

ALZHEIMER SOCIETY OF SASKATCHEWAN

FINANCIAL STATEMENTS

MARCH 31, 2021

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of **Alzheimer Society of Saskatchewan** have been prepared by the Organization's management in accordance with Canadian accounting standards for not-for-profit organizations and necessarily include some amounts based on informed judgement and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

The Board of Directors have reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, **Virtus Group LLP**, and their report is presented separately.



Chief Executive Officer



Director of Finance



INDEPENDENT AUDITORS' REPORT

To the Members,
Alzheimer Society of Saskatchewan

Qualified Opinion

We have audited the financial statements of **Alzheimer Society of Saskatchewan**, which comprise the statement of financial position as at March 31, 2021, and the statements of operations, 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 effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2021, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many non-profit organizations, the Organization derives revenues from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenue was limited to accounting for amounts recorded in the records of the Organization. As a result, we were not able to determine whether any adjustments might be necessary in respect of revenues, assets, liabilities or net assets.

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 Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Saskatchewan, 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.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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.

...continued

INDEPENDENT AUDITORS' REPORT continued

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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 significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

May 27, 2021
Regina, Saskatchewan

VIRTUS GROUP LLP
Chartered Professional Accountants



ALZHEIMER SOCIETY OF SASKATCHEWAN
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021
(with comparative figures for 2020)

	ASSETS	
	<u>2021</u>	<u>2020</u>
Current assets		
Cash (Note 3)	\$ 187,220	\$ 117,661
Investments (Note 4)	1,036,076	348,460
Accounts receivable	101,457	11,565
Prepaid expenses	25,763	23,756
	1,350,516	501,442
Tangible capital assets (Note 5)	92,804	100,657
Investments (Note 4)	2,263,378	2,504,693
Intangible assets (Note 6)	2,751	2,751
	\$ 3,709,449	\$ 3,109,543
	LIABILITIES	
Current liabilities		
Accounts payable and accrued liabilities	\$ 83,590	\$ 84,822
Deferred revenue (Note 7)	62,365	27,350
Due to Alzheimer Society of Canada (Note 8)	6,824	17,074
	152,779	129,246
	NET ASSETS	
Internally restricted reserves (Note 9)	1,729,745	1,800,000
Restricted research reserves (Note 10)	244,401	266,892
Accumulated surplus	1,582,524	913,405
	3,556,670	2,980,297
	\$ 3,709,449	\$ 3,109,543
Commitments (Note 11)		

See accompanying notes to the financial statements.

APPROVED ON BEHALF OF THE BOARD:

Clairance Director

Don Koff Director

ALZHEIMER SOCIETY OF SASKATCHEWAN
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2021
(with comparative figures for the year ended March 31, 2020)

	<u>Internally restricted reserves</u>	<u>Restricted research reserves</u>	<u>Accumulated surplus</u>	<u>Total 2021</u>	<u>Total 2020</u>
Net assets - beginning of year	\$ 1,800,000	\$ 266,892	\$ 913,405	\$ 2,980,297	\$ 1,046,194
Excess of revenue over expenses	(44,342)	(22,491)	643,206	576,373	1,934,103
Purchase of tangible capital assets	(25,913)	-	25,913	-	-
Net assets - end of year	<u>\$ 1,729,745</u>	<u>\$ 244,401</u>	<u>\$ 1,582,524</u>	<u>\$ 3,556,670</u>	<u>\$ 2,980,297</u>

See accompanying notes to the financial statements.

ALZHEIMER SOCIETY OF SASKATCHEWAN
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2021
(with comparative figures for the year ended March 31, 2020)

	<u>2021</u>	<u>2020</u>
Revenue		
Donations	\$ 571,287	\$ 540,787
Fundraising and projects	328,061	468,913
Government funding	1,112,676	1,110,584
Interest and other revenues	63,977	62,099
Government pandemic response grants	560,211	-
National revenue sharing (Note 8)	45,664	39,963
Planned giving	248,681	1,741,427
Sponsorships and grants	352,918	354,760
	<u>3,283,475</u>	<u>4,318,533</u>
Expenses		
Administration	123,373	127,875
Advocacy	40,580	36,977
Awareness	300,020	369,343
Federation operation assessment	46,743	51,354
Governance	81,218	99,385
Programs and services	1,298,936	1,113,294
Research	413,457	260,605
Revenue development	402,775	325,597
	<u>2,707,102</u>	<u>2,384,430</u>
Excess of revenues over expenses	<u>\$ 576,373</u>	<u>\$ 1,934,103</u>

See accompanying notes to the financial statements.

