

Alzheimer Society of Chatham-Kent

Financial Statements

For the year ended March 31, 2023

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Independent Auditor's Report

To the Board of Directors of Alzheimer Society of Chatham-Kent

Qualified Opinion

We have audited the financial statements of Alzheimer Society of Chatham-Kent ("the Society"), which comprise the statement of financial position as at March 31, 2023, the statements of operations 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 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 Society as at March 31, 2023, and its financial performance and 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 Society derives revenue from 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 Society. 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 years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at April 1 and March 31 for both the 2023 and 2021 years. Our audit opinion on the financial statements for the year ended March 31, 2023 was modified 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 report. We are independent of the Society 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 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 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 Society'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 Society'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 Society 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.

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Ontario
May 3, 2023

Alzheimer Society of Chatham-Kent
Statement of Financial Position

March 31, 2023 2022

Assets

Current

Cash - general	\$ 82,679	\$ 109,032
Cash - externally restricted (Note 2)	26,089	29,890
Short-term investments (Note 2)	668,209	681,253
Accounts receivable	16,079	26,181
HST recoverable	12,495	7,592
Prepaid expenses	3,158	2,951

808,709 856,899

Capital assets (Note 3)

112,018 117,245

\$ 920,727 **\$ 974,144**

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ 94,241	\$ 91,711
Deferred contributions (Note 6)	56,629	96,629

150,870 188,340

Commitments (Note 5)

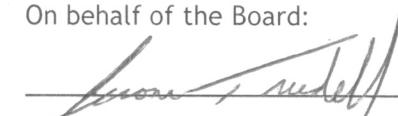

Net Assets

Invested in capital fund	112,018	117,245
General fund internally restricted (Note 4)	71,569	71,569
General fund externally restricted (Note 2)	26,089	29,890
General fund unrestricted	560,181	567,100

769,857 785,804

\$ 920,727 **\$ 974,144**

On behalf of the Board:

	<i>BOARD CHAIR</i>	Director
	CEO	Director

Alzheimer Society of Chatham-Kent Statement of Operations

For the year ended March 31,

2023 2022

	General and Capital Asset Funds	Ministry of Health Fund	Total	Total
Revenue				
Government funding (Note 7)	\$ -	\$ 1,868,368	\$1,868,368	\$1,805,872
User fees	-	133,214	133,214	94,479
Donations	104,104	-	104,104	116,839
Special events	82,553	-	82,553	62,544
Other revenue	65,595	-	65,595	89,078
Bequests (Note 6)	40,000	-	40,000	50,000
Investment income, (loss) (Note 2)	(7,759)	-	(7,759)	12,391
	<u>284,493</u>	<u>2,001,582</u>	<u>2,286,075</u>	<u>2,231,203</u>
Expenses				
Salaries and wages	39,356	1,559,339	1,598,695	1,460,489
Employee benefits	11,234	347,813	359,047	399,052
Occupancy	-	77,020	77,020	60,927
Office printing and materials	800	54,802	55,602	35,170
Program support	-	54,333	54,333	31,262
Automotive and travel	192	39,615	39,807	25,638
Meetings, training and conferences	-	33,571	33,571	17,446
Telephone	-	23,090	23,090	23,310
Special events	20,526	-	20,526	6,628
Professional	-	15,021	15,021	11,510
Subcontract	-	9,119	9,119	8,665
Amortization of capital assets	5,227	-	5,227	5,950
Lease of equipment	-	4,317	4,317	4,337
Public relations	102	3,645	3,747	2,386
Interest and bank charges	-	2,900	2,900	2,756
	<u>77,437</u>	<u>2,224,585</u>	<u>2,302,022</u>	<u>2,095,526</u>
Excess of revenue over expenses (expenses over revenue) before fund transfer	207,056	(223,003)	(15,947)	135,677
Fund transfer	(223,003)	223,003	-	-
Excess of revenue over expenses (expenses over revenue)	\$ (15,947)	\$ -	\$ (15,947)	\$ 135,677

The accompanying notes are an integral part of these financial statements

Alzheimer Society of Chatham-Kent
Statement of Changes in Net Assets

For the year ended March 31,

	General Fund	Ministry of Health Fund	Capital Asset Fund	2023 Total	2022 Total
Balance, beginning of year	\$ 668,559	\$ -	\$ 117,245	\$ 785,804	\$ 650,127
Excess of expenses over revenue	(15,947)	-	-	(15,947)	135,677
Interfund transfers	5,227	-	(5,227)	-	-
Balance, end of year	\$ 657,839	\$ -	\$ 112,018	\$ 769,857	\$ 785,804

Included in the General Fund are internally, externally and unrestricted funds.

Alzheimer Society of Chatham-Kent
Statement of Cash Flows

For the year ended March 31,

2023

2022

Cash from operations		
Excess revenue over expenses (expenses over revenue)	\$ (15,947)	\$ 135,677
Items not requiring an outlay of cash		
Amortization - capital assets	<u>5,227</u>	<u>5,950</u>
	<u>(10,720)</u>	<u>141,627</u>
Changes in non-cash working capital		
Accounts receivable	10,102	(17,665)
HST recoverable	(4,903)	5,934
Prepaid expenses	(207)	(137)
Accounts payable and accrued liabilities	2,530	(73,504)
Deferred revenue	<u>(40,000)</u>	<u>(40,000)</u>
	<u>(32,478)</u>	<u>(125,372)</u>
(Decrease) increase in cash during the year	(43,198)	16,255
Cash and cash equivalents, beginning of year	<u>820,175</u>	<u>803,920</u>
Cash and cash equivalents, end of year	\$ 776,977	\$ 820,175
Represented by:		
Cash - general	\$ 82,679	\$ 109,032
Cash - externally restricted	26,089	29,890
Short-term investments	<u>668,209</u>	<u>681,253</u>
	\$ 776,977	\$ 820,175

