

**ALZHEIMER SOCIETY OF PETERBOROUGH,
KAWARTHA LAKES, NORTHUMBERLAND &
HALIBURTON**

FINANCIAL STATEMENTS

MARCH 31, 2016

**ALZHEIMER SOCIETY OF PETERBOROUGH,
KAWARTHA LAKES, NORTHUMBERLAND &
HALIBURTON**

FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT**To the Directors of Alzheimer Society of Peterborough, Kawartha Lakes,
Northumberland & Haliburton**T. 705.742.3418
F. 705.742.9775www.collinsbarrowkawarthas.com*Report on the Financial Statements*

We have audited the accompanying financial statements of Alzheimer Society of Peterborough, Kawartha Lakes, Northumberland & Haliburton, which comprise the statement of financial position as at March 31, 2016, the statements of changes in fund balances, operations and cash flows, the schedules of revenue and expense for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Basis for Qualified Opinion

In common with most not-for-profit organizations, Alzheimer Society of Peterborough, Kawartha Lakes, Northumberland & Haliburton derives revenue from fundraising and donations, the completeness of which is not susceptible to satisfactory audit evidence. Accordingly, our verification of these revenues was limited to the amounts recorded by the organization and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets and fund balances.

Qualified Opinion

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of Alzheimer Society of Peterborough, Kawartha Lakes, Northumberland & Haliburton as at March 31, 2016 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.

*Collins Barrow Kawarthas LLP*Chartered Professional Accountants
Licensed Public AccountantsPeterborough, Ontario
June 27, 2016

ALZHEIMER SOCIETY OF PETERBOROUGH, KAWARTHA LAKES, NORTHUMBERLAND & HALIBURTON

STATEMENT OF FINANCIAL POSITION As at March 31, 2016

	2016	2015
	\$	\$
ASSETS		
Current assets		
Cash	267,364	166,038
Accounts receivable	25,840	25,719
Prepaid expenses	-	1,830
	293,204	193,587
Investments (note 3)	542,277	524,256
Capital assets (note 5)	4,820	7,250
	840,301	725,093
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable and accrued	78,979	48,771
Government remittances payable	14,491	351
	93,470	49,122
Fund balances		
Externally restricted (note 6)	16,217	15,947
Internally restricted (note 6)	725,794	652,774
Equity in capital assets	4,820	7,250
	746,831	675,971
	840,301	725,093

Approved on behalf of the Board:

_____, Director

_____, Director

The accompanying notes are an integral part of these financial statements

**ALZHEIMER SOCIETY OF PETERBOROUGH, KAWARTHA LAKES,
NORTHUMBERLAND & HALIBURTON**

**STATEMENT OF CHANGES IN FUND BALANCES
For the Year Ended March 31, 2016**

	Operating Fund 2016 \$	Equity in Capital Assets 2016 \$	Externally Restricted Funds 2016 \$	Internally Restricted Funds 2016 \$	Total 2016 \$	Total 2015 \$
Fund balances - beginning of year	-	7,250	15,947	652,774	675,971	636,140
Excess (deficiency) of revenue over expenses for the year	-	(2,430)	270	73,020	70,860	39,831
Fund balances - end of year	-	4,820	16,217	725,794	746,831	675,971

The accompanying notes are an integral part of these financial statements

ALZHEIMER SOCIETY OF PETERBOROUGH, KAWARTHA LAKES, NORTHUMBERLAND & HALIBURTON

STATEMENT OF OPERATIONS For the Year Ended March 31, 2016

	Budget 2016 \$ (Unaudited)	Actual 2016 \$	Actual 2015 \$
Revenue			
Grants			
Local Health Integration Network	413,916	413,916	430,473
Alzheimer Society of Ontario	18,000	18,000	18,000
First Link	224,963	206,633	224,963
Other	-	17,987	-
Donations (Schedule 1)	186,800	178,617	171,872
Fundraising activities - net (Schedule 2)	98,000	157,846	129,064
Investment income	-	8,750	10,730
	941,679	1,001,749	985,102
Expenses			
Salaries and benefits	538,097	563,557	534,124
Direct service costs (Schedule 3)	40,350	30,195	51,825
Public awareness (Schedule 4)	5,500	5,446	8,313
Research and awards	800	300	800
Facilities	72,300	58,941	57,293
Office (Schedule 5)	55,950	63,642	58,016
Amortization	2,000	1,539	2,065
First Link program costs	224,963	206,633	232,835
Total expenses	939,960	930,253	945,271
Excess of Revenue over Expenses for the Year	1,719	71,496	39,831
Gain (loss) on disposal of capital assets	-	(891)	-
Unrealized gain (loss) on investments	-	255	-
Excess of revenue over expenses for the year	1,719	70,860	39,831

