

Financial Statements of

**ALZHEIMER SOCIETY SUDBURY –  
MANITOULIN NORTH BAY & DISTRICTS  
SOCIÉTÉ ALZHEIMER SUDBURY-  
MANITOULIN NORTH BAY ET DISTRICTS**

And Independent Auditors' Report thereon

Year ended March 31, 2020



KPMG LLP  
Claridge Executive Centre  
144 Pine Street  
Sudbury Ontario P3C 1X3  
Canada  
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## INDEPENDENT AUDITORS' REPORT

To the Members of Alzheimer Society Sudbury - Manitoulin North Bay & Districts  
Société Alzheimer Sudbury-Manitoulin North Bay et Districts

### ***Qualified Opinion***

We have audited the financial statements of Alzheimer Society Sudbury - Manitoulin North Bay & Districts Société Alzheimer Sudbury-Manitoulin North Bay et Districts (the Entity), which comprise:

- the statement of financial position as at March 31, 2020
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and the notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, except for the possible effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditors' report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020, and its results of operations and its 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 not-for-profit organizations, the Entity 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 the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at March 31, 2020 and March 31, 2019



- the fundraising revenues and excess (deficiency) of revenues over expenses reported in the statements of operations for the years ended March 31, 2020 and March 31, 2019
- the fund balances, at the beginning and end of the year, reported in the statements of operations and changes in fund balances for the years ended March 31, 2020 and March 31, 2019
- the excess of revenues over expenses reported in the statements of cash flows for the years ended March 31, 2020 and March 31, 2019

Our opinion on the financial statements for the year ended March 31, 2019 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada 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 qualified opinion.

### ***Responsibility 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.

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

Those charged with Governance are responsible for overseeing the Entity'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 qualified 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 the 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 risk 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 qualified 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, internal 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 purposes of expressing an opinion on the effectiveness of the Entity'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 the events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity's 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.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada  
September 29, 2020

**ALZHEIMER SOCIETY SUDBURY - MANITOULIN  
NORTH BAY & DISTRICTS SOCIÉTÉ ALZHEIMER  
SUDBURY-MANITOULIN NORTH BAY ET DISTRICTS**

Statement of Financial Position

March 31, 2020, with comparative information for 2019

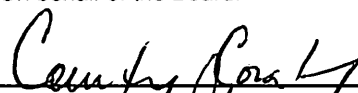
	March 31, 2020			March 31, 2019
	Operating	Capital	Total	
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 1,699,534	-	1,699,534	1,534,140
Accounts receivable (note 2)	114,443	-	114,443	130,585
Prepaid expenses	677	-	677	-
Interfund accounts	(75,000)	75,000	-	-
	<u>1,739,654</u>	<u>75,000</u>	<u>1,814,654</u>	<u>1,664,725</u>
Capital assets (note 3)	-	457,211	457,211	508,722
	<u>\$ 1,739,654</u>	<u>532,211</u>	<u>2,271,865</u>	<u>2,173,447</u>

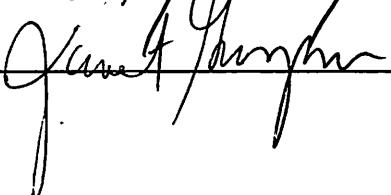
**Liabilities and Fund Balances**

<b>Current liabilities:</b>				
Accounts payable and accrued liabilities (note 4)	\$ 211,765	-	211,765	281,515
Deferred revenue (note 5)	264,891	-	264,891	172,706
	<u>476,656</u>	<u>-</u>	<u>476,656</u>	<u>454,221</u>
Fund balances	1,262,998	532,211	1,795,209	1,719,226
Contingent liability (note 6)				
Commitment (note 7)				
Effects of COVID-19 (note 10)				
	<u>\$ 1,739,654</u>	<u>532,211</u>	<u>2,271,865</u>	<u>2,173,447</u>

See accompanying notes to financial statements.

