GOSSELIN ASSOCIÉS inc.
Société de comptables professionnels agréés

ALZHEIMER SOCIETY OF MONTREAL INC.

FINANCIAL REPORT

MARCH 31, 2018

Brossard : 220-6300, Avenue Auteuil, Brossard (Québec) H4Z 3P2 Téléphone : 450 678-9100
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ALZHEIMER SOCIETY OF MONTREAL INC.

FINANCIAL REPORT

MARCH 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the members of
ALZHEIMER SOCIETY OF MONTREAL INC.

We have audited the accompanying financial statements of ALZHEIMER SOCIETY OF MONTREAL INC., which comprise the balance sheet as at March 31, 2018, and the statements of income, changes in net assets and cash flows 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 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.

Auditor's 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 auditor's 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 control 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 control. 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 audit opinion.

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Basis for Qualified Opinion

In common with many non-for-profit organizations, we were not able to obtain sufficient appropriate audit evidence regarding the completeness of the donations received for special events and the annual fund raising compaign. Consequently, our audit of these revenues was limited to the amounts recorded in the accounts of the organization and we were not able to determine whether the revenues of these kinds, the excess of revenues over expenses and the cash flows from operating activities for the fiscal years ending March 31, 2018 and 2017 and the accounts receivable and the net assets presented in the balance sheets as at March 31, 2018 and 2017 might have been subject to any adjustments. Accordingly, we have expressed a qualified audit opinion for the financial statements for the year ending March 31, 2017, because of the potential impact of this limitation on our audit work.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of ALZHEIMER SOCIETY OF MONTREAL INC. as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Gosselin & Associés inc.[1]

GOSSELIN & ASSOCIÉS INC.
Chartered professional accountants corporation

Montreal, June 11, 2018

[1] CPA auditor, CA, public accountancy permit No. A101673

ALZHEIMER SOCIETY OF MONTREAL INC.

BALANCE SHEET

AS AT MARCH 31, 2018

	2018 $	2017 $
ASSETS		
CURRENT ASSETS		
Cash	579,653	602,899
Investments (note 3)	500,464	-
Debtors (note 4)	137,401	167,843
Prepaid expenses	14,669	27,987
	1,232,187	798,729
INVESTMENTS (note 3)	97,255	-
FIXED ASSETS (note 5)	2,452,670	2,525,482
	2,549,925	2,525,482
	3,782,112	3,324,211
LIABILITIES		
CURRENT LIABILITIES		
Creditors (note 6)	151,754	109,146
Deferred revenues	4,749	3,345
Portion of long term debt maturing in the short term (note 9)	20,498	40,200
Long term debt renewable in the next fiscal year (note 9)	881,304	-
	1,058,305	152,691
DEFERRED CONTRIBUTIONS (note 7)	45,426	-
DEFERRED CONTRIBUTIONS RELATED TO FIXED ASSETS (note 8)	42,240	44,000
LONG-TERM DEBT (note 9)	-	901,663
	87,666	945,663
	1,145,971	1,098,354
NET ASSETS		
INVESTED IN FIXED ASSETS	1,508,628	1,539,619
RESTRICTED - CONTINGENCY FUND (note 10)	50,000	-
RESTRICTED - RENOVATION FUND (note 10)	50,000	-
RESTRICTED - SERVICE CENTER (note 10)	456,863	456,863
UNRESTRICTED	570,650	229,375
	2,636,141	2,225,857
	3,782,112	3,324,211

CONTINGENCY (note 13)

ON BEHALF OF THE BOARD,

_____, Director _____, Director

ALZHEIMER SOCIETY OF MONTREAL INC.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2018

	Invested in fixed assets $	Restricted Contingency Fund (note 10) $	Restricted Renovation Fund (note 10) $	Restricted Service Center (note 10) $	Unrestricted $	2018 Total $	2017 Total $
BALANCE, BEGINNING OF YEAR	1,539,619	-	-	456,863	229,375	2,225,857	2,211,660
Excess of revenues over expenses	(72,814)	-	-	-	483,098	410,284	14,197
Capital instalments on the long term debt	40,063	-	-	-	(40,063)	-	-
Restricted Contingency Fund	-	50,000	-	-	(50,000)	-	-
Restricted Renovation Fund	-	-	50,000	-	(50,000)	-	-
Amortization of deferred contributions related to fixed assets	1,760	-	-	-	(1,760)	-	-
BALANCE, END OF YEAR	1,508,628	50,000	50,000	456,863	570,650	2,636,141	2,225,857

ALZHEIMER SOCIETY OF MONTREAL INC.

