

ALZHEIMER SOCIETY OF NOVA SCOTIA

Financial Statements

Year Ended March 31, 2018

ALZHEIMER SOCIETY OF NOVA SCOTIA
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Year Ended March 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of Alzheimer Society of Nova Scotia

We have audited the accompanying financial statements of Alzheimer Society of Nova Scotia, which comprise the balance sheet as at March 31, 2018 and the statements of revenues and expenditures, changes in net assets and cash flow for the 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our 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.

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


Basis for Qualified Opinion

In common with many not-for-profit organizations, Alzheimer Society of Nova Scotia derives revenue from donations and 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 Alzheimer Society of Nova Scotia. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2018, current assets and net assets as at March 31, 2018.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Alzheimer Society of Nova Scotia as at March 31, 2018 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Halifax, NS
June 12, 2018


Chartered Professional Accountants
Licensed Public Accountants

ALZHEIMER SOCIETY OF NOVA SCOTIA
Statement of Revenues and Expenditures
Year Ended March 31, 2018

	2018	2017
REVENUES		
Revenue Development		
Memorials, donations and bequests	\$ 558,988	\$ 471,774
Fund development, events and annual drives	351,262	394,781
Support and Education		
Educational programs	59,020	34,647
Department of Health and Wellness Funding	502,075	507,455
Information and awareness	38,724	31,657
ASC revenue collected (Note 11)	175,378	170,578
Administration revenue	26,478	26,079
	1,711,925	1,636,971
EXPENSES		
Revenue development	425,669	443,136
Support services	464,111	410,176
Information and awareness	64,316	82,442
Educational programs	359,571	329,419
Community outreach	97,991	113,336
Research	84,606	76,751
ASC operating assessment (Note 11)	58,961	44,270
Administration	145,909	141,984
	1,701,134	1,641,514
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	10,791	(4,543)
Other income		
Gain on sale of marketable securities	34,129	12,619
Unrealized (loss) gain on investments (Note 13)	(69,361)	84,759
	(35,232)	97,378
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	\$ (24,441)	\$ 92,835

ALZHEIMER SOCIETY OF NOVA SCOTIA**Balance Sheet****March 31, 2018**

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 299,029	\$ 85,096
Accounts receivable (Note 3)	226,017	483,330
Inventory	7,197	7,197
Prepaid expenses	45,849	42,020
Due from ASC / Health Partners (Note 11)	7,284	35,275
Due from United Way	3,853	6,164
	589,229	659,082
FURNITURE AND EQUIPMENT (Note 4)	12,813	16,430
INVESTMENTS (Note 5)	1,106,873	1,125,367
	\$ 1,708,915	\$ 1,800,879
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 63,381	\$ 43,863
Deferred revenue (Note 7)	447,548	534,589
	510,929	578,452
NET ASSETS		
General fund	1,197,986	1,222,427
	\$ 1,708,915	\$ 1,800,879

ON BEHALF OF THE BOARD_____
*Director*_____
Director

See notes to financial statements

ALZHEIMER SOCIETY OF NOVA SCOTIA
Statement of Changes in Net Assets
Year Ended March 31, 2018

	2018	2017
Net Assets - Beginning of Year	\$ 1,222,427	\$ 1,129,592
(Deficiency) Excess of revenues over expenses	(24,441)	92,835
Net Assets - End of Year	\$ 1,197,986	\$ 1,222,427

ALZHEIMER SOCIETY OF NOVA SCOTIA**Statement of Cash Flow****Year Ended March 31, 2018**

	2018	2017
OPERATING ACTIVITIES		
Cash receipts	\$ 1,851,813	\$ 1,645,141
Cash paid to suppliers and employees	(1,669,934)	(1,652,476)
Investment income	25,537	25,255
Cash flow from operating activities	207,416	17,920
INVESTING ACTIVITIES		
Investment income re-invested in investments	(25,537)	(25,255)
Net transfer from investments	-	100,055
Proceeds on sales of gifted investments	32,054	9,803
Cash flow from investing activities	6,517	84,603
INCREASE IN CASH FLOW	213,933	102,523
Cash (deficiency) - beginning of year	85,096	(17,427)
CASH - END OF YEAR	\$ 299,029	\$ 85,096

ALZHEIMER SOCIETY OF NOVA SCOTIA

Notes to Financial Statements

Year Ended March 31, 2018

1. PURPOSE OF THE SOCIETY

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank deposits.

Inventory

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

Furniture and equipment

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

Equipment	30%
Furniture	20%
Leasehold improvements	20%

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

Other investments

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

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ALZHEIMER SOCIETY OF NOVA SCOTIA

Notes to Financial Statements

Year Ended March 31, 2018

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

Financial instruments policy

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

Donated goods

Donated goods and services are recorded at their fair market value at the time of the donation. During the year \$2,862 in goods were donated [2017 - \$1,808].

Revenue recognition

The Society follows the deferral method of accounting for restricted contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in net assets.

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

Internally restricted funds

Funds designated as internally restricted shall be recognized as income in the general fund in the year received.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Allocation of expenses

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

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

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ALZHEIMER SOCIETY OF NOVA SCOTIA
Notes to Financial Statements
Year Ended March 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Volunteer services

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

3. ACCOUNTS RECEIVABLE

	<u>2018</u>	<u>2017</u>
Government	\$ 171,457	\$ 477,488
Interest	274	157
Other receivables	54,286	5,685
	<u>\$ 226,017</u>	<u>\$ 483,330</u>

Accounts receivable are net of an allowance for doubtful accounts of \$nil [2017 - \$nil].

