

ALZHEIMER SOCIETY OF BRANT, HALDIMAND NORFOLK, HAMILTON HALTON
FINANCIAL STATEMENTS
Year Ended March 31, 2019



ALZHEIMER SOCIETY OF BRANT, HALDIMAND NORFOLK, HAMILTON HALTON
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Year Ended March 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of Alzheimer Society of Brant, Haldimand Norfolk, Hamilton Halton

Qualified Opinion

We have audited the financial statements of Alzheimer Society of Brant, Haldimand Norfolk, Hamilton Halton (the Organization), which comprise the statement of financial position as at March 31, 2019, and the statements of revenues and expenditures and 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 possible 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, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization 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 Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2019, current assets and net assets as at March 31, 2019. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation of 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 report. We are independent of the Organization 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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 private enterprises, 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters relating 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

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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 timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Ancaster, Ontario
June 24, 2019

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Authorized to practise public accounting by
the Chartered Professional Accountants of Ontario



ALZHEIMER SOCIETY OF BRANT, HALDIMAND NORFOLK, HAMILTON HALTON
STATEMENT OF FINANCIAL POSITION
March 31, 2019

	2019	2018
ASSETS		
Current		
Cash	\$ 807,215	\$ 437,594
Accounts receivable	239,284	193,326
Prepaid expenses	55,197	36,849
	1,101,696	667,769
Capital assets (Note 3)	606,660	548,711
	\$ 1,708,356	\$ 1,216,480
LIABILITIES		
Current		
Accounts payable (Note 4)	\$ 420,796	\$ 348,402
Due to Alzheimer Society Foundation of Brant, Haldimand Norfolk, Hamilton Halton	65,041	46,393
Due to Hamilton Haldimand Brant Local Health Integrated Network (HNHB LHIN) (Note 5)	433,495	114,995
Deferred contributions (Note 6)	155,728	117,903
Current portion of mortgage payable (Note 7)	7,200	7,200
	1,082,260	634,893
Mortgage payable (Note 7)	90,000	97,200
Deferred capital contributions (Note 8)	332,351	266,617
Deferred John Race annual giving contribution	57,209	63,449
	1,561,820	1,062,159
NET ASSETS	146,536	154,321
	\$ 1,708,356	\$ 1,216,480

ON BEHALF OF THE BOARD

Director

Director



ALZHEIMER SOCIETY OF BRANT, HALDIMAND NORFOLK, HAMILTON HALTON
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN NET ASSETS
Year Ended March 31, 2019

	2019	2018
Revenues		
Hamilton Niagara Haldimand Brant LHIN	\$ 5,410,796	\$ 4,793,725
Mississauga Halton LHIN	133,427	131,484
Alzheimer Society of Ontario	13,310	3,111
Amortization of deferred capital contributions (Note 8)	15,943	14,661
Designated donations	2,278	6,698
Fundraising (Schedule 1)	472,084	506,301
Grants	93,319	65,324
John Race annual giving contribution	7,000	-
Rent	44,893	52,645
Sinai Health System	108,589	37,869
Other	116,768	61,610
	6,418,407	5,673,428
HNHB LHIN funding transferred to other entities (Schedule 2)	1,271,581	1,045,380
	5,146,826	4,628,048
Expenditures		
Advertising and promotion	12,223	11,901
Amortization	23,728	30,655
Contracted services	28,260	30,819
Designated program	2,278	6,698
Equipment and information technology	121,991	133,303
Fundraising (Schedule 1)	347,042	304,353
Insurance	9,638	9,668
Interest on long term debt	4,239	3,794
Office and general	60,088	42,316
Professional fees	9,000	10,254
Program	132,500	129,653
Rent and occupancy	211,927	201,199
Respite services	263,538	166,302
Salaries and benefits	4,038,521	3,656,538
Staff education and organization development	62,660	32,774
Telephone	48,179	25,242
Travel	93,528	106,782
	5,469,340	4,902,251
Deficiency of revenues over expenditures before other revenue	(322,514)	(274,203)
Grant from Alzheimer Society Foundation of Brant, Haldimand Norfolk, Hamilton Halton	314,729	258,212
Deficiency of revenues over expenditures	(7,785)	(15,991)
Net assets - beginning of year	154,321	170,312
Net assets - end of year	\$ 146,536	\$ 154,321



