

Financial Statements of

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

And Independent Auditor's Report thereon

Year ended March 31, 2023



KPMG LLP  
Times Square  
1760 Regent Street, Unit 4  
Sudbury ON P3E 3Z8  
Canada  
Tel 705-675-8500  
Fax 705-675-7586

## INDEPENDENT AUDITOR'S 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, 2023
- 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 auditor's report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2023, 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, 2023 and March 31, 2022.
- the fundraising revenues and excess (deficiency) of revenues over expenses reported in the statements of operations for the years ended March 31, 2023 and March 31, 2022.
- 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, 2023 and March 31, 2022



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- the excess (deficiency) of revenues over expenses reported in the statements of cash flows for the years ended March 31, 2023 and March 31, 2022

Our opinion on the financial statements for the year ended March 31, 2022 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 “*Auditor’s Responsibilities for the Audit of the Financial Statements*” section of our auditor’s 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.



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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 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 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 14, 2023

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

Statement of Financial Position

March 31, 2023, with comparative information for 2022

	March 31, 2023			March 31,
	Operating	Capital	Total	2022
<b>Assets</b>				
Current assets:				
Cash	\$ 900,832	\$ -	\$ 900,832	630,627
Investments (note 2)	1,125,655	-	1,125,655	1,125,626
Accounts receivable (note 3)	186,703	-	186,703	252,951
Prepaid expenses	6,449	-	6,449	8,852
	<u>2,219,639</u>	<u>-</u>	<u>2,219,639</u>	<u>2,018,056</u>
Capital assets (note 4)	-	249,633	249,633	321,087
	<u>\$ 2,219,639</u>	<u>\$ 249,633</u>	<u>\$ 2,469,272</u>	<u>\$ 2,339,143</u>

## Liabilities and Fund Balances

Current liabilities:				
Accounts payable and accrued liabilities (note 5)	\$ 372,402	\$ -	\$ 372,402	\$ 279,673
Deferred revenue (note 6)	195,985	-	195,985	119,557
	<u>568,387</u>	<u>-</u>	<u>568,387</u>	<u>399,230</u>
Fund balances	1,651,252	249,633	1,900,885	1,939,913
Contingent liability (note 7)				
Commitment (note 8)				
	<u>\$ 2,219,639</u>	<u>\$ 249,633</u>	<u>\$ 2,469,272</u>	<u>\$ 2,339,143</u>

See accompanying notes to financial statements.

On behalf of the Board:

  
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# 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, 2023, with comparative information for 2022

	Society		Programs		Capital		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Revenue:</b>								
Ministry of Health - core	\$ -	\$ -	\$ 2,917,346	\$ 2,464,696	\$ -	\$ -	\$ 2,917,346	\$ 2,464,696
User fees	-	-	131,452	67,293	-	-	131,452	67,293
Other income	147,238	247,070	6,500	2,783	-	-	153,738	249,853
Donations	132,977	232,976	-	-	-	-	132,977	232,976
Fundraising	96,140	52,350	-	-	-	-	96,140	52,350
Property tax recoveries	-	-	32,990	31,037	-	-	32,990	31,037
Investment income	43,084	62,912	254	68	-	-	43,338	62,980
Bingo	-	-	4,058	6,544	-	-	4,058	6,544
ASO direct mail campaign	23,866	41,644	-	-	-	-	23,866	41,644
	<b>443,305</b>	<b>636,952</b>	<b>3,092,600</b>	<b>2,572,421</b>	<b>-</b>	<b>-</b>	<b>3,535,905</b>	<b>3,209,373</b>
<b>Expenses:</b>								
Salaries and benefits	211,763	210,239	2,531,510	2,228,863	-	-	2,743,273	2,439,102
Other	57,211	160,383	27,104	6,234	-	-	84,315	166,617
Building occupancy	-	-	166,810	62,877	-	-	166,810	62,877
Client services	4,117	-	92,733	111,184	-	-	96,850	111,184
Travel	-	-	88,129	56,029	-	-	88,129	56,029
Office	275	270	74,695	51,959	-	-	74,970	52,229
Meals	-	-	49,634	18,304	-	-	49,634	18,304
Property taxes	-	-	44,569	44,131	-	-	44,569	44,131
Training	8,602	10,571	9,407	6,004	-	-	18,009	16,575
Data processing	-	-	22,764	20,533	-	-	22,764	20,533
Supplies	23	-	21,140	46,619	-	-	21,163	46,619
Professional fees	17,488	15,808	8,671	6,663	-	-	26,159	22,471
Insurance	-	-	16,420	11,155	-	-	16,420	11,155
Fundraising	5,811	152	-	-	-	-	5,811	152
Advertising	700	109	3,687	2,034	-	-	4,387	2,143
Meetings	80	341	199	714	-	-	279	1,055
Realized loss on investments	1,940	-	-	-	-	-	1,940	-
Amortization of capital assets	-	-	-	-	85,253	85,253	-	-
	<b>308,010</b>	<b>397,873</b>	<b>3,157,472</b>	<b>2,673,303</b>	<b>85,253</b>	<b>85,253</b>	<b>3,550,735</b>	<b>3,157,231</b>
<b>Excess (deficiency) of revenue over expenses before undernoted</b>	<b>135,295</b>	<b>239,079</b>	<b>(64,872)</b>	<b>(100,882)</b>	<b>(85,253)</b>	<b>(85,253)</b>	<b>(14,830)</b>	<b>52,142</b>
Unrealized gain (loss) on investments	(24,198)	3,898	-	-	-	-	(24,198)	3,898
<b>Excess (deficiency) of revenue over expenses</b>	<b>111,097</b>	<b>242,977</b>	<b>(64,872)</b>	<b>(100,882)</b>	<b>(85,253)</b>	<b>(85,253)</b>	<b>(39,028)</b>	<b>56,040</b>
Fund balances, beginning of year	1,543,826	1,412,468	-	-	396,087	471,405	1,939,913	1,883,873
Transfers - capital additions and surpluses	(3,671)	(111,619)	64,872	100,882	(61,201)	10,737	-	-
<b>Fund balances, end of year</b>	<b>\$ 1,651,252</b>	<b>\$ 1,543,826</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 249,633</b>	<b>\$ 396,087</b>	<b>\$ 1,900,885</b>	<b>\$ 1,939,913</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, 2023, with comparative information for 2022