4. FURNITURE AND EQUIPMENT

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Equipment	\$ 74,475	\$ 72,158	\$ 2,317	\$ 3,311
Furniture	30,236	26,063	4,173	5,216
Leasehold improvements	23,252	16,929	6,323	7,903
	<u>\$ 127,963</u>	<u>\$ 115,150</u>	<u>\$ 12,813</u>	<u>\$ 16,430</u>

5. INVESTMENTS

	<u>2018</u>	<u>2017</u>
Seamark Investment Fund	\$ 1,035,121	\$ 1,054,257
Guaranteed Investment Certificates	71,752	71,110
	<u>\$ 1,106,873</u>	<u>\$ 1,125,367</u>

The Society's investments consist of Mutual Funds and Guaranteed Investment Certificates. The Guaranteed Investment Certificates are with Canadian Chartered Banks at rates of 1.60% for year 1 and 1.85% for year 2 [2017 - 0.90%] and have maturity dates in November 2018.

Included in the investments are externally restricted amounts of \$405,232 [2017 - \$463,537] and internally restricted amounts of \$13,505 [2017 - \$13,385].

ALZHEIMER SOCIETY OF NOVA SCOTIA**Notes to Financial Statements****Year Ended March 31, 2018**

6. CREDIT FACILITY

The Society has a credit facility with the Bank of Montreal, which includes an approved operating line that can be drawn upon to a maximum of \$50,000, which bears interest at prime plus 1% and is secured by the Guaranteed Investment Certificates. At the balance sheet date, the amount owing, which is due on demand, was \$nil [2017 - \$nil].

7. DEFERRED REVENUE

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

	Opening Balance	Increase	Decrease	2018	2017
Events	\$ 29,110	\$ 12,931	\$ (19,592)	\$ 22,449	\$ 29,110
Dementia Strategy	41,942	480,000	(502,075)	19,867	41,942
Research	463,537	16,734	(75,039)	405,232	463,537
	<u>\$ 534,589</u>	<u>\$ 509,665</u>	<u>\$ (596,706)</u>	<u>\$ 447,548</u>	<u>\$ 534,589</u>

8. GOVERNMENT FUNDING

The Society has received funding from the Provincial government totalling \$480,000 for the 2017/18 fiscal year in support of the Dementia Strategy Project. As of March 31, 2018, \$19,867 has been deferred, as the related expenses are expected to be incurred during the 2018/19 fiscal year. The Society is required to report to the government, project specific statistics and data measurements, survey and research results, overall progress and the related expenses. There are no requirements for repayment.

9. INCOME TAXES

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

ALZHEIMER SOCIETY OF NOVA SCOTIA**Notes to Financial Statements****Year Ended March 31, 2018**

10. LEASE COMMITMENTS

1. The Society leases office equipment which requires annual payments of \$4,280. The lease expires May 2023.
2. The Society has committed to a management and database system requiring annual payments to maintain it. In the current year \$33,770 [2017 - \$31,859] was paid for maintenance.
3. The Society through it's long term strategic plan has committed to annual contributions to the Alzheimer's Canada Research Program. The current years contribution was \$57,789 and future year contributions will be determined on an annual basis.
4. The Society leases office space requiring the following minimum annual lease payments. The lease expires August, 2022.

2019	\$	70,821
2020		70,821
2021		70,821
2022		70,821
2023		29,509
		<hr/>
	\$	312,793
		<hr/>

11. ALZHEIMER SOCIETY OF CANADA TRANSACTIONS

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

	<u>2018</u>	<u>2017</u>
<u>Revenues</u>		
Memorials, donations and bequests	\$ 86,676	\$ 43,064
Fund Development, events and annual drives	50	26,197
Health Partners	19,733	36,390
Direct Marketing (net of expense allocations)	68,919	64,927
	<hr/>	<hr/>
	175,378	170,578
<u>Expenditures</u>		
Research Assessments	57,789	43,390
Operating Assessments	58,961	44,270
	<hr/>	<hr/>
	116,750	87,660
	<hr/>	<hr/>
	\$ 58,628	\$ 82,918
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As at year end a net receivable from ASC of \$7,284 [2017 - \$35,275] was recorded as Due From ASC / Health Partners.

ALZHEIMER SOCIETY OF NOVA SCOTIA**Notes to Financial Statements****Year Ended March 31, 2018**

12. ALLOCATION OF EXPENSES

Payroll, human resources and office expenses totalling \$1,300,110 [2017 - \$1,202,807] have been allocated as follows:

	<u>2018</u>	<u>2017</u>
Revenue development	\$ 367,195	\$ 320,344
Support services	450,087	395,431
Information and resource services	25,971	20,965
Educational programs	271,074	263,496
Community outreach	90,194	103,719
Research	9,563	16,053
Administration	86,026	82,799
	<u>\$ 1,300,110</u>	<u>\$ 1,202,807</u>

13. UNREALIZED (LOSS) GAIN ON INVESTMENTS

Unrealized gains and losses on investments are as follows:

	<u>2018</u>	<u>2017</u>
<i>Seamark Investments</i>		
Fair Market Value	\$ 1,035,120	\$ 1,054,257
Cost	940,429	890,205
Total Unrealized Gain	94,691	164,052
Gain Recognized In Prior Years	164,052	79,293
	<u>\$ (69,361)</u>	<u>\$ 84,759</u>

14. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of March 31, 2018.

(a) Credit risk

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

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ALZHEIMER SOCIETY OF NOVA SCOTIA**Notes to Financial Statements****Year Ended March 31, 2018**

14. FINANCIAL INSTRUMENTS (continued)***(b) Liquidity risk***

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

(c) Market risk

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

(d) Currency risk

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

(e) Interest rate risk

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

15. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.