

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, 2021



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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, 2021
- 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, 2021, 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, 2021 and March 31, 2020



- the fundraising revenues and excess (deficiency) of revenues over expenses reported in the statements of operations for the years ended March 31, 2021 and March 31, 2020
- 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, 2021 and March 31, 2020
- the excess (deficiency) of revenues over expenses reported in the statements of cash flows for the years ended March 31, 2021 and March 31, 2020

Our opinion on the financial statements for the year ended March 31, 2020 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

June 15, 2021

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

Statement of Financial Position

March 31, 2021, with comparative information for 2020

	March 31, 2021			March 31,
	Operating	Capital	Total	2020
Assets				
Current assets:				
Cash and cash equivalents	\$ 555,238	\$ -	\$ 555,238	1,699,534
Investments (note 2)	1,069,085	-	1,069,085	-
Accounts receivable (note 3)	318,360	-	318,360	114,443
Prepaid expenses	5,406	-	5,406	677
Interfund accounts	(75,000)	75,000	-	-
	<u>1,873,089</u>	<u>75,000</u>	<u>1,948,089</u>	<u>1,814,654</u>
Capital assets (note 4)	-	396,405	396,405	457,211
	<u>\$ 1,873,089</u>	<u>\$ 471,405</u>	<u>\$ 2,344,494</u>	<u>\$ 2,271,865</u>


Liabilities and Fund Balances

Current liabilities:

Accounts payable and accrued liabilities (note 5)	\$ 229,025	\$ -	\$ 229,025	\$ 211,765
Deferred revenue (note 6)	231,596	-	231,596	264,891
	<u>460,621</u>	<u>-</u>	<u>460,621</u>	<u>476,656</u>
Fund balances	1,412,468	471,405	1,883,873	1,795,209
Contingent liability (note 7)				
Commitment (note 8)				
	<u>\$ 1,873,089</u>	<u>\$ 471,405</u>	<u>\$ 2,344,494</u>	<u>\$ 2,271,865</u>

See accompanying notes to financial statements.

On behalf of the Board:



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, 2021, with comparative information for 2020

	Society		Programs		Capital		Total 2021	Total 2020
	2021	2020	2021	2020	2021	2020		
Revenue:								
Ministry of Health - core	\$ -	\$ -	\$ 2,251,099	\$ 1,876,755	\$ -	\$ -	\$ 2,251,099	\$ 1,876,755
User fees	-	-	33,595	129,052	-	-	33,595	129,052
Other income	169,127	133,411	6,438	2,834	-	-	175,565	136,245
Donations	197,236	113,306	-	-	-	-	197,236	113,306
Fundraising	38,299	102,687	-	-	-	-	38,299	102,687
Property tax recoveries	-	-	12,854	26,301	-	-	12,854	26,301
Investment income	79,573	19,707	160	212	-	-	79,733	19,919
Bingo	-	-	12,524	12,849	-	-	12,524	12,849
ASO direct mail campaign	27,004	10,140	-	-	-	-	27,004	10,140
Human Resources	-	-	-	4,271	-	-	-	4,271
Development/Canada	-	-	-	-	-	-	-	-
	511,239	379,251	2,316,670	2,052,274	-	-	2,827,909	2,431,525
Expenses:								
Salaries and benefits	24,159	22,434	1,771,597	1,597,939	-	-	1,795,756	1,620,373
Other	207,650	117,570	245,658	40,113	-	-	453,308	157,683
Client services	-	2,375	104,151	96,744	-	-	104,151	99,119
Meals	-	-	3,083	73,045	-	-	3,083	73,045
Building occupancy	-	-	84,286	67,960	-	-	84,286	67,960
Office	45	1,845	55,614	56,158	-	-	55,659	58,003
Supplies	275	254	23,851	53,259	-	-	24,126	53,513
Travel	-	813	37,019	42,668	-	-	37,019	43,481
Property taxes	-	-	40,168	42,644	-	-	40,168	42,644
Training	2,372	11,066	5,641	9,886	-	-	8,013	20,952
Professional fees	6,368	624	14,036	8,250	-	-	20,404	8,874
Insurance	-	-	10,332	8,236	-	-	10,332	8,236
Meetings	-	5,491	-	850	-	-	-	6,341
Data processing	-	-	10,865	4,878	-	-	10,865	4,878
Advertising	100	416	1,139	4,291	-	-	1,239	4,707
Fundraising	-	4,026	-	-	-	-	-	4,026
Amortization of capital assets	-	-	-	-	90,836	81,707	90,836	81,707
	240,969	166,914	2,407,440	2,106,921	90,836	81,707	2,739,245	2,355,542
Excess (deficiency) of revenue over expenses before undernoted	270,270	212,337	(90,770)	(54,647)	(90,836)	(81,707)	88,664	75,983
Fund balances, beginning of year	1,262,998	1,135,504	-	-	532,211	583,722	1,795,209	1,719,226
Transfers - capital additions and surpluses	(120,800)	(84,843)	90,770	54,647	30,030	30,196	-	-
Fund balances, end of year	\$ 1,412,468	\$ 1,262,998	\$ -	\$ -	\$ 471,405	\$ 532,211	\$ 1,883,873	\$ 1,795,209