On behalf of the Board:

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

# ALZHEIMER SOCIETY SUDBURY - MANITOULIN NORTH BAY & DISTRICTS SOCIÉTÉ ALZHEIMER SUDBURY-MANITOULIN NORTH BAY ET DISTRICTS

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2020, with comparative information for 2019

	Operating						Total 2020	Total 2019
	Society		Programs		Capital			
	2020	2019	2020	2019	2020	2019		
<b>Revenue:</b>								
Ministry of Health - core	\$ -	-	1,876,755	1,687,045	-	-	1,876,755	1,687,045
User fees	-	-	129,052	126,575	-	-	129,052	126,575
Other income	133,411	129,969	2,834	2,280	-	-	136,245	132,249
Donations	113,306	146,715	-	-	-	-	113,306	146,715
Fundraising	102,687	97,214	-	-	-	-	102,687	97,214
Property tax recoveries	-	-	26,301	27,198	-	-	26,301	27,198
Investment income	19,707	8,140	212	604	-	-	19,919	8,744
Bingo	-	-	12,849	18,871	-	-	12,849	18,871
ASO direct mail campaign	10,140	6,823	-	-	-	-	10,140	6,823
Human Resources Development Canada	-	-	4,271	3,797	-	-	4,271	3,797
	379,251	388,861	2,052,274	1,866,370	-	-	2,431,525	2,255,231
<b>Expenses:</b>								
Salaries and benefits	22,434	61,742	1,597,938	1,346,776	-	-	1,620,372	1,408,518
Other	117,570	142,857	40,113	1,349	-	-	157,683	144,206
Client services	2,375	-	96,744	171,574	-	-	99,119	171,574
Meals	-	-	73,045	41,775	-	-	73,045	41,775
Building occupancy	-	-	72,644	73,916	-	-	72,644	73,916
Office	1,845	984	56,158	69,778	-	-	58,003	70,762
Supplies	254	83	53,259	47,892	-	-	53,513	47,975
Travel	813	-	42,668	38,907	-	-	43,481	38,907
Property taxes	-	-	37,961	29,545	-	-	37,961	29,545
Training	11,066	280	9,886	25,324	-	-	20,952	25,604
Professional fees	624	1,751	8,249	6,091	-	-	8,873	7,842
Insurance	-	-	8,236	6,032	-	-	8,236	6,032
Meetings	5,491	-	850	2,939	-	-	6,341	2,939
Data processing	-	-	4,879	3,158	-	-	4,879	3,158
Advertising	416	286	4,291	3,349	-	-	4,707	3,635
Fundraising	4,026	6,667	-	-	-	-	4,026	6,667
Research	-	10,000	-	-	-	-	-	10,000
Amortization of capital assets	-	-	-	-	81,707	82,598	81,707	82,598
	166,914	224,650	2,106,921	1,868,405	81,707	82,598	2,355,542	2,175,653
<b>Excess (deficiency) of revenue over expenses before undernoted</b>	<b>212,337</b>	<b>164,211</b>	<b>(54,647)</b>	<b>(2,035)</b>	<b>(81,707)</b>	<b>(82,598)</b>	<b>75,983</b>	<b>79,578</b>
Fund balances, beginning of year	1,135,504	983,880	-	-	583,722	655,768	1,719,226	1,639,648
Transfers - capital additions and surpluses	(84,843)	(12,587)	54,647	2,035	30,196	10,552	-	-
<b>Fund balances, end of year</b>	<b>\$ 1,262,998</b>	<b>1,135,504</b>	<b>-</b>	<b>-</b>	<b>532,211</b>	<b>583,722</b>	<b>1,795,209</b>	<b>1,719,226</b>

See accompanying notes to financial statements.