STATEMENT OF INCOME

FOR THE YEAR ENDED MARCH 31, 2018

	2018 $	2017 $
REVENUES		
Grants - APPENDIX I	712,827	647,059
Amortization of deferred contributions related to fixed assets	1,760	
Donations		
Special activities	513,732	315,813
Annual fund raising campaign	303,480	349,350
Bequests and planned donations	398,867	485,673
In memoriam donations	144,533	146,008
FQSA refund	62,920	-
	2,138,119	1,943,903
Programs and services - APPENDIX I	85,326	89,672
Rentals	42,448	41,953
Interests	7,416	14,934
Property tax reimbursement and others (note 12)	158,262	11,451
	2,431,571	2,101,913
EXPENSES		
Mission- related activities - APPENDIX I	1,400,511	1,521,269
Fund raising - APPENDIX II	417,890	369,905
Management -APPENDIX II	197,348	196,542
	2,015,749	2,087,716
EXCESS OF REVENUES OVER EXPENSES BEFORE THE FOLLOWING ITEM	415,822	14,197
Unrealized loss on change in fair value of investments	(5,538)	-
EXCESS OF REVENUES OVER EXPENSES	410,284	14,197

ALZHEIMER SOCIETY OF MONTREAL INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2018

	2018 $	2017 $
OPERATING ACTIVITIES		
Excess of revenues over expenses	410,284	14,197
Non-cash items:		
Amortization of fixed assets	72,814	102,454
Unrealized loss on change in fair value of investments	5,538	-
Amortization of deferred contributions related to fixed assets	(1,760)	-
	486,876	116,651
Net change in non-cash working capital items:		
Debtors	30,442	(44,671)
Prepaid expenses	13,318	6,637
Creditors	42,608	(12,069)
Deferred revenues	1,404	(2,659)
Deferred contributions	45,426	500
	133,198	(52,262)
Net cash generated from operating activities	620,074	64,389
INVESTING ACTIVITIES		
Acquisition of fixed assets	-	(117,990)
Investment acquisition	(670,406)	-
Investment disposal	67,149	719,639
Net cash generated from (used for) investing activities	(603,257)	601,649
FINANCING ACTIVITIES		
Repayment of the line of credit	-	(542,000)
Repayment of long-term debt	(40,063)	(39,022)
Net cash used for financing activities	(40,063)	(581,022)
INCREASE (DECREASE) IN CASH	(23,246)	85,016
CASH, BEGINNING OF YEAR	602,899	517,883
CASH, END OF YEAR	579,653	602,899

ALZHEIMER SOCIETY OF MONTREAL INC.

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2018

1. LEGAL STATUS AND NATURE OF ACTIVITIES

ALZHEIMER SOCIETY OF MONTREAL INC. was incorporated as a not-for-profit organization under Part III of the Quebec Companies Act, on November 11, 1981.

It is recognized as a charitable organization under the Income Tax Act. It is exempt from income taxes.

ALZHEIMER SOCIETY OF MONTREAL INC.'s mission is to improve the quality of life for Canadians affected by Alzheimer's disease and related diseases and advance the research for the causes and cures.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies :

Management 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 amounts of assets and liabilities reported, the disclosure of contingent 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 those estimates. The main estimates are related to the useful life and the depreciation method of fixed assets.

Revenue recognition

Contributions

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenues in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Program and services

Program and service revenues are recognized when programs are held or when the services are rendered .

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Rental income

Rental income is recorded based on the terms of the leases.

Events

Event revenues are recognized when the events take place.

Breakdown of expenses

The organization has several operating functions. Some of its operating expenses are common to the organization's management and to its functions. Salaries are allocated to functions based on worked hours and other expenses are attributed based on the actual payroll expense for each function.