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, 2021, with comparative information for 2020

	2021	2020
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 88,664	\$ 75,983
Adjustments for:		
Amortization of capital assets	90,836	81,707
	179,500	157,690
Change in non-cash working capital:		
Increase (decrease) in accounts receivable	(203,917)	16,142
Increase in prepaid expenses	(4,729)	(677)
Increase (decrease) in accounts payable and accrued liabilities	17,260	(69,750)
Increase (decrease) in deferred revenue	(33,295)	92,185
	(45,181)	195,590
Cash flows from investing activities:		
Purchase of capital assets	(30,030)	(30,196)
Increase in investments	(1,069,085)	-
	(1,099,115)	(30,196)
Net increase (decrease) in cash and cash equivalents	(1,144,296)	165,394
Cash and cash equivalents, beginning of year	1,699,534	1,534,140
Cash and cash equivalents, end of year	\$ 555,238	\$ 1,699,534

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, 2021

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%

(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.

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

Notes to Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(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.

2. Investments:

The Society holds various pooled investments which are reflected at market value as of the year end date.

	2021		2020	
	Market Value	Cost	Market Value	Cost
Fixed income	\$ 468,693	\$ 500,936	\$ -	\$ -
Canadian income equity	220,342	182,094	-	-
Global equity	348,612	314,695	-	-
Alternative investments	31,438	31,610	-	-
	\$ 1,069,085	\$ 1,029,335	\$ -	\$ -

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

Notes to Financial Statements (continued)

Year ended March 31, 2021

3. Accounts receivable:

	2021	2020
Day Program receivables	\$ 36,135	\$ 30,620
Funding Agency	240,179	44,405
HST rebates	42,046	39,418
	\$ 318,360	\$ 114,443

4. Capital assets:

2021	Cost	Accumulated amortization	Net book value
Furniture and equipment	\$ 257,845	\$ 231,983	\$ 25,862
Landscaping	26,166	26,166	-
Leasehold improvements	1,353,521	982,978	370,543
Computers	17,303	17,303	-
	\$ 1,654,835	\$ 1,258,430	\$ 396,405

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
Computers	10,628	10,628	-
	\$ 1,624,804	\$ 1,167,593	\$ 457,211

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$19,208 (2020 - \$18,368), 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, 2021

6. Deferred revenue:

2021	Balance, beginning of year	Additions	Expenditures/ Transfers	Balance, end of year
North East Dementia Network	\$ 2,295	\$ -	\$ -	\$ 2,295
Bingo	7,122	12,437	(15,229)	4,330
Comfort Care Kits	1,184	-	(515)	669
Minds in Motion	7,708	-	(42)	7,666
Bequest	199,693	17,889	(75,000)	142,582
Special Purpose	24,704	35,577	-	60,281
Bike	8,287	-	-	8,287
Senior's At Risk	2,031	-	-	2,031
Art Program	2,509	-	(54)	2,455
Recreation Therapy	4,358	-	(4,358)	-
Snozolan Grant	5,000	1,000	(5,000)	1,000
	\$ 264,891	\$ 66,903	\$(100,198)	\$ 231,596

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
	\$ 172,706	\$ 126,541	\$(34,356)	\$ 264,891

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

Notes to Financial Statements (continued)

Year ended March 31, 2021

7. 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.

8. 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, 2021 this amounted to \$57,309 (2020 - \$42,644) and is included within building occupancy expenses on the statement of operations.

9. Comparative information:

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

10. 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 2020.

(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, 2021

10. Financial risks and concentration of credit risk (continued):

(d) Other risks:

The Society's main sources of revenue are government operating grants, fundraising and donation revenues and program fee revenues. In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. The Society halted all in-person fundraising activities and programs, and moved all non-essential staff to remote working. In September 2020, adult day programs were re-opened, and the offering of overnight beds was resumed in February of 2021.

Due to the nature of the Society's operations, COVID-19 did not have a significant negative impact on revenue streams, and the majority of COVID-19 specific expenses were covered by the additional funding provided by the Ministry of Health ("MOH").

The impact of COVID-19 is expected to negatively impact normal operations for a duration that cannot be reasonably predicted. The further overall operational and financial impact is highly dependent on the duration of COVID-19, including the potential occurrence of additional waves of the pandemic, and could be affected by other factors that are currently not known at this time. Management is actively monitoring the effect of the pandemic on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the pandemic and the global responses to curb its spread, the Society is not able to fully estimate the effects of the pandemic on its results of operations, financial condition, or liquidity at this time.