

ALZHEIMER SOCIETY OF SASKATCHEWAN

FINANCIAL STATEMENTS

MARCH 31, 2022


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, 2022, 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, 2022, 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.

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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 26, 2022
Regina, Saskatchewan

VIRTUS GROUP LLP
Chartered Professional Accountants



ALZHEIMER SOCIETY OF SASKATCHEWAN
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022
(with comparative figures for 2021)

	ASSETS	
	<u>2022</u>	<u>2021</u>
Current assets		
Cash (Note 3)	\$ 373,844	\$ 187,220
Investments (Note 4)	661,230	1,036,076
Accounts receivable	16,671	101,457
Prepaid expenses	22,838	25,763
	1,074,583	1,350,516
Tangible capital assets (Note 5)	74,758	92,804
Investments (Note 4)	2,825,283	2,263,378
Intangible assets (Note 6)	2,751	2,751
	\$ 3,977,375	\$ 3,709,449
	LIABILITIES	
Current liabilities		
Accounts payable and accrued liabilities	\$ 108,443	\$ 83,590
Deferred revenue (Note 7)	76,063	62,365
Due to Alzheimer Society of Canada (Note 8)	35,714	6,824
	220,220	152,779
	NET ASSETS	
Internally restricted reserves (Note 9)	1,588,416	1,729,745
Restricted research reserves (Note 10)	670,921	244,401
Accumulated surplus	1,497,818	1,582,524
	3,757,155	3,556,670
	\$ 3,977,375	\$ 3,709,449
Commitments (Note 11)		

See accompanying notes to the financial statements.

APPROVED ON BEHALF OF THE BOARD:

 C. Calder Director

 Dan Ferk Director

ALZHEIMER SOCIETY OF SASKATCHEWAN
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2022
(with comparative figures for the year ended March 31, 2021)

	Internally restricted reserves (Note 9)	Restricted research reserves (Note 10)	Accumulated surplus	Total 2022	Total 2021
Net assets - beginning of year	\$ 1,729,745	\$ 244,401	\$ 1,582,524	\$ 3,556,670	\$ 2,980,297
Excess (deficiency) of revenue over expenses	(222,723)	426,520	(3,312)	200,485	576,373
Transfers	81,394	-	(81,394)	-	-
Net assets - end of year	<u>\$ 1,588,416</u>	<u>\$ 670,921</u>	<u>\$ 1,497,818</u>	<u>\$ 3,757,155</u>	<u>\$ 3,556,670</u>

See accompanying notes to the financial statements.

ALZHEIMER SOCIETY OF SASKATCHEWAN
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2022
(with comparative figures for the year ended March 31, 2021)

	<u>2022</u>	<u>2021</u>
Revenue		
Donations	\$ 413,400	\$ 571,287
Fundraising and projects	415,749	328,061
Government funding	1,130,282	1,112,676
Government pandemic response grants	367,406	560,211
Interest and other revenues	63,891	63,977
Major gift campaign	331,848	-
National revenue sharing (Note 8)	65,359	45,664
Planned giving	280,043	248,681
Sponsorships and grants	388,492	352,918
	<u>3,456,470</u>	<u>3,283,475</u>
Expenses		
Administration	122,383	122,925
Advocacy	45,334	40,580
Awareness	421,769	300,020
Federation operation assessment	99,914	46,743
Governance	111,299	81,218
Programs and services	1,350,764	1,298,936
Research	455,146	413,457
Revenue development	649,376	403,223
	<u>3,255,985</u>	<u>2,707,102</u>
Excess of revenues over expenses	<u>\$ 200,485</u>	<u>\$ 576,373</u>

See accompanying notes to the financial statements.

ALZHEIMER SOCIETY OF SASKATCHEWAN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022
(with comparative figures for the year ended March 31, 2021)

	<u>2022</u>	<u>2021</u>
Cash provided by (used in) operating activities:		
Excess of revenues over expenses	\$ 200,485	\$ 576,373
Items not involving cash:		
- Amortization	27,896	33,765
- Loss on sale of tangible capital assets	1,732	-
	230,113	610,138
Non-cash operating working capital (Note 12)	155,152	(68,366)
	385,265	541,772
Cash provided by (used in) investing activities:		
Additions to investments	(187,059)	(446,301)
Additions to tangible capital assets	(11,582)	(25,912)
	(198,641)	(472,213)
Increase in cash	186,624	69,559
Cash position - beginning of year	187,220	117,661
Cash position - end of year	\$ 373,844	\$ 187,220

See accompanying notes to the financial statements.

ALZHEIMER SOCIETY OF SASKATCHEWAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022
(with comparative figures for the year ended March 31, 2021)

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, accounts payable, accrued liabilities and Due to Alzheimer Society of Canada.

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, 2022
(with comparative figures for the year ended March 31, 2021)

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 (2021 - \$nil).

Restricted funds

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.

Restricted research reserves

The Organization receives donations that are specifically restricted for research through various campaigns. 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.

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, major campaign gifts 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.

ALZHEIMER SOCIETY OF SASKATCHEWAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022
(with comparative figures for the year ended March 31, 2021)

2. Summary of significant accounting policies continued

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 (2021 - \$nil).