Expenses that directly contribute to the output of a function are recorded in the accounts of that particular function.

Fixed assets

Amortization is calculated on their respective estimated useful life using the straight-line method at the following rates:

	Methods	Rates
Building	Declining balance	4%
Computer equipment	Straight-line method	20%
Phone system	Straight-line method	20%

Contributions in goods and services

In its day-to-day operations, the organization receives contributions of goods and services of numerous volunteers. The organization recognizes contributions of goods and services when the fair value of these contributions can be reasonably estimated and if they had been otherwise acquired in its regular operations. Since it is difficult to estimate the fair value of these services supplied by the volunteers, these contributions are not recorded in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

The organization initially records its financial assets and financial liabilities at fair value. The organization subsequently evaluates all its financial assets and financial liabilities at cost, except for investments in securities that were elected to be assessed at fair value. Changes in fair value are recorded in the statement of income.

Financial assets measured at cost include cash and debtors. Financial liabilities measured at cost include creditors and long term debt.

Financial assets measured at fair value include investments in fixed income securities and related securities and secured investment certificates.

Cash and cash equivalents

The organization's policy is to report cash balances as cash and cash equivalents.

3. INVESTMENTS

	2018 $	2017 $
Shares and equity fund investments	173,888	-
Registered investments	39,026	-
Secured investment certificates	384,805	-
	597,719	-
Portion of investments maturing in the short-term	500,464	-
	97,255	-

4. DEBTORS

	2018 $	2017 $
Accounts receivable	94,984	155,132
Sales tax	42,417	12,711
	137,401	167,843

5. FIXED ASSETS

	2018			2017
	Cost $	Accumulated amortization $	Net book value $	Net book value $
Land	707,059	-	707,059	707,059
Building	1,976,692	237,240	1,739,452	1,808,533
Computer equipment	12,288	11,056	1,232	1,679
Phone system	16,423	11,496	4,927	8,211
	2,712,462	259,792	2,452,670	2,525,482

6. CREDITORS

	2018 $	2017 $
Accounts payable and accrued charges	31,673	15,803
Salaries and vacation pay provisions	111,289	84,914
Employee benefits	8,792	8,429
	151,754	109,146

7. DEFERRED CONTRIBUTIONS

Deferred contributions represent unused resources received during the year and intended to cover expenses of the following years. Changes in the balance of the deferred revenues are as follows:

	Balance as at March 31, 2017 $	Amount received $	Recorded as revenues $	Balance as at March 31, 2018 $
L'Appui Montréal	-	660,406	614,980	45,426

8. DEFERRED CONTRIBUTIONS RELATED TO FIXED ASSETS

Deferred contributions related to fixed assets represent contributions received for renovations. Amortization is established under the same conditions as the related fixed assets. Changes in the balance of the deferred revenues are as follows:

	Balance, as at March 31, 2017 $	Amount received $	Recorded as income $	Balance as at March 31, 2018 $
Employment and Social Development Canada	44,000	-	1,760	42,240

9. LONG-TERM DEBT

	2018 $	2017 $
Term loan agreement with Bank of Montreal, 2.63%, maturing September 30, 2018, redeemable by monthly instalments of $5,363 including interests. [a]	901,802	941,863
Portion of long-term debt maturing in the short term	20,498	40,200
Renewable long-term debt	881,304	-
	-	901,663

(a) This loan has a restrictive clause that requires compliance of the following financial ratio: a coverage ratio of debt equal to, or greater than 1. As at March 31, 2018, the ratio stood at 8 and therefore the ratio is respected.

10. RESTRICTED NET ASSETS

The Board of Directors set up internally restricted funds to complete the renovations of the Alzheimer Service Centre in order to house, under the same roof, a center of excellence which will comprise the organization's head office and management, the fund raising activities, family programs and services, training facilities and a permanent activity centre.

Furthermore, at its meeting held on March 12, 2018, the Board resolved to allocate $50,000 to the Contingency Fund and $50,000 to the Renovation Fund.

These internally restricted funds are not available for any other purpose without the prior approval of the Board of Directors.