ALZHEIMER SOCIETY OF SASKATCHEWAN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2021
(with comparative figures for the year ended March 31, 2020)

	<u>2021</u>	<u>2020</u>
Cash provided by (used in) operating activities:		
Excess of revenues over expenses	\$ 576,373	\$ 1,934,103
Items not involving cash:		
- Amortization	33,765	27,422
	<u>610,138</u>	<u>1,961,525</u>
Non-cash operating working capital (Note 13)	(68,366)	29,751
	<u>541,772</u>	<u>1,991,276</u>
Cash provided by (used in) investing activities:		
Additions to investments	(446,301)	(1,895,550)
Additions to tangible capital assets	(25,912)	(57,292)
Proceeds on disposal of tangible capital assets	-	7,935
	<u>(472,213)</u>	<u>(1,944,907)</u>
Increase in cash	69,559	46,369
Cash position - beginning of year	<u>117,661</u>	<u>71,292</u>
Cash position - end of year	<u>\$ 187,220</u>	<u>\$ 117,661</u>

See accompanying notes to the financial statements.

ALZHEIMER SOCIETY OF SASKATCHEWAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021
(with comparative figures for the year ended March 31, 2020)

1. Nature of operations

Alzheimer Society of Saskatchewan (the "Organization") was incorporated under *The Non-profit Corporations Act* in the province of Saskatchewan. The Organization provides resources and support to individuals with Alzheimer's disease and related dementias and their families.

The Organization is a registered charity under the *Income Tax Act* of Canada and as such is exempt from income taxes under 149(l)(f) of the Act.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations which required management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. The financial statements reflect the following policies:

Financial instruments

Financial assets and financial liabilities are recorded on the statement of financial position when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are required to be recognized at fair value upon initial recognition, except for certain related party transactions. Measurement in subsequent periods of equity instruments is at fair value. All other financial assets and financial liabilities are subsequently measured at amortized cost adjusted by transaction costs, which are amortized over the expected life of the instrument.

Fair value is the amount at which a financial instrument could be exchanged at arm's length between willing, unrelated parties in an open market. Changes in fair values of financial assets and financial liabilities measured at fair value are recognized in excess of revenue over expenses. When there is an indication of impairment the carrying amount of financial assets measured at amortized cost may be reduced. Such impairments can be subsequently reversed if the value improves.

The Organization's recognized financial instruments costs of cash, accounts receivable, investments and accounts payable and accrued liabilities.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Amortization is provided on the diminishing balance basis over the estimated useful life of the assets at the following annual rates:

Computer equipment	30 %
Office equipment	20 %
Furniture and fixtures	20 %

Leasehold improvements are amortized on the straight-line basis over 10 years. Contributed tangible capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

ALZHEIMER SOCIETY OF SASKATCHEWAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021
(with comparative figures for the year ended March 31, 2020)

2. Summary of significant accounting policies continued

Intangible assets

Intangible assets are accounted for at cost and are not amortized. When the carrying amount exceeds the fair value, an impairment loss is recognized in an amount equal to the excess. No impairments have been recognized on these assets (2020 - \$nil).

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted grants and other contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted grants and other contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donations, fundraising, planned giving and national revenue sharing revenues are recognized when the amounts are received. Interest and other income are recognized as revenue in the year it is earned.

Allocation of expenses

The Organization engages in administration, advocacy, awareness, governance, federation activities, revenue development, research and support programs. The costs of each program include the costs of payroll and other expenses that are directly related to providing the program. The Organization also incurs a number of general support expenses that are common to the administration of the Organization and each of its programs.

