

ALZHEIMER SOCIETY OF SASKATCHEWAN

FINANCIAL STATEMENTS

MARCH 31, 2023


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, 2023, 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, 2023, 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 25, 2023
Regina, Saskatchewan

VIRTUS GROUP LLP
Chartered Professional Accountants

ALZHEIMER SOCIETY OF SASKATCHEWAN
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023
(with comparative figures for 2022)

ASSETS

	<u>2023</u>	<u>2022</u>
Current assets		
Cash (Note 3)	\$ 148,626	\$ 373,844
Investments (Note 4)	1,090,228	661,230
Accounts receivable	13,803	16,671
Prepaid expenses	25,694	22,838
	1,278,351	1,074,583
Investments (Note 4)	2,661,128	2,825,283
Tangible capital assets (Note 5)	63,336	74,758
Intangible assets (Note 6)	2,751	2,751
	\$ 4,005,566	\$ 3,977,375

LIABILITIES

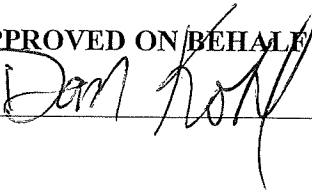
Current liabilities		
Accounts payable and accrued liabilities	\$ 77,389	\$ 108,443
Deferred revenue (Note 7)	18,250	76,063
Due to Alzheimer Society of Canada (Note 8)	30,526	35,714
	126,165	220,220

NET ASSETS

Internally restricted reserves (Note 9)	1,613,992	1,588,416
Restricted research reserves (Note 10)	873,086	670,921
Accumulated surplus	1,392,323	1,497,818
	3,879,401	3,757,155
Commitments (Note 11)	\$ 4,005,566	\$ 3,977,375

See accompanying notes to the financial statements.

APPROVED ON BEHALF OF THE BOARD:



Director



Director

ALZHEIMER SOCIETY OF SASKATCHEWAN
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2023
(with comparative figures for the year ended March 31, 2022)

	Internally restricted reserves (Note 9)	Restricted research reserves (Note 10)	Accumulated surplus	Total 2023	Total 2022
Net assets - beginning of year	\$ 1,588,416	\$ 670,921	\$ 1,497,818	\$ 3,757,155	\$ 3,556,670
Excess (deficiency) of revenue over expenses	(90,185)	202,165	10,266	122,246	200,485
Transfers	115,761	-	(115,761)	-	-
Net assets - end of year	<u>\$ 1,613,992</u>	<u>\$ 873,086</u>	<u>\$ 1,392,323</u>	<u>\$ 3,879,401</u>	<u>\$ 3,757,155</u>

See accompanying notes to the financial statements.

ALZHEIMER SOCIETY OF SASKATCHEWAN
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2023
(with comparative figures for the year ended March 31, 2022)

	<u>2023</u>	<u>2022</u>
Revenue		
Donations	\$ 291,242	\$ 413,400
Fundraising and projects	414,032	415,749
Government funding	1,150,038	1,130,282
Government pandemic response grants	11,366	367,406
Interest and other revenues	81,122	63,891
Major gift campaign	783,105	331,848
National revenue sharing (Note 8)	48,998	65,359
Planned giving	252,795	280,043
Sponsorships and grants	429,785	388,492
	<u>3,462,483</u>	<u>3,456,470</u>
Expenses		
Administration	154,280	122,383
Advocacy	45,571	45,334
Awareness	418,384	421,769
Federation operation assessment	68,958	99,914
Governance	121,861	111,299
Programs and services	1,440,275	1,350,764
Research	576,079	455,146
Revenue development	514,829	649,376
	<u>3,340,237</u>	<u>3,255,985</u>
Excess of revenues over expenses	<u>\$ 122,246</u>	<u>\$ 200,485</u>

See accompanying notes to the financial statements.

ALZHEIMER SOCIETY OF SASKATCHEWAN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023
(with comparative figures for the year ended March 31, 2022)

	<u>2023</u>	<u>2022</u>
Cash provided by (used in) operating activities:		
Excess of revenues over expenses	\$ 122,246	\$ 200,485
Items not involving cash:		
- Amortization	19,945	27,896
- Loss on sale of tangible capital assets	2,485	1,732
	<u>144,676</u>	<u>230,113</u>
Non-cash operating working capital (Note 12)	(94,043)	155,152
	<u>50,633</u>	<u>385,265</u>
Cash provided by (used in) investing activities:		
Additions to investments	(264,843)	(187,059)
Additions to tangible capital assets	(11,008)	(11,582)
	<u>(275,851)</u>	<u>(198,641)</u>
Increase (decrease) in cash	(225,218)	186,624
Cash position - beginning of year	<u>373,844</u>	<u>187,220</u>
Cash position - end of year	<u>\$ 148,626</u>	<u>\$ 373,844</u>

See accompanying notes to the financial statements.