ALZHEIMER SOCIETY OF BRANT, HALDIMAND NORFOLK, HAMILTON HALTON
STATEMENT OF CASH FLOWS
Year Ended March 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Deficiency of revenue over expenditures	\$ (7,785)	\$ (15,991)
Items not affecting cash:		
Amortization of deferred capital grant	(15,943)	(14,661)
Amortization of capital assets	23,728	30,655
Utilization of John Race annual giving contribution	(7,000)	-
	(7,000)	3
Changes in non-cash working capital:		
Accounts receivable	(45,958)	(139,361)
Prepaid expenses	(18,348)	(6,130)
Accounts payable	72,394	23,537
Due to Alzheimer Society Foundation of Brant, Haldimand Norfolk, Hamilton Halton	18,648	39,194
Due to Hamilton Niagara Haldimand Brant LHIN	318,500	51,700
Deferred contributions	37,825	38,191
	383,061	7,131
Cash flow from operating activities	376,061	7,134
INVESTING ACTIVITIES		
Purchase of capital assets	(81,677)	-
Interest on John Race annual giving contribution, reinvested	760	54
Cash flow from (used by) investing activities	(80,917)	54
FINANCING ACTIVITIES		
Capital contributions	81,677	-
Repayment of mortgage payable	(7,200)	(7,200)
Cash flow from (used by) financing activities	74,477	(7,200)
Increase (decrease) in cash	369,621	(12)
Cash - beginning of year	437,594	437,606
Cash - end of year	\$ 807,215	\$ 437,594



ALZHEIMER SOCIETY OF BRANT, HALDIMAND NORFOLK, HAMILTON HALTON
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2019

1. PURPOSE OF THE ORGANIZATION

Alzheimer Society of Brant, Haldimand Norfolk, Hamilton Halton (the Society) was incorporated without share capital by Letters Patent of Amalgamation on April 1, 2016, under the laws of the Province of Ontario. The Society, which represents the amalgamation of the following corporations, operates under the Ontario Charitable Institutions Act and is a registered charity under the Income Tax Act.

Amalgamated corporations:

- Alzheimer Society of Brant
- Alzheimer Society of Haldimand Norfolk
- Alzheimer Society of Hamilton and Halton
- Alzheimer Society of Brant, Haldimand Norfolk, Hamilton Halton

The Society leverages its own and community resources to deliver health promotion, advocacy and support services to people with dementia, those at greatest risk of developing dementia, and their care givers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

Revenue recognition

The Society follows the deferral method of accounting for contributions. Government funding and contributions for general operations are recognized in revenue in the period to which they apply. Restricted contributions pertaining to specific programs are recognized as revenue as related program expenses are incurred. Restricted contributions for the purchase of capital assets are deferred and amortized into revenue on a basis that corresponds with the amortization of the related capital assets.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at amortized cost, which approximates fair value due to their short term maturities, and are tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods. In the year of acquisition, amortization is provided at one-half the normal rate when using the declining balance method.

Buildings and building improvements	4%	declining balance method
Furniture and fixtures	20%	declining balance method
Leasehold improvements	term of the lease	straight-line method
Vehicles	30%	declining balance method

Capital assets acquired during the year but not placed into use are not amortized until placed into use.

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ALZHEIMER SOCIETY OF BRANT, HALDIMAND NORFOLK, HAMILTON HALTON
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The Alzheimer Society Foundation of Brant, Haldimand Norfolk, Hamilton Halton, (the Foundation) which is controlled by the Society, is not consolidated in the Society's financial statements. Financial information of the Foundation is presented at Note 10.

Contributed materials and services

Contributed materials and services are not reflected in these financial statements as the fair values of these materials and services cannot be reasonably estimated.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Such estimates include the determination by management of surplus funding, if any, received from restricted contributions which may be recovered by the funder. Estimates are required in determining the useful lives of capital assets.

Estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Land	\$ 130,000	\$ -	\$ 130,000	\$ 130,000
Buildings and building improvements	540,425	191,326	349,099	363,645
Furniture and fixtures	130,931	99,881	31,050	15,411
Leasehold improvements	134,549	98,914	35,635	39,655
Vehicle	60,876	-	60,876	-
	\$ 996,781	\$ 390,121	\$ 606,660	\$ 548,711

4. GOVERNMENT REMITTANCES PAYABLE

Government remittances include payroll taxes, health taxes, and workers safety insurance premiums. Government remittances payable at year end total \$95,183 (2018 - \$89,818) and are included in accounts payable and accrued liabilities.



ALZHEIMER SOCIETY OF BRANT, HALDIMAND NORFOLK, HAMILTON HALTON
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2019

5. DUE TO HAMILTON NIAGARA HALDIMAND BRANT LOCAL HEALTH INTEGRATED NETWORK (HNHB LHIN)

Revenue from HNHB LHIN is based upon an approved annual budget. Surplus funding, if any, is recorded as repayable to HNHB LHIN.

	2019	2018
Surplus funding - fiscal 2016	\$ -	\$ 20,409
Surplus funding - fiscal 2017	42,886	42,886
Surplus funding - fiscal 2018	72,109	72,109
Surplus funding - fiscal 2019	318,500	-
	433,495	135,404
Less: Recovered by HNHB LHIN	-	(20,409)
	\$ 433,495	\$ 114,995

6. DEFERRED CONTRIBUTIONS

	2018	Contributions	Recognized in revenue	2019
Behavioural Supports Ontario Project (BSO)	\$ 43,299	\$ -	\$ -	43,299
Alzheimer Society of Ontario	22,501	25,140	29,916	17,725
Community partnerships	20,368	119,463	55,950	83,881
Fundraising events - next fiscal year	10,140	10,823	10,140	10,823
Other	21,595	14,955	36,550	-
	\$ 117,903	\$ 170,381	\$ 132,556	\$ 155,728

Deferred contributions represent externally restricted funding received in advance of the incurrence of the related expenditures or fundraising revenues collected in advance of the fundraising events.



ALZHEIMER SOCIETY OF BRANT, HALDIMAND NORFOLK, HAMILTON HALTON
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2019

7. MORTGAGE PAYABLE

	2019	2018
Toronto Dominion business mortgage, due September 2032 bearing interest at prime plus 0.5% per annum. Monthly principal repayments of \$600 plus interest. The mortgage is secured by land and building located at 42 Main St. South, Hagersville with a carrying value of \$343,597.	\$ 97,200	\$ 104,400
Amounts payable within one year	(7,200)	(7,200)
	\$ 90,000	\$ 97,200

Principal repayment terms are approximately:

2020	\$ 7,200
2021	7,200
2022	7,200
2023	7,200
2024	7,200
Thereafter	61,200
	<u>\$ 97,200</u>

8. DEFERRED CAPITAL CONTRIBUTIONS

	2018	Contributions	Amortized into revenue	2019
Building - Haldimand Abilities Centre - building improvements	\$ 167,179	\$ -	\$ 6,578	\$ 160,601
Building - Hazel Place	73,408	-	2,936	70,472
Hazel Place - signage	2,416	-	483	1,933
Furniture and fixtures	6,030	20,801	3,834	22,997
Leasehold improvements	17,584	-	2,112	15,472
Vehicle	-	60,876	-	60,876
	\$ 266,617	\$ 81,677	\$ 15,943	\$ 332,351

Deferred capital contributions represent unamortized funding received for the purchase of capital assets and the repayment of long term debt related to depreciable capital assets. These contributions are amortized into revenue on a basis that corresponds with the amortization of the related capital assets.



ALZHEIMER SOCIETY OF BRANT, HALDIMAND NORFOLK, HAMILTON HALTON
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2019

9. DEFERRED JOHN RACE ANNUAL GIVING CONTRIBUTION

Contribution of \$75,000 received during fiscal 2014 from Honorary Board Member, John Race, for the expressed purpose of contributing annually towards the maintenance of the Hazel Place and Haldimand Abilities Centre buildings. The organization may distribute up to \$12,000 annually, on a cumulative basis over 7 years, after which time, the Board of Directors may use their discretion to use the gift to the best advantage of the organization.

