

**ALZHEIMER SOCIETY FOUNDATION OF BRANT, HALDIMAND NORFOLK, HAMILTON
HALTON**

FINANCIAL STATEMENTS

Year Ended March 31, 2021



**ALZHEIMER SOCIETY FOUNDATION OF BRANT, HALDIMAND NORFOLK, HAMILTON
HALTON**

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Year Ended March 31, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

We have audited the financial statements of Alzheimer Society Foundation of Brant, Haldimand Norfolk, Hamilton Halton (the Foundation), which comprise the statement of financial position as at March 31, 2021, 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 Foundation as at March 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donations, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2021, current assets and net assets as at March 31, 2021. Our audit opinion on the financial statements for the year ended March 31, 2020 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 Foundation in accordance with 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 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 ASNPO, 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

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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 Foundation'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 Foundation'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 Foundation 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.

The signature of Gibb Widdis is written in a large, elegant, cursive script.

**ALZHEIMER SOCIETY FOUNDATION OF BRANT, HALDIMAND NORFOLK, HAMILTON
HALTON**

STATEMENT OF FINANCIAL POSITION

March 31, 2021

	2021	2020
ASSETS		
Current		
Cash	\$ 242,267	\$ 191,905
Cash - internally restricted	9,868	9,199
Cash - externally restricted	-	1,223
Accounts receivable	515,332	2,549
Due from Alzheimer Society of Brant, Haldimand Norfolk, Hamilton Halton (Note 3)	26,733	1,731,861
	794,200	1,936,737
Investments (Note 4)		
Unrestricted	290,426	111,871
Internally restricted	2,689,409	874,980
Externally restricted	807,369	714,417
	3,787,204	1,701,268
	\$ 4,581,404	\$ 3,638,005
LIABILITIES		
Current		
Bank indebtedness - externally restricted	\$ 19,795	\$ -
Accounts payable	10,835	7,794
	30,630	7,794
NET ASSETS		
Operating Fund (Page 4)	1,063,923	2,030,392
Internally Restricted Funds (Page 4) (Schedule 1)	2,699,277	884,179
Externally Restricted Research Fund (Page 4)	787,574	715,640
	4,550,774	3,630,211
	\$ 4,581,404	\$ 3,638,005

ON BEHALF OF THE BOARD

_____ Director

_____ Director

ALZHEIMER SOCIETY FOUNDATION OF BRANT, HALDIMAND NORFOLK, HAMILTON HALTON
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN NET ASSETS
Year Ended March 31, 2021

	Operating Fund	Internally Restricted Funds (Schedule 1)	Externally Restricted Fund	Total	Total
	2021	2021	2021	2021	2020
Revenues					
Donations	\$ 979,402	\$ -	\$ 150	\$ 979,552	\$ 2,171,295
Canada Emergency Wage Subsidy	25,720	-	-	25,720	-
	1,005,122	-	150	1,005,272	2,171,295
Expenditures					
Bank charges and merchant fees	8,208	-	-	8,208	6,195
Contracted services	3,116	-	-	3,116	2,890
Donor database	-	-	-	-	5,192
Insurance	869	-	-	869	852
Office and general	20,307	-	-	20,307	26,294
Professional fees	9,844	-	-	9,844	8,020
Research donations	-	-	22,000	22,000	30,474
Salaries and benefits	203,047	-	-	203,047	206,594
Travel	239	-	-	239	3,820
	245,630	-	22,000	267,630	290,331
Excess (deficiency) of revenues over expenditures before investment income and grants					
	759,492	-	(21,850)	737,642	1,880,964
Grant to Alzheimer Society of Brant, Haldimand Norfolk, Hamilton Halton	(208,115)	-	-	(208,115)	(306,251)
Excess (deficiency) of revenues over expenditures before investment income					
	551,377	-	(21,850)	529,527	1,574,713
Investment income (loss)					
Investment income	108,733	-	34,425	143,158	55,174
Realized gains (losses)	12,145	-	(4,052)	8,093	(759)
Unrealized gains (losses)	199,106	-	72,891	271,997	(129,181)
Foreign exchange gain (losses)	(1,817)	-	(2,663)	(4,480)	3,231
Investment management fees	(20,915)	-	(6,817)	(27,732)	(21,453)
	297,252	-	93,784	391,036	(92,988)
Excess of revenues over expenditures					
	848,629	-	71,934	920,563	1,481,725
Fund balances - beginning of year	2,030,392	884,179	715,640	3,630,211	2,148,486
Investment income transferred to the Internally Restricted Funds	(285,098)	285,098	-	-	-
Board approved transfer	(1,530,000)	1,530,000	-	-	-
Fund balances - end of year					
	\$ 1,063,923	\$ 2,699,277	\$ 787,574	\$ 4,550,774	\$ 3,630,211

**ALZHEIMER SOCIETY FOUNDATION OF BRANT, HALDIMAND NORFOLK, HAMILTON
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STATEMENT OF CASH FLOWS

Year Ended March 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 920,563	\$ 1,481,725
Item not affecting cash:		
Unrealized (gains) losses	(271,997)	129,181
	648,566	1,610,906
Changes in non-cash working capital:		
Accounts receivable	(512,783)	(758)
Due from Alzheimer Society of Brant, Haldimand Norfolk, Hamilton Halton	(94,872)	133,180
Accounts payable	3,041	(5,000)
	(604,614)	127,422
Cash flow from operating activities	43,952	1,738,328
INVESTING ACTIVITIES		
Advances from (to) Alzheimer Society of Brant, Haldimand Norfolk, Hamilton Halton	1,800,000	(1,800,000)
Net investment income reinvested	(113,939)	(31,043)
(Purchase of) withdrawal from investments	(1,700,000)	30,000
Cash flow used by investing activities	(13,939)	(1,801,043)
Increase (decrease) in cash	30,013	(62,715)
Cash - beginning of year	202,327	265,042
Cash - end of year	232,340	202,327
Cash consists of:		
Cash	\$ 242,267	\$ 191,905
Cash - internally restricted	9,868	9,199
Cash - externally restricted	-	1,223
Bank indebtedness - externally restricted	(19,795)	-
	\$ 232,340	\$ 202,327