4. Investments

The Organization's investments consist of guaranteed investment certificates with interest rates ranging from 0.50% to 3.28% (2021 - 0.25% to 3.28%) and maturity dates ranging from April 2022 to October 2025 (2021 - April 2021 to February 2025). At year end, there was no cash amount included in investments (2021 - \$50,000).

5. Tangible capital assets

	2022		2021	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 101,016	\$ 62,125	\$ 38,891	\$ 48,423
Furniture and fixtures	47,635	39,108	8,527	6,534
Office equipment	91,688	64,602	27,086	33,857
Leasehold improvements	149,187	148,933	254	3,990
	\$ 389,526	\$ 314,768	\$ 74,758	\$ 92,804

ALZHEIMER SOCIETY OF SASKATCHEWAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022
(with comparative figures for the year ended March 31, 2021)

6. Intangible assets

	<u>2022</u>	<u>2021</u>
Mineral rights	\$ 2,750	\$ 2,750
Trademark with Alzheimer Society of Canada	1	1
	<u>\$ 2,751</u>	<u>\$ 2,751</u>

7. Deferred revenue

	<u>2022</u>	<u>2021</u>
Sponsorship	\$ 9,950	\$ 1,750
Project funding	66,113	60,615
	<u>\$ 76,063</u>	<u>\$ 62,365</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>2022</u>	<u>2021</u>
Direct mail	\$ 17,808	\$ 16,265
General donations	29,564	18,030
Memorial donations	11,783	5,752
Health partners	6,204	5,617
	<u>\$ 65,359</u>	<u>\$ 45,664</u>

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

Federation operation assessment	\$ 99,914	\$ 46,743
Federation research assessment	109,065	57,965
Additional contributions to the Alzheimer Society Research Program	266,000	220,000
	<u>\$ 474,979</u>	<u>\$ 324,708</u>

At year end, the Organization has a net payable to ASC in the amount of \$35,714 (2021 - \$6,824).

ALZHEIMER SOCIETY OF SASKATCHEWAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022
(with comparative figures for the year ended March 31, 2021)

9. Internally restricted reserves

The balance in internally restricted reserves is comprised of the following:

	<u>2022</u>	<u>2021</u>
Operating reserve	\$ 1,000,000	\$ 1,000,000
Long term reserve	500,000	500,000
Capital asset replacement reserve	88,416	74,086
Opportunity reserve	-	155,659
	<u>\$ 1,588,416</u>	<u>\$ 1,729,745</u>

10. Restricted research reserves

	<u>Opening balance</u>	<u>Restricted contributions during the year</u>	<u>Restricted funds used</u>	<u>Ending balance</u>
Saskatchewan Restricted Research Reserve Fund	\$ 100,000	\$ 85,000	\$ (90,913)	\$ 94,087
Restricted Research Reserve Fund	144,401	632,433	(200,000)	576,834
	<u>\$ 244,401</u>	<u>\$ 717,433</u>	<u>\$ (290,913)</u>	<u>\$ 670,921</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:

2023	\$ 243,500
2024	29,300
2025	26,800
2026	1,900

The Organization receives computer services at a monthly cost of \$2,873. The agreement can be terminated at any time.

During the year, the Organization renewed an agreement with the Saskatchewan Health Research Foundation to provide \$100,000 of funding per year for a five year period ending in fiscal 2027.

ALZHEIMER SOCIETY OF SASKATCHEWAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022
(with comparative figures for the year ended March 31, 2021)

12. Non-cash operating working capital

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

	<u>2022</u>	<u>2021</u>
(Increase) decrease in current assets:		
Accounts receivable	\$ 84,786	\$ (89,892)
Prepaid expenses	2,925	(2,007)
	87,711	(91,899)
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	24,853	(1,232)
Deferred revenue	13,698	35,015
Due to Alzheimer Society of Canada	28,890	(10,250)
	67,441	23,533
	\$ 155,152	\$ (68,366)

13. 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 \$142,136 (2021 - \$125,848).

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.

ALZHEIMER SOCIETY OF SASKATCHEWAN
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2022
(with comparative figures for the year ended March 31, 2021)

SCHEDULE 1

	<u>2022</u>	<u>2021</u>
Expenses		
Advertising and promotion	\$ 88,024	\$ 50,423
Amortization	27,896	33,765
Federation operation assessment fees	99,914	46,743
Human resources expenses	14,845	4,897
Insurance	12,787	9,702
Interest, bank charges and online fees	24,667	29,090
Information technology services	74,646	75,009
Loss on disposal of tangible capital assets	1,732	-
Office and general	34,957	26,555
Postage	27,313	27,696
Printing	6,959	2,829
Professional fees	277,631	129,386
Programs and events	45,604	19,316
Rent and utilities	157,976	152,379
Research grants and awards	399,335	357,965
Salaries and benefits	1,914,711	1,716,356
Telephone	31,423	23,159
Travel	15,565	1,832
Total expenses	<u>\$ 3,255,985</u>	<u>\$ 2,707,102</u>