The accompanying notes are an integral part of these financial statements

ALZHEIMER SOCIETY OF PETERBOROUGH, KAWARTHA LAKES, NORTHUMBERLAND & HALIBURTON

STATEMENT OF CASH FLOWS For the Year Ended March 31, 2016

	2016	2015
	\$	\$
CASH PROVIDED FROM (USED FOR):		
Operating activities		
Excess of revenue over expenses for the year	70,860	39,831
Non-cash charges to operations		
Loss on disposal of capital assets	891	-
Amortization	1,539	2,065
Unrealized gain on investments	(255)	-
	<u>73,035</u>	<u>41,896</u>
Changes in non-cash working capital items		
Increase in accounts receivable	(121)	(13,534)
(Increase)/decrease in prepaid expenses	1,830	(1,830)
Increase in accounts payable and accrued	30,208	4,062
Increase/(decrease) in government remittances payable	14,140	(14,433)
	<u>119,092</u>	<u>16,161</u>
Investing activities		
Redemption of investments	250,736	98,969
Purchase of investments	(268,502)	(109,699)
	<u>(17,766)</u>	<u>(10,730)</u>
Increase in cash	101,326	5,431
Cash - beginning of year	166,038	160,607
Cash - end of year	<u>267,364</u>	<u>166,038</u>

The accompanying notes are an integral part of these financial statements

ALZHEIMER SOCIETY OF PETERBOROUGH, KAWARTHA LAKES, NORTHUMBERLAND & HALIBURTON

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended March 31, 2016

1. NATURE OF OPERATIONS

Alzheimer Society of Peterborough, Kawartha Lakes, Northumberland & Haliburton was incorporated on August 18, 1983 under the Ontario Business Corporation Act as a not-for-profit organization without share capital. The objectives of the organization are to promote public education, family support, advocacy and support of research for Alzheimer disease.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Alzheimer Society of Peterborough, Kawartha Lakes, Northumberland & Haliburton are the representation of management prepared in accordance with accounting policies set out below to comply with Canadian Accounting Standards for Not-for-Profit Organizations.

(a) *Recognition of Revenues and Expenses*

The Alzheimer Society of Peterborough, Kawartha Lakes, Northumberland & Haliburton uses the deferral method of accounting.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Investment income is recognized as revenue when earned.

Fundraising and donations are recognized as revenue when received.

Expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes expenses in the period the goods or services are acquired and a legal liability is incurred.

Operating grant claims for allowable operating costs are recorded as income in the current year. The reimbursement for these costs is dependant ultimately upon their acceptance by the various funders.

(b) *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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Key areas where management has made complex or subjective judgments (often as a result of matters that are inherently uncertain) include, among others, accounts receivable, accounts payable, useful lives of capital assets and amortization. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

ALZHEIMER SOCIETY OF PETERBOROUGH, KAWARTHA LAKES, NORTHUMBERLAND & HALIBURTON

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended March 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Fund Accounting

Alzheimer Society of Peterborough, Kawartha Lakes, Northumberland & Haliburton reports on a fund accounting basis. The funds maintained are as follows:

(i) Operating Fund

Operating fund includes results of day-to-day operating transactions and all unrestricted contributions.

(ii) Internally Restricted Funds

Internally restricted funds represent funds that have been designated by the Board of Directors for use in meeting future requirements of the organization. These include:

The Operating reserve, which has been designated for the use in funding future deficits in the operating fund; and

The Capital Campaign fund, which has been designated for the purchase of capital assets.

(iii) Externally Restricted Fund

Externally restricted fund represents funds designated by the donor for restricted use within the organization. This is comprised of the Burgess Estate fund, which is to be used for future education and research expenditures.

(iv) Equity in Capital Assets

Equity in capital assets includes the organization's assets, revenue and expenses related to capital assets.

(d) Capital Assets

Capital assets are recorded at cost and amortized at the following rates:

Furniture and fixtures	· 20% declining balance
Computer equipment	· 30% declining balance
Computer software	· 30% declining balance
Leasehold improvements	· straight line over life of lease

(e) Income Taxes

As a registered charitable organization under the Federal and Provincial Income Tax Acts, the organization is exempt from income taxes and is prohibited from distributing any of its earnings to or for the personal benefit of the members.

ALZHEIMER SOCIETY OF PETERBOROUGH, KAWARTHA LAKES, NORTHUMBERLAND & HALIBURTON

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended March 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) *Financial Instruments*

(i) Measurement

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The organization subsequently measures its financial assets and financial liabilities at amortized cost, except for investments quoted in the active market, which are subsequently measured at fair value. Changes in fair value are recognized in the excess of revenues over expenses.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at fair value are investments.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations.

(g) *Contributed Services*

Volunteers contribute significant time to assist the organization in carrying out its programs and administration. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

3. INVESTMENTS

The investments consist of interest bearing GICs and shares. The GIC investments earn interest in the range of 1.54% to 3.01% and are due between fiscal 2017 and 2021. GIC investments are recorded at market value of \$533,185 (2015 - \$524,256) with a cost of \$521,655 (2015 - \$509,928). Share investments are recorded at market value of \$9,092 (2015 - \$Nil) and have a cost of \$9,016 (2015 - \$Nil).