11. FINANCIAL INSTRUMENTS

The organization, through its financial instruments, is exposed to various risks. The following analysis shows the exposure of the organization to the risks as at the balance sheet date which is March 31, 2018.

Credit risk

Credit risk is the risk that one party of a financial instrument fails to fulfil its contractual obligations and thereby, causes the other party to incur a financial loss. The organization's main credit risk is related to the accounts receivable.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuates because of changes in market interest rates. The organization is exposed to interest rate risk as regards its fixed interest rate and variable interest rate financial instruments. Fixed interest rate instruments make the organization liable to fair value risk and floating rate financial instruments to cash flow risk.

12. PROPERTY TAXES

The organization received a refund of $156,836 representing property taxes and accrued interests since January 1, 2015 following the city's April 6, 2015 decision to partially accept the request for the property tax exemption filed by management to the Quebec Municipal Board.

13. CONTINGENCY

An employee filed a complaint against the organization with the Commission des normes, de l'équité, de la santé et de la sécurité du travail (CNESST), following its restructuring which affected his position. After a meeting held at the CNESST between the management and the employee, the organization considers that its actions are compliant. Nevertheless, an amount of $5,000, which is approximatively the equivalent of a four-week vacation pay, has been accounted for in the financial statements.

14. COMPARATIVE FIGURES

Certain 2017 figures have been reclassified to make their presentation comparable to those of 2018. The balance of the deferred contributions from L'Appui as at March 31, 2015 should have been recorded as revenue as at March 31, 2016. As a result, the balance of the item " deferred contributions" in the balance sheet as at March 31, 2017, was overstated by $17,467 and the net assets underevaluated by the same amount. In addition, the depreciation expense of the building in the statement of income for the fiscal year ending March 31, 2017 was overevaluated by $28,282 and the net assets and the net assets invested in fixed assets were understated by $28,282 whereas the overall expenses were overstated by the same amount.

The impact of these adjustments in the comparative figures is an increase in the fixed assets of $28,282, a decrease of $17,467 in the deferred contributions and an increase in the net assets invested in fixed assets of $28,282 and an increase of $17 467 in the unrestricted net assets as at March 31, 2017.

ALZHEIMER SOCIETY OF MONTREAL INC.

APPENDICES

FOR THE YEAR ENDED MARCH 31, 2018

	Intake, consultations and awareness	Community services	Respite and stimulation	Communications	Family services	Educational services	CSA project	2018	2017
	$	$	$	$	$	$	$	$	$
APPENDIX I - PROJECT RESULTS									
REVENUES									
Grants									
L'Appui Montréal	448,186	-	166,794	-	-	-	-	614,980	540,418
MSSS PSOC	-	97,652	-	-	-	-	-	97,652	105,973
Others	-	195	-	-	-	-	-	195	667
	448,186	97,847	166,794	-	-	-	-	712,827	647,058
Programs and services	20,630	2,950	44,203	112	8,700	8,731	-	85,326	89,672
	468,816	100,797	210,997	112	8,700	8,731	-	798,153	736,730
EXPENSES									
Salaries, benefits & obligations	378,414	129,292	389,976	26,572	79,606	81,473	5,721	1,091,054	1,147,460
Rent and related expenses	44,527	2,666	8,351	4,332	6,678	7,357	19,735	93,646	97,462
Supplies, office expenses and equipement and depreciation of fixed assets	28,612	8,123	2,656	9,110	3,697	4,073	72,814	129,085	159,413
Activities	2,183	3,938	3,067	1,382	2,451	802	-	13,823	16,696
Travel expenses, living, training, seminars and fees	8,054	40,182	3,132	534	513	832	-	53,247	70,263
Professional fees	1,759	1,331	-	7,928	5,838	2,800	-	19,656	29,975
	463,549	185,532	407,182	49,858	98,783	97,337	98,270	1,400,511	1,521,269
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	5,267	(84,735)	(196,185)	(49,746)	(90,083)	(88,606)	(98,270)	(602,358)	(784,538)

ALZHEIMER SOCIETY OF MONTREAL INC.