# ALZHEIMER SOCIETY SUDBURY - MANITOULIN NORTH BAY & DISTRICTS SOCIÉTÉ ALZHEIMER SUDBURY-MANITOULIN NORTH BAY ET DISTRICTS

## Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
<b>Cash flows from operating activities:</b>		
Excess of revenue over expenses	\$ 75,983	79,578
<b>Adjustments for:</b>		
Amortization of capital assets	81,707	82,598
	157,690	162,176
<b>Change in non-cash working capital:</b>		
Increase (decrease) in accounts receivable	16,142	(51,406)
Decrease (increase) in prepaid expenses	(677)	3,318
Increase (decrease) in accounts payable and accrued liabilities	(69,750)	162,270
Increase in deferred revenue	92,185	117,812
	195,590	394,170
<b>Cash flows from investing activities:</b>		
Purchase of capital assets	(30,196)	(10,552)
Net decrease in investments	-	322,599
	(30,196)	312,047
<b>Net increase in cash and cash equivalents</b>	<b>165,394</b>	<b>706,217</b>
Cash and cash equivalents, beginning of year	1,534,140	827,923
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,699,534</b>	<b>1,534,140</b>

See accompanying notes to financial statements.

# ALZHEIMER SOCIETY SUDBURY - MANITOULIN NORTH BAY & DISTRICTS SOCIÉTÉ ALZHEIMER SUDBURY-MANITOULIN NORTH BAY ET DISTRICTS

Notes to Financial Statements

Year ended March 31, 2020

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Alzheimer Society Sudbury - Manitoulin North Bay & Districts Société Alzheimer Sudbury-Manitoulin North Bay et Districts (the "Society") operates as a Chapter of the Alzheimer Society of Ontario and is incorporated without share capital under the Ontario Corporations Act.

## 1. Significant accounting policies:

### (a) Basis of presentation:

In order to ensure observance and restrictions placed on the use of resources, the accounts are maintained in accordance with the principles of fund accounting. The operating fund accounts for all revenue and expenses related to current operations. The capital fund accounts for the equity in capital assets and includes a \$75,000 reserve for capital replacement.

### (b) Revenue recognition:

The financial statements are prepared according to the restricted fund method of accounting. Under this method, the following principles have been applied:

- Contributions are recorded as revenue in the respective funds based on their nature, source and the restrictions stipulated by the donor.
- Contributions including pledges and donations are recognized as revenue when received.
- Deferred revenues represent amounts collected but for which related expenses have not yet been incurred or goods delivered. The amounts will be recognized as revenues in the fiscal year the services are performed or the purchases are made.

### (c) Capital assets:

Capital assets are stated at cost. Amortization is provided on the straight-line basis using the following annual rates:

Asset	Rate
Leasehold improvements	5%
Landscaping	33 1/3%
Furniture and equipment	33 1/3%
Computers	55%

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# ALZHEIMER SOCIETY SUDBURY - MANITOULIN NORTH BAY & DISTRICTS SOCIÉTÉ ALZHEIMER SUDBURY-MANITOULIN NORTH BAY ET DISTRICTS

Notes to Financial Statements (continued)

Year ended March 31, 2020

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## 1. Significant accounting policies (continued):

### (d) Donated services:

The work of the Society is dependent on the voluntary services of many members. Since these services are not normally purchased by the Society and because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

### (e) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, cash held with chartered banks and guaranteed investments certificates with a maturity date of 90 days or less from the date of purchase.

### (f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods specified. Significant items subject to such estimates and assumptions include the carrying value of capital assets. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

### (g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expenses as incurred.

# ALZHEIMER SOCIETY SUDBURY - MANITOULIN NORTH BAY & DISTRICTS SOCIÉTÉ ALZHEIMER SUDBURY-MANITOULIN NORTH BAY ET DISTRICTS

Notes to Financial Statements (continued)

Year ended March 31, 2020

## 2. Accounts receivable:

	2020	2019
Day Program receivables	\$ 75,025	89,078
HST rebates	39,418	41,507
	<b>\$ 114,443</b>	<b>130,585</b>