The policy for allocating expenses is based on the percentage of each person's time spent in each program area. Expenses that are directly related to a specific program are recorded directly to that program.

Contributed assets and volunteer services

Contributed assets are recorded at their fair value. In kind contributed goods and services are not recorded in the financial statements of the Organization. The Organization is dependant on the work of many volunteers to fulfil its mission. Donated services and materials are not recorded in these statements.

3. Cash / bank indebtedness

The Organization has an unsecured line of credit with a limit of \$150,000, bearing interest at prime plus 0%. At year-end, the line of credit was not used (2020 - \$nil).

4. Investments

The Organization's investments consist of guaranteed investment certificates with interest rates ranging from 0.25% to 3.28% (2020 - 1.81% to 3.28%) and maturity dates ranging from April 2021 to February 2025 (2020 - April 2020 to February 2025). At year end, \$50,000 included in investments was cash waiting to be invested (2020 - \$nil).

ALZHEIMER SOCIETY OF SASKATCHEWAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021
(with comparative figures for the year ended March 31, 2020)

5. Tangible capital assets

	2021		2020	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 98,679	\$ 50,256	\$ 48,423	\$ 38,765
Furniture and fixtures	43,968	37,434	6,534	7,191
Office equipment	91,688	57,831	33,857	42,321
Leasehold improvements	149,187	145,197	3,990	12,380
	<u>\$ 383,522</u>	<u>\$ 290,718</u>	<u>\$ 92,804</u>	<u>\$ 100,657</u>

6. Intangible assets

Mineral rights	\$ 2,750
Trademark with Alzheimer Society of Canada	<u>1</u>
	<u>\$ 2,751</u>

7. Deferred revenue

	<u>2021</u>	<u>2020</u>
Sponsorship	\$ 1,750	\$ 15,250
Minds in Motion	-	9,600
Project funding	60,615	2,500
	<u>\$ 62,365</u>	<u>\$ 27,350</u>

8. Federation transactions

All funds received by Alzheimer Society of Canada ("ASC") are distributed to the provincial Alzheimer Society from which the funds originated, including individual donations designated to research. The ASC is funded by the provinces through a research and operation assessment. During the year, the Organization received net donations from ASC as follows:

	<u>2021</u>	<u>2020</u>
Direct mail	\$ 16,265	\$ 14,118
General donations	18,030	10,652
Memorial donations	5,752	7,303
Health partners	5,617	7,890
	<u>\$ 45,664</u>	<u>\$ 39,963</u>

ALZHEIMER SOCIETY OF SASKATCHEWAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021
(with comparative figures for the year ended March 31, 2020)

8. Federation transactions continued

During the year, the Organization paid assessments to ASC as follows:

Federation operation assessment	\$ 46,743	\$ 51,354
Federation research assessment	57,965	53,735
Additional contributions to the Alzheimer Society Research Program	220,000	46,265
	<u>\$ 324,708</u>	<u>\$ 151,354</u>

At year end, the Organization has a net payable to ASC in the amount of \$6,824 (2020 - \$17,074).

9. Internally restricted reserves

The Board of Directors may choose to establish internal restrictions which govern the use of assets held by the Organization. Any surplus in excess of the Organization's operating requirements may be designated to a reserve by the Board of Directors. The Board of Directors has approved the establishment of the following reserves:

- an operating reserve for the protection of the Organization against uneven operating cash flows,
- a long term reserve for wrap up costs in the event the Organization is wound down,
- a capital asset replacement fund for funding future capital requirements,
- an opportunity reserve fund for funding of program exploration or development, initiatives with one-time costs, and for building capacity through staff development, or investments in infrastructure.