APPENDICES

FOR THE YEAR ENDED MARCH 31, 2018

	2018				2017
	Fund raising	Mission relatd driven activities - APPENDIX I	Management	Total	Total
	$	$	$	$	$
APPENDIX II - BREAKDOWN OF EXPENSES					
Salaries, benefits & obligations	180,161	1,091,054	53,525	1,319,745	1,383,523
Rent and related expenses	15,363	93,646	58,495	167,504	186,799
Supplies, office expenses and equipement	11,697	129,085	3,084	143,866	67,698
Depreciation of fixed assets	-	-	-	72,814	102,454
Activities	196,981	13,823	1,600	212,359	131,825
Travel, accomodation, training, seminars and fees	7,375	53,247	1,055	61,722	74,455
Professional fees	6,313	19,656	33,544	59,513	89,952
Interest on long term debt	-	-	24,290	24,290	25,329
Other administrative expenses	-	-	21,755	21,755	25,681
	417,890	1,400,511	197,348	2,015,749	2,087,716

ALZHEIMER SOCIETY OF MONTREAL INC.

APPENDICES

FOR THE YEAR ENDED MARCH 31, 2018

APPENDIX III - << COUNSELLING NETWORK >> PROJECT

	Budget 2018 (unaudited)	Actual 2018	Actual 2017
	$	$	$
REVENUES			
L'Appui Montréal	351,754	351,754	283,414
Self financing	138,076	67,123	67,969
	489,830	418,877	351,383
EXPENSES			
Salaries and employee benefits	409,626	323,266	275,515
Professionnal fees	4,400	4,780	7,953
Equipment and supplies	6,000	4,912	5,554
Training fees / updating of intervention staff	2,048	1,231	2,583
Travel, accomodation and meals	5,300	3,925	3,726
Telecommunications	3,960	6,055	4,618
Janitorial premises and security	20,694	5,900	15,389
Insurance and premium payments	2,600	1,404	15,221
Project evaluation fees	5,000	5,000	-
Publicity, computer graphics and others	3,410	5,290	7,333
Management	24,541	22,098	13,491
Others	2,250	-	-
	489,829	383,861	351,383
EXCESS OF REVENUES OVER EXPENSES	1	35,016	-

ALZHEIMER SOCIETY OF MONTREAL INC.

APPENDICES

FOR THE YEAR ENDED MARCH 31, 2018

APPENDIX IV- << ACTIVITY CENTERS >>

	Budget 2018 (unaudited)	Actual 2018	Actual 2017
	$	$	$
REVENUES			
L'Appui Montréal (grant and deferred contribution)	134,918	134,918	117,593
Users' contributions and self financing	42,240	25,790	37,768
	177,158	160,708	155,361
EXPENSES			
Salaries and employee benefits	147,849	141,112	141,741
Equipment and supplies	1,350	2,296	3,134
Training fees / updating of intervention staff	1,440	56	315
Travel, accomodation and meals	1,592	1,252	1,153
Telecommunications	820	400	512
Janitorial premises and security	13,035	2,951	2,838
Project evaluation fees	1,000	-	-
Management	9,712	9,171	5,355
Others	360	-	313
	177,158	157,238	155,048
EXCESS OF REVENUES OVER EXPENSES	-	3,470	313

ALZHEIMER SOCIETY OF MONTREAL INC.

APPENDICES

FOR THE YEAR ENDED MARCH 31, 2018

APPENDIX **V- PROJECTS <<RESPITE AND STIMULATION >>**

	Budget 2018 (unaudited)	Actual 2018	Actual 2017
	$	$	$
REVENUES			
L'Appui Montréal (grant and deferred contribution)	173,734	173,734	155,266
Users' contributions and self financing	60,000	44,203	40,559
	233,734	217,937	195,825
EXPENSES			
Salaries and employee benefits	212,061	196,654	180,167
Equipment and supplies	2,000	869	451
Training / updating of intervention staff	2,320	56	-
Travel, accomodation and meals	705	1,781	4,374
Management	16,648	11,637	10,833
	233,734	210,997	195,825
EXCESS OF REVENUES OVER EXPENSES	-	6,940	-