4. ECONOMIC DEPENDENCE

The organization's major source of revenue is the operating grant from the Ministry of Health and Long Term Care via the Local Health Integration Network. The nature and extent of this revenue is of such significance as to affect the viability of the organization and, accordingly, it can be said that the organization is economically dependent on these funds.

ALZHEIMER SOCIETY OF PETERBOROUGH, KAWARTHA LAKES, NORTHUMBERLAND & HALIBURTON

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended March 31, 2016

5. CAPITAL ASSETS

Capital assets consist of the following:

	Cost \$	Accumulated Amortization \$	Net Book Value	
			2016 \$	2015 \$
Furniture and fixtures	38,058	34,228	3,830	5,836
Computer equipment	31,883	31,180	703	1,004
Leasehold improvements	27,150	27,150	-	-
Computer software	3,485	3,198	287	410
	100,576	95,756	4,820	7,250

6. INTERNALLY AND EXTERNALLY RESTRICTED FUNDS

The restricted funds consist of the following:

	2016 \$	2015 \$
Internally Restricted		
Operating reserve	92,000	92,000
Capital campaign	633,794	560,774
	725,794	652,774
Externally Restricted		
Burgess Estate Fund	16,217	15,947

7. CHARITABLE REMAINDER TRUSTS

The organization has been named the residual beneficiary under charitable remainder trust agreements for principal amounts totalling \$30,000 (2015 - \$30,000). The income from the trusts are paid to the donors during their lifetimes and the principal amounts pass to the organization on the death of the donors. These amounts are not included in the financial statements.

ALZHEIMER SOCIETY OF PETERBOROUGH, KAWARTHA LAKES, NORTHUMBERLAND & HALIBURTON

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended March 31, 2016

8. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Interest rate and market risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The value of fixed income securities will generally rise if interest rates fall and conversely fall when rates rise.

The value of equity securities changes with stock market conditions, which are affected by market conditions and a general economic outlook. The equity securities are also affected by the future outlook of the company and changes in interest rates (if applicable).

These risks are generally outside the control of the organization but are mitigated by the organization's investment policies.

9. COMMITMENTS

The organization has entered into lease agreements for premises. Future lease obligations are as follows:

2017	\$73,325
2018	47,453
2019	34,674
2020	20,415

10. BUDGET FIGURES

Budget figures are not subject to audit.

ALZHEIMER SOCIETY OF PETERBOROUGH, KAWARTHA LAKES, NORTHUMBERLAND & HALIBURTON

SCHEDULES TO THE FINANCIAL STATEMENTS For the Year Ended March 31, 2016

Schedule 1 - Donations

	Budget 2016 (Note 10) \$	Actual 2016 \$	Actual 2015 \$
Memorial	52,000	56,319	57,273
General	45,500	86,020	47,644
Bequests	89,300	36,278	66,955
	186,800	178,617	171,872

Schedule 2 - Fundraising Activities - Net

	Budget 2016 (Note 10) \$	Actual 2016 \$	Actual 2015 \$
Fundraising revenues	128,000	202,100	161,468
Fundraising costs	(30,000)	(44,254)	(32,404)
	98,000	157,846	129,064

Schedule 3 - Direct Service Costs

	Budget 2016 (Note 10) \$	Actual 2016 \$	Actual 2015 \$
Caregivers and staff travel	28,500	20,511	24,738
Training and education	2,750	3,312	3,075
Client services	7,500	5,293	22,037
Volunteers	1,600	1,079	1,975
	40,350	30,195	51,825

The accompanying notes are an integral part of these financial statements

ALZHEIMER SOCIETY OF PETERBOROUGH, KAWARTHA LAKES, NORTHUMBERLAND & HALIBURTON

SCHEDULES TO THE FINANCIAL STATEMENTS For the Year Ended March 31, 2016

Schedule 4 - Public Awareness

	Budget 2016 (Note 10) \$	Actual 2016 \$	Actual 2015 \$
Literature and library	1,000	208	2,192
Newsletter distribution	2,500	1,599	2,130
Meetings	1,650	2,607	3,112
Seminars, conferences and workshops	350	1,032	879
	5,500	5,446	8,313

Schedule 5 - Office

	Budget 2016 (Note 10) \$	Actual 2016 \$	Actual 2015 \$
Telephone	6,500	6,394	6,065
Postage and printing	3,000	3,988	2,695
Office supplies	9,150	7,998	9,239
Computer internet and equipment maintenance	11,800	13,211	11,532
Courier and freight	100	190	449
Bank charges	3,000	3,563	2,952
Insurance	2,400	2,320	2,199
Professional services	11,000	10,930	12,556
Miscellaneous	1,000	4,619	2,604
Office cleaning	7,500	5,696	7,265
Association fees	500	4,733	460
	55,950	63,642	58,016

The accompanying notes are an integral part of these financial statements