## 3. Capital assets:

2020	Cost	Accumulated amortization	Net book value
Furniture and equipment	\$ 247,039	\$ 215,183	\$ 31,856
Landscaping	26,166	26,166	-
Leasehold improvements	1,340,971	915,616	425,355
Computer	10,628	10,628	-
	<b>\$ 1,624,804</b>	<b>\$ 1,167,593</b>	<b>\$ 457,211</b>

2019	Cost	Accumulated amortization	Net book value
Furniture and equipment	\$ 216,844	\$ 200,526	\$ 16,318
Landscaping	26,166	26,166	-
Leasehold improvements	1,340,971	848,567	492,404
Computer	10,628	10,628	-
	<b>\$ 1,594,609</b>	<b>\$ 1,085,887</b>	<b>\$ 508,722</b>

## 4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$18,368 (2019 - \$29,712), which includes amounts payable for payroll related taxes.

# ALZHEIMER SOCIETY SUDBURY - MANITOULIN NORTH BAY & DISTRICTS SOCIÉTÉ ALZHEIMER SUDBURY-MANITOULIN NORTH BAY ET DISTRICTS

Notes to Financial Statements (continued)

Year ended March 31, 2020

## 5. Deferred revenue:

2020	Balance, beginning of year	Additions	Expenditures/ Transfers	Balance, end of year
North East Dementia Network	\$ 2,295	-	-	2,295
Bingo	100	23,086	(16,064)	7,122
Insurance Claim	2,265	90	(2,355)	-
Comfort Care Kits	1,578	-	(394)	1,184
Minds in Motion	7,530	4,755	(4,577)	7,708
Bequest	120,505	85,000	(5,812)	199,693
Special Purpose	27,715	-	(3,011)	24,704
Bike	8,687	-	(400)	8,287
Senior's At Risk	2,031	-	-	2,031
Art Program	-	3,610	(1,101)	2,509
Recreation Therapy	-	5,000	(642)	4,358
Snozolan Grant	-	5,000	-	5,000
	<b>\$ 172,706</b>	<b>126,541</b>	<b>(34,356)</b>	<b>264,891</b>

2019	Balance, beginning of year	Additions	Expenditures/ Transfers	Balance, end of year
North East Dementia Network	\$ 2,295	-	-	2,295
Bingo	575	23,125	(23,600)	100
Insurance Claim	3,528	-	(1,263)	2,265
Comfort Care Kits	1,638	1,000	(1,060)	1,578
Minds in Motion	2,397	7,140	(2,007)	7,530
CARP Donation	1,000	-	(1,000)	-
Bequest	12,855	128,647	(20,997)	120,505
Special Purpose	16,351	13,684	(2,320)	27,715
Bike	9,224	50	(587)	8,687
Senior's At Risk	2,031	-	-	2,031
Art Program	3,000	2,000	(5,000)	-
	<b>\$ 54,894</b>	<b>175,646</b>	<b>(57,834)</b>	<b>172,706</b>

# ALZHEIMER SOCIETY SUDBURY - MANITOULIN NORTH BAY & DISTRICTS SOCIÉTÉ ALZHEIMER SUDBURY-MANITOULIN NORTH BAY ET DISTRICTS

Notes to Financial Statements (continued)

Year ended March 31, 2020

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## 6. Contingent liability:

The Society receives the majority of its funding from the Ministry of Health (the "Ministry") through the North East Local Health Integration Network. The operations of the Society are therefore subject to audit by the Ministry, with possible audit adjustments repayable to the Ministry.

Any adjustments required to the audited financial statements due to these audits are made to operations in the year of receipt.

## 7. Commitment:

The Society has entered into a 20 year lease for its premises with the City of Greater Sudbury. The lease expires on June 30, 2026 and requires rent payments equal to the Society's share of operating costs only. For the year ended March 31, 2020 this amounted to \$42,644 (2019 - \$41,568) and is included within building occupancy on the statement of operations.

## 8. Comparative information:

Some of the comparative figures have been revised to conform with the current year's financial statement presentation.