	2023	2022
<b>Cash flows from operating activities:</b>		
Excess (deficiency) of revenue over expenses	\$ (39,028)	\$ 56,040
Adjustments for:		
Amortization of capital assets	85,253	86,055
	46,225	142,095
Change in non-cash working capital:		
Decrease in accounts receivable	66,248	65,409
Decrease (increase) in prepaid expenses	2,403	(3,446)
Increase in accounts payable and accrued liabilities	92,729	50,648
Increase (decrease) in deferred revenue	76,428	(112,039)
	284,033	142,667
<b>Cash flows from investing activities:</b>		
Purchase of capital assets	(13,799)	(10,737)
Increase in investments	(29)	(56,541)
	(13,828)	(67,278)
Increase in cash	270,205	75,389
Cash beginning of year	630,627	555,238
Cash end of year	\$ 900,832	\$ 630,627

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, 2023

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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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### (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, 2023

## 1. Significant accounting policies (continued):

### (e) 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.

### (f) 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.

	2023		2022	
	Market Value	Cost	Market Value	Cost
Fixed income	\$ 488,817	\$ 558,643	\$ 495,669	\$ 557,894
Canadian income equity	240,038	193,079	282,639	210,655
Global equity	267,132	216,393	275,009	227,084
Alternative investments	131,862	122,876	71,932	70,497
Cash	(2,194)	(2,194)	377	377
	<u>\$ 1,125,655</u>	<u>\$ 1,088,797</u>	<u>\$ 1,125,626</u>	<u>\$ 1,066,507</u>

The investments are considered level 2 investments and the investments are recorded at their market value as of the year end date. Unrealized gains (losses) are reported within the statement of operations.

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

Notes to Financial Statements (continued)

Year ended March 31, 2023

### 3. Accounts receivable:

	2023	2022
Day Program receivables	\$ 27,458	\$ 179,011
Funding Agency	109,032	28,594
HST rebates	50,213	45,346
	<b>\$ 186,703</b>	<b>\$ 252,951</b>

### 4. Capital assets:

2023	Cost	Accumulated amortization	Net book value
Furniture and equipment	\$ 264,845	\$ 257,211	\$ 7,634
Landscaping	26,166	26,166	-
Leasehold improvements	1,353,521	1,118,330	235,191
Computers	34,839	28,031	6,808
	<b>\$ 1,679,371</b>	<b>\$ 1,429,738</b>	<b>\$ 249,633</b>

2022	Cost	Accumulated amortization	Net book value
Furniture and equipment	\$ 257,845	\$ 247,409	\$ 10,436
Landscaping	26,166	26,166	-
Leasehold improvements	1,353,521	1,050,654	302,867
Computers	28,040	20,256	7,784
	<b>\$ 1,665,572</b>	<b>\$ 1,344,485</b>	<b>\$ 321,087</b>

### 5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$25,999 (2022 - \$24,902), 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, 2023

## 6. Deferred revenue:

2023	Balance, beginning of year	Additions	Expenditures/ Transfers	Balance, end of year
Bingo	\$ 2,716	\$ 26,829	\$ (4,058)	\$ 25,487
Minds in Motion	8,460	5,570	(205)	13,825
Bequest	98,064	-	-	98,064
Reno / WF	-	1,000	-	1,000
Bike	8,286	50	-	8,336
Ins / Alya Care	-	40,000	-	40,000
Senior's At Risk	2,031	-	-	2,031
New Horizons for Seniors	-	12,242	(5,000)	7,242
	\$ 119,557	\$ 85,691	\$ (9,263)	\$ 195,985

2022	Balance, beginning of year	Additions	Expenditures/ Transfers	Balance, end of year
North East Dementia Network	\$ 2,295	\$ -	\$ (2,295)	\$ -
Bingo	4,331	4,416	(6,031)	2,716
Comfort Care Kits	669	-	(669)	-
Minds in Motion	7,665	15,180	(14,385)	8,460
Bequest	142,582	-	(44,518)	98,064
Special Purpose	60,282	-	(60,282)	-
Bike	8,286	-	-	8,286
Senior's At Risk	2,031	-	-	2,031
Art Program	2,455	100	(2,555)	-
Snozolan Grant	1,000	-	(1,000)	-
	\$ 231,596	\$ 19,696	\$(131,735)	\$ 119,557

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

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 7. Contingent liability:

The Society receives the majority of its funding from the Ministry of Health (the "Ministry") through the Ontario Health North. 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 the adjustments are communicated.

## 8. Commitment:

The Society has entered into multi-year lease agreements for its premises in Sudbury and North Bay with the City of Greater Sudbury and Toth Z Real Estate Holdings North Bay respectively.

The City of Greater Sudbury lease agreement expires on June 30, 2026 and requires land taxes and utility payments equal to the Society's share of operating costs only. The Toth Z Real Estate Holdings North Bay lease agreement expires January 31, 2031 and requires the Society to pay total rent of \$5,534 plus utilities per month until January 31, 2026, and \$6,533 plus utilities per month from February 1, 2026 until January 31, 2031.

For the year ended March 31, 2023 total rent amounted to \$111,270 (2022 - \$100,556) 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 2022.

### (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.