u>  |                     |                |                     |                |
| Bank of Nova Scotia Canadian Banks                         | 13,000              | 13,000         | -                   | -              |
| Exchange income corp                                       | 10,743              | 10,000         | -                   | -              |
| Fidelity Monthly Income Fund                               | 15,166              | 14,675         | 14,350              | 14,840         |
| Manulife Monthly High Income Fund                          | 25,310              | 27,564         | 27,264              | 28,888         |
|  | <u>64,219</u>       | <u>65,239</u>  | <u>41,614</u>       | <u>43,728</u>  |
| <b>Total Hope for Tomorrow Funds</b>                       | <b>445,491</b>      | <b>386,180</b> | <b>409,321</b>      | <b>380,039</b> |

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, 2017

### 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.

### 8. Adjustments to Held for Trading Investments

|  | 2017   | 2016     |
|--|--------|----------|
|  | \$     | \$       |
| Realized gains (losses)                      | (110)  | 1,042    |
| Unrealized gains(losses) arising in the year | 36,531 | (38,261) |
|  | 36,421 | (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:

|      |        |
|------|--------|
| 2018 | 35,602 |
| 2019 | 37,013 |
| 2020 | 37,938 |