As at March 31, 2021, the balance of these reserves was comprised of the following:

	<u>2021</u>	<u>2020</u>
Operating reserve	\$ 1,000,000	\$ 1,000,000
Long term reserve	500,000	500,000
Capital asset replacement reserve	74,086	100,000
Opportunity reserve	155,659	200,000
	<u>\$ 1,729,745</u>	<u>\$ 1,800,000</u>

ALZHEIMER SOCIETY OF SASKATCHEWAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021
(with comparative figures for the year ended March 31, 2020)

10. Restricted research reserves

The Organization has received donations that are specifically restricted for research. Some of these donations are contributed to fund general research and some are directed to fund research in Saskatchewan. The Board of Directors has established a separate Restricted Research Reserve to ensure that the wishes of such donors are honoured. As at March 31, 2021, the balance of this reserve was comprised of the following:

	<u>2021</u>	<u>2020</u>
Saskatchewan Restricted Research Reserve Fund	\$ 100,000	\$ 25,000
Restricted Research Reserve Fund	144,401	241,892
	<u>\$ 244,401</u>	<u>\$ 266,892</u>

11. Commitments

The Organization leases premises and equipment and has contracted services under agreements requiring aggregate minimum payments, including estimated operating costs for rented space, over the next four years as follows:

2022		\$ 373,600
2023		187,600
2024		7,100
2025		3,600

12. Employee future benefits

The Organization participates in the Saskatchewan Healthcare Employees' Pension Plan. Although the plan is a defined benefit plan, the Organization's financial obligation is limited to contributions in respect of employees' current service. The current year's pension expense is \$125,848 (2020 - \$101,864).

13. Non-cash operating working capital

Details of net change in each element of working capital relating to operations excluding cash are as follows:

	<u>2021</u>	<u>2020</u>
(Increase) decrease in current assets:		
Accounts receivable	\$ (89,892)	\$ 2,083
Prepaid expenses	(2,007)	(2,978)
	<u>(91,899)</u>	<u>(895)</u>
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	(1,232)	23,462
Deferred revenue	35,015	11,125
Due to Alzheimer Society of Canada	(10,250)	(3,941)
	<u>23,533</u>	<u>30,646</u>
	<u>\$ (68,366)</u>	<u>\$ 29,751</u>

ALZHEIMER SOCIETY OF SASKATCHEWAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021
(with comparative figures for the year ended March 31, 2020)

14. Financial risk management

The Organization has a risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The significant financial risks to which the Organization is exposed are:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk on the accounts receivable, however, does not have a significant exposure to any individual customer or counterpart. The Organization incurred insignificant bad debt expense during the past three years.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization's exposure to interest rate risk is limited to the line of credit. The interest rate on this debt is variable; therefore, the Organization may face increasing interest costs in an increasing interest rate market.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization's exposure to liquidity risk is dependent on the receipt of funds from its operations, external borrowings and other related sources. Funds from these sources are primarily used to finance working capital and capital expenditure requirements, and are considered adequate to meet the Organization's financial obligations.

15. COVID-19 pandemic

On March 11, 2020, the World Health Organization declared a global pandemic for the COVID-19 virus. The Organization is following health advisories and mandatory requirements from local, provincial and national health and government organizations. The Organization continues to provide services through online platforms. The future impact of the pandemic on the Organization's operations and finances, if any, is unknown.

16. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation in the current year.

ALZHEIMER SOCIETY OF SASKATCHEWAN
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2021
(with comparative figures for the year ended March 31, 2020)

SCHEDULE 1

	<u>2021</u>	<u>2020</u>
Expenses		
Advertising and promotion	\$ 50,423	\$ 99,943
Amortization	33,765	27,422
Federation operation assessment fees	46,743	51,354
Human resources expenses	4,897	9,274
Insurance	9,702	9,677
Interest, bank charges and online fees	29,090	25,586
Information technology services	75,009	60,261
Loss on disposal of tangible capital assets	-	7,935
Office and general	26,555	34,300
Postage	27,696	38,087
Printing	2,829	20,584
Professional fees	129,386	62,688
Programs and events	19,316	64,632
Rent and utilities	152,379	152,518
Research grants and awards	357,965	205,000
Salaries and benefits	1,716,356	1,429,272
Telephone	23,159	29,874
Travel	1,832	56,023
Total expenses	<u>\$ 2,707,102</u>	<u>\$ 2,384,430</u>