	2018	Interest earned	Annual giving	2019
John Race annual giving contribution	\$ 63,449	\$ 760	\$ 7,000	\$ 57,209

10. RELATED ENTITY

The Society derives a portion of its funding from the Alzheimer Society Foundation of Brant, Haldimand Norfolk, Hamilton Halton (the Foundation). The Society and the Foundation are related pursuant to a Memorandum of Understanding which outlines that the purpose of the Foundation is to raise, manage, distribute and steward financial resources on behalf of the Society in order to support and sustain the programs and services of this entity. The accounts of the Foundation are not reflected in these financial statements. The Foundation is a corporation without share capital that operates under the Ontario Charitable Institutions Act and is a registered charity under the Income Tax Act.

The Society and the Foundation follow the same accounting policies. The following is a summary of financial information of the Foundation.

	2019	2018
Total assets	\$ 2,161,280	\$ 1,910,498
Total liabilities	12,794	43,246
Net assets	2,148,486	1,867,252
Net assets - Operating Fund	418,083	172,041
Net assets - Internally Restricted Funds	937,973	917,305
Net assets - Externally Restricted Research Fund	792,430	777,906
Revenue	866,285	460,663
Expenditures	248,863	276,603
Grant to Alzheimer Society of Brant, Haldimand Norfolk, Hamilton Halton - Operating	314,729	258,212
Grant to Alzheimer Society of Brant, Haldimand Norfolk, Hamilton Halton - Capital	20,801	-
Cash from (used in) operations	203,612	(152,822)
Cash from (used by) investing activities	23,338	(26,375)

Grants from the Foundation are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the Society and the Foundation.

Advances to and from the Society and the Foundation are non-interest bearing and due on demand.



ALZHEIMER SOCIETY OF BRANT, HALDIMAND NORFOLK, HAMILTON HALTON
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2019

11. LEASE COMMITMENTS

The Society leases premises in Brantford, Burlington and Hamilton under lease arrangements that expire March 31, 2023, August 31, 2021 and November 30, 2021 respectively. Each of the leases contain renewal options. Future minimum lease payments under these arrangements as at March 31, 2019, are as follows:

2020	\$	104,997
2021		105,728
2022		71,383
2023		<u>17,820</u>
	\$	<u>299,928</u>

12. FINANCIAL INSTRUMENTS

The organization is exposed to risks through its financial instruments. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2019.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Management closely monitors expenditures to ensure they are in line with expected funding. The Society is dependant on the Alzheimer Society Foundation of Brant, Haldimand Norfolk, Hamilton Halton to fund any expenditures in excess of other funding sources.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The organization is exposed to interest rate risk primarily through its floating interest rate mortgage.

There have been no changes in the organization's risk exposure from the prior year.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation



**ALZHEIMER SOCIETY OF BRANT, HALDIMAND NORFOLK, HAMILTON HALTON
FUNDRAISING REVENUE AND EXPENDITURES**

(Schedule 1)

Year Ended March 31, 2019

	2019	2018
Revenue		
Bingo/Nevada, net	\$ 9,597	\$ 8,603
Coffee Break	35,560	41,458
Golf tournaments	109,075	113,388
Third party events	107,602	164,875
Walk for Memories	210,250	177,977
	472,084	506,301
Expenditures		
Coffee Break	907	2,114
Golf tournaments	22,158	20,753
Third party events	19,710	23,794
Walk for Memories	27,446	20,887
General and administrative	42,560	38,329
Salaries and benefits	234,261	198,476
	347,042	304,353
Excess of revenue over expenditures	\$ 125,042	\$ 201,948

SCHEDULE OF HNHB LHIN FUNDING TRANSFERRED TO OTHER ENTITIES *(Schedule 2)*

Year Ended March 31, 2019

	2019	2018
Alzheimer Society of Niagara	\$ 2,760	\$ 2,760
Brain Injury Services	77,004	77,004
CNIB	38,260	38,260
Community Paramedicine EMS - Brant County	261,860	261,860
Community Paramedicine EMS - Norfolk County	144,700	144,700
Delhi Community Health Centre	16,008	16,008
John Noble Home	17,000	8,500
Six Nations Health Services	41,583	-
Tillsonburg Multi Service Centre	71,484	71,484
Young Carers Initiative	600,922	424,804
	\$ 1,271,581	\$ 1,045,380