## 9. Financial risks and concentration of credit risk:

### (a) Liquidity risk:

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2019.

### (b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society is exposed to credit risk with respect to the accounts receivable. The Society assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

### (c) Market risk:

Market risk is the risk that changes in market prices and interest rates will affect the Society's net earnings or the value of financial instruments. These risks are generally outside the control of the Society. The objective of the Society is to mitigate market risk exposures within acceptable limits, while maximizing returns. The Society mitigates its market risk by laddering its investments so a portion is maturing each year.

# ALZHEIMER SOCIETY SUDBURY - MANITOULIN NORTH BAY & DISTRICTS SOCIÉTÉ ALZHEIMER SUDBURY-MANITOULIN NORTH BAY ET DISTRICTS

Notes to Financial Statements (continued)

Year ended March 31, 2020

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## 10. Effects of COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. At the time of approval of these financial statements, the Society has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Moved to providing all services by phone or video conferencing
- Mandatory working from home requirements for those able to do so, and put in place measures to limit and control access to the premises by staff

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditors' report which provides additional evidence relating to conditions that existed as at year end. There are no adjustments to note as of the audit report date.

ALZHEIMER SOCIETY SUDBURY - MANITOULIN NORTH BAY & DISTRICTS SOCIETE ALZHEIMER  
SUDBURY-MANITOULIN NORTH BAY ET DISTRICTS  
960B NOTRE DAME AVENUE  
SUDBURY, ON P3A 2T4

KPMG LLP  
Claridge Executive Centre  
144 Pine Street  
Sudbury, Ontario P3C 1X3  
Canada

September 29, 2020

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as "financial statements") of Alzheimer Society Sudbury - Manitoulin North Bay & Districts Societe Alzheimer Sudbury-Manitoulin North Bay et Districts ("the Entity") as at and for the period ended March 31, 2020.

**GENERAL:**

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

**RESPONSIBILITIES:**

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated March 31, 2020, including for:
  - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
  - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:
    - the names of all related parties and information regarding all relationships and transactions with related parties;
    - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in summaries.
  - c) providing you with unrestricted access to such relevant information.
  - d) providing you with complete responses to all enquiries made by you during the engagement.
  - e) providing you with additional information that you may request from us for the purpose of the engagement.



- f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
- g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the entity, did not intervene in the work the internal auditors performed for you.

**INTERNAL CONTROL OVER FINANCIAL REPORTING:**

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

**FRAUD & NON-COMPLIANCE WITH LAWS AND REGULATIONS:**

- 3) We have disclosed to you:
  - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
  - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
    - management;
    - employees who have significant roles in internal control over financial reporting; or
    - otherswhere such fraud or suspected fraud could have a material effect on the financial statements.
  - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
  - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
  - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

**SUBSEQUENT EVENTS:**

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

**RELATED PARTIES:**

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.

- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

**ESTIMATES:**

- 8) Measurement methods and significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

**GOING CONCERN:**

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern

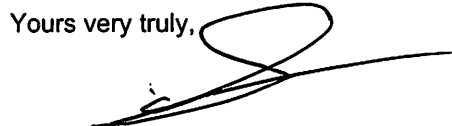
**MISSTATEMENTS:**

- 11) We approve the corrected misstatements identified by you during the audit described in Attachment II.

**NON-SEC REGISTRANTS OR NON-REPORTING ISSUERS:**

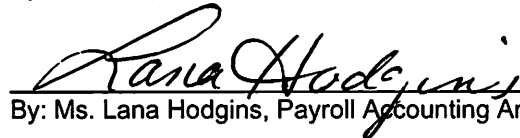
- 12) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 13) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Yours very truly,



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By: Mrs. Stephanie Leclair, Executive Director



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By: Ms. Lana Hodgins, Payroll Accounting Analyst

## **Attachment I – Definitions**

### **MATERIALITY**

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both.

### **FRAUD & ERROR**

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.