ALZHEIMER SOCIETY OF SASKATCHEWAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023
(with comparative figures for the year ended March 31, 2022)

1. Nature of operations

Alzheimer Society of Saskatchewan (the "Organization") was continued under *The Non-profit Corporations Act, 2022* 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, 2023
(with comparative figures for the year ended March 31, 2022)

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 (2022 - \$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 separate Restricted Research Reserves 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, 2023
(with comparative figures for the year ended March 31, 2022)

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 are recorded in the financial statements of the Organization when they are able to be valued and a donation receipt has been issued to the donor. The Organization is dependant on the work of many volunteers to fulfil its mission. Donated services 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 (2022 - \$nil).

4. Investments

The Organization's investments consist of guaranteed investment certificates with interest rates ranging from 0.79% to 5.10% (2022 - 0.50% to 3.28%) and maturity dates ranging from April 2023 to January 2026 (2022 - April 2022 to October 2025).

5. Tangible capital assets

	2023		2022	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 98,398	\$ 69,557	\$ 28,841	\$ 38,891
Furniture and fixtures	46,053	39,300	6,753	8,527
Office equipment	83,950	63,333	20,617	27,086
Leasehold improvements	156,687	149,562	7,125	254
	<u>\$ 385,088</u>	<u>\$ 321,752</u>	<u>\$ 63,336</u>	<u>\$ 74,758</u>

ALZHEIMER SOCIETY OF SASKATCHEWAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023
(with comparative figures for the year ended March 31, 2022)

6. Intangible assets

	<u>2023</u>	<u>2022</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>2023</u>	<u>2022</u>
Sponsorship	\$ 4,250	\$ 9,950
Project funding	14,000	66,113
	<u>\$ 18,250</u>	<u>\$ 76,063</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. 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>2023</u>	<u>2022</u>
Direct mail	\$ 14,766	\$ 17,808
General donations	7,931	29,564
Memorial donations	20,801	11,783
Health partners	5,500	6,204
	<u>\$ 48,998</u>	<u>\$ 65,359</u>

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

Federation operation assessment	\$ 68,740	\$ 99,914
Federation research assessment	77,278	109,065
Additional contributions to the Alzheimer Society Research Program	350,000	266,000
	<u>\$ 496,018</u>	<u>\$ 474,979</u>

At year end, the Organization has a net payable to ASC in the amount of \$30,526 (2022 - \$35,714).

ALZHEIMER SOCIETY OF SASKATCHEWAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023
(with comparative figures for the year ended March 31, 2022)

9. Internally restricted reserves

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

	<u>2023</u>	<u>2022</u>
Operating reserve	\$ 1,000,000	\$ 1,000,000
Long term reserve	500,000	500,000
Capital asset replacement reserve	88,992	88,416
Opportunity reserve	25,000	-
	<u>\$ 1,613,992</u>	<u>\$ 1,588,416</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	\$ 94,087	\$ -	\$ (92,380)	\$ 1,707
Restricted Research Reserve Fund	576,834	721,823	(427,278)	871,379
	<u>\$ 670,921</u>	<u>\$ 721,823</u>	<u>\$ (519,658)</u>	<u>\$ 873,086</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 five years as follows:

2024	\$ 206,000
2025	198,000
2026	173,000
2027	171,000
2028	128,000

The Organization receives computer services at a monthly cost of \$3,475. The agreement can be terminated at any time.

During 2022, 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, 2023
(with comparative figures for the year ended March 31, 2022)

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>2023</u>	<u>2022</u>
(Increase) decrease in current assets:		
Accounts receivable	\$ 2,868	\$ 84,786
Prepaid expenses	(2,856)	2,925
	12	87,711
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	(31,054)	24,853
Deferred revenue	(57,813)	13,698
Due to Alzheimer Society of Canada	(5,188)	28,890
	(94,055)	67,441
	<u>\$ (94,043)</u>	<u>\$ 155,152</u>

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 \$151,166 (2022 - \$142,136).

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, 2023
(with comparative figures for the year ended March 31, 2022)

SCHEDULE 1

	<u>2023</u>	<u>2022</u>
Expenses		
Advertising and promotion	\$ 66,560	\$ 88,024
Amortization	19,945	27,896
Federation operation assessment fees	68,740	99,914
Human resources expenses	15,673	14,845
Insurance	13,165	12,787
Interest, bank charges and online fees	33,259	24,667
Information technology services	84,489	74,646
Loss on disposal of tangible capital assets	2,485	1,732
Office and general	39,498	34,957
Postage	28,693	27,313
Printing	5,806	6,959
Professional fees	137,268	277,631
Programs and events	79,134	45,604
Rent and utilities	161,380	157,976
Research grants and awards	519,658	399,335
Salaries and benefits	1,998,487	1,914,711
Telephone	30,557	31,423
Travel	35,440	15,565
Total expenses	<u>\$ 3,340,237</u>	<u>\$ 3,255,985</u>