ALZHEIMER SOCIETY FOUNDATION OF BRANT, HALDIMAND NORFOLK, HAMILTON HALTON

NOTES TO FINANCIAL STATEMENTS

Year Ended March 31, 2021

1. PURPOSE OF THE FOUNDATION

Alzheimer Society Foundation of Brant, Haldimand Norfolk, Hamilton Halton (the Foundation) is a not-for-profit organization incorporated provincially under the Not-for-profit Corporations Act of Ontario. As a registered charity the Foundation is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The purpose of the Foundation is to raise, manage, distribute and steward financial resources on behalf of the Alzheimer Society of Brant, Haldimand Norfolk, Hamilton Halton (the Society) in order to support and sustain the programs and services of the Society.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions in the Operating Fund.

Contributions, including support from the public in the form of donations, are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are initially recorded as deferred contributions and are recognized as revenue in the year in which the related expenses are incurred.

Net investment income earned on the assets held in the Externally Restricted Fund is reported directly in the Externally Restricted Fund. Net investment income earned on the assets held in the Internally Restricted Funds is reported in the Operating Fund and transferred to the Internally Restricted Funds unless otherwise designated by the Board of Directors.

Contributions restricted for research are recognized as revenue when received or receivable in the Externally Restricted Research Fund.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Internally restricted funds

The Board of Directors imposes internal restrictions on certain previously unrestricted net assets for specified purposes. These internally restricted amounts are not available for other purposes without the approval of the Board of Directors.

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ALZHEIMER SOCIETY FOUNDATION OF BRANT, HALDIMAND NORFOLK, HAMILTON HALTON

NOTES TO FINANCIAL STATEMENTS

Year Ended March 31, 2021

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

Externally restricted fund

Donor restricted contributions for the expressed purpose of supporting Alzheimer and other dementias research.

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 expenses during the period. Such 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. DUE FROM ALZHEIMER SOCIETY OF BRANT, HALDIMAND NORFOLK, HAMILTON HALTON

The balance due from the Alzheimer Society of Brant, Haldimand Norfolk, Hamilton Halton (the Society) is non-interest bearing and due on demand. The parties are related pursuant to a Memorandum of Understanding for the purpose described in Note 1.

4. INVESTMENTS

	2021	2020
Fixed income - Canadian	\$ 1,824,162	\$ 566,830
Equity - Canadian	721,075	281,879
Fixed income - US and Global	-	162,012
Equity - US and Global	1,136,523	557,442
Emerging markets	113,162	1,435
	3,794,922	1,569,598
Cash and cash equivalents (bank indebtedness)	(7,718)	131,670
	\$ 3,787,204	\$ 1,701,268

Investments are made in accordance with the Foundation's investment policy as approved by the Board of Directors. The goal of the policy is achieve modest growth to preserve capital net of fees and inflation, to provide income to support periodic distributions as approved by the Board, and to provide stability against downside risk. The investment policy includes guidelines regarding the minimum and maximum amount that may be invested in different asset classes.

**ALZHEIMER SOCIETY FOUNDATION OF BRANT, HALDIMAND NORFOLK, HAMILTON
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NOTES TO FINANCIAL STATEMENTS

Year Ended March 31, 2021

5. RELATED PARTY TRANSACTIONS

The following is a summary of the Foundation's related party transactions:

	2021	2020
Alzheimer Society of Brant, Haldimand Norfolk, Hamilton Halton		
<i>(Relationship described in Note 1)</i>		
Allocation of salaries and benefits	\$ 203,047	\$ 206,594
Grants	208,115	306,251

These transactions 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 related parties.

6. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Foundation's risk exposure and concentration as of March 31, 2021.

Market risk

Market risk is the risk of potential loss caused by fluctuations in fair value or future cash flows of a financial instrument through changes in underlying market value. The Foundation is exposed to market risk, which includes currency rate and interest rate risks, associated with its investments. The Foundation manages its risk through its Statement of Investment Policies and Procedures.

Currency risk

Currency risk is the risk that arises from fluctuations in foreign exchange rates. The Foundation is exposed to currency risk with respect to their investments denominated in U.S. dollars.

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 Foundation is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of its investments.

There have been no significant changes in the Foundation's risk exposures from the prior year.

7. COVID-19

The COVID-19 pandemic developed rapidly in fiscal 2021 and the situation is continually evolving. The extent of the impact of COVID-19 on the Foundation's operations and investment portfolio will continue to depend on certain developments, including the duration and spread of the outbreak, and the impacts on domestic and foreign markets, which are uncertain at this time.



**ALZHEIMER SOCIETY FOUNDATION OF BRANT, HALDIMAND NORFOLK, HAMILTON
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INTERNALLY RESTRICTED FUNDS

(Schedule 1)

Year Ended March 31, 2021

	Operating Contingency	Facility Reserve	2021	2020
Balance - beginning of year	\$ 567,174	\$ 317,005	\$ 884,179	\$ 937,973
Investment income (loss) transferred from the Operating Fund	244,002	41,096	285,098	(53,794)
Board approved transfer from the Operating Fund	1,530,000	-	1,530,000	-
Balance - end of year	\$ 2,341,176	\$ 358,101	\$ 2,699,277	\$ 884,179