The accompanying notes are an integral part of these financial statements

Alzheimer Society of Chatham-Kent

Notes to Financial Statements

March 31, 2023

1. Significant accounting policies

Nature of Society	The Alzheimer Society of Chatham-Kent is a charitable organization (as defined in The Income Tax Act) to receive and administer gifts, bequests and grants for charitable purposes. It provides services to those affected by Alzheimer's disease and related dementia. It provides the following services: Day Away Program, In-Home Respite Care, Public Education, Caregiver Education, and Caregiver Support Services.				
Basis of accounting	These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.				
Fund accounting	<p>The Society follows the restricted fund method of accounting for contributions.</p> <p>The General Fund accounts for the Society's fundraising and donations.</p> <p>The Ministry of Health Fund is used to report contributions from the Ministry of Health, which are used to provide information and support to individuals affected by Alzheimer disease.</p> <p>The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the Society's capital assets.</p>				
Capital assets	<p>Purchased capital assets are recorded at cost. The minimum threshold for the capitalization of capital assets is \$3,000. Amortization expense is reported in the Capital Asset Fund provided as follows:</p> <table><tr><td>Building</td><td>4% declining balance</td></tr><tr><td>Equipment</td><td>20% declining balance</td></tr></table> <p>One half the rate is used in the year of acquisition.</p>	Building	4% declining balance	Equipment	20% declining balance
Building	4% declining balance				
Equipment	20% declining balance				
Financial instruments	Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, all guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.				

Alzheimer Society of Chatham-Kent

Notes to Financial Statements

March 31, 2023

1. Significant accounting policies (continued)

Use of estimates	The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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 revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.
Revenue recognition	<p>The Society follows the restricted fund method of accounting for contributions, which include donations and Ministry of Health funding.</p> <p>Unrestricted contributions are recognized as revenue as received.</p> <p>Externally restricted contributions are recognized as revenue in the period in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on the same basis as the related capital assets that are amortized.</p>
Contributed services	Volunteers contributed the vast majority of the fundraising services provided by the Society. Because of the difficulty in determining their fair value, contributed services are not recognized in these financial statements.
Investments	The investments not subject to significant influence or control are recorded in the financial statements at fair value where there is an active quoted market available. In arriving at fair value, the unrealized gains and losses are recorded in the statement of operations.

March 31, 2023

1. Significant accounting policies (continued)

Allocation of expenses

The Society engages in health promotion, education and in home and day away community services through funding provided by the Ministry of Health. The costs of these programs and services include the costs of personnel, premises, supplies and other expenses that are directly related to the provision of these programs and services. The Society also incurs a number of the general support expenses that are common to the administration of the organization and its programs and services.

Personnel costs (salaries and benefits) are allocated across the programs and services based on a percentage of the total salary for each staff position. The percentage is determined based on the estimated time spent on the various programs and services.

The Ministry of Health Fund includes an allocation of salaries and benefits related to administration and to programs and services funded by the Ministry of Health.

The General Fund includes an allocation of salaries and benefits related to fundraising and to programs and services which are not funded by the Ministry of Health.

The Society also allocated some of its general support to expenses to the Ministry of Health programs and services.

Alzheimer Society of Chatham-Kent
Notes to Financial Statements

March 31, 2023

2. Cash and short-term investments

The use of funds in the bingo and nevada accounts \$26,089 (2022 - \$29,890) are externally restricted by regulatory bodies and as such are presented as externally restricted in the financial statements.

Short-term investments are presented at their market value. Included in short-term investments are guaranteed investment certificates, fixed income debentures, domestic and foreign equities with various rates of return.

During the year, the company earned the following investment income:

	2023	2022
Other investment income	10,965	4,622
Interest revenue	\$ 3,636	\$ 6,154
Dividend income	1,707	1,625
Unrealized (gain)/loss on investments	(24,067)	-
	\$ (7,759)	\$ 12,401

3. Capital assets

	Cost	Accumulated Amortization	2023	2022
Building	\$ 200,616	\$ 133,283	\$ 67,333	\$ 70,139
Equipment	135,100	125,415	9,685	12,106
Land	35,000	-	35,000	35,000
	\$ 370,716	\$ 258,698	\$ 112,018	\$ 117,245

4. Internally restricted - general fund

The internally restricted funds were established several years ago from a bequest from an individual. These funds were restricted by the board of directors to be used for capital asset acquisitions.

Alzheimer Society of Chatham-Kent
Notes to Financial Statements

March 31, 2023

5. Commitments

The Society has an annual parking lease of \$12,000 which expires August 2023.

6. Deferred contributions

As at March 31, 2023 a balance of \$56,629 (2022 - \$96,629) from a bequest received in 2018 is to be deferred for future capital projects and programming assistance.

7. Economic dependence

The Society is dependent on the funding received from the Ministry of Health. During the year 82% (2022 - 84%) of revenue was received from the Ministry of Health.

8. Financial instruments risk

Liquidity risk

Liquidity risk is the risk that the Society encounters difficulty in meeting its obligations with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Society will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset.

This risk is reduced due to considerable sums invested in cash and cash equivalents. Trade accounts payable and accrued liabilities are generally paid within 30 days.

The Society manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

Alzheimer Society of Chatham-Kent Statement of Operations

For the year ended March 31,

2023 2022

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Revenue				
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Complete financial statements audited by BDO Canada LLP are available upon request.