ALZHEIMER SOCIETY OF CALGARY

Financial Statements

Year Ended March 31, 2013

ALZHEIMER SOCIETY OF CALGARY
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Year Ended March 31, 2013

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INDEPENDENT AUDITORS' REPORT

To the Members of Alzheimer Society of Calgary

We have audited the accompanying financial statements of Alzheimer Society of Calgary, which comprise the statement of financial position as at March 31, 2013 and the statements of operations, 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.

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 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Alzheimer Society of Calgary derives revenue from contributions, 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 Alzheimer Society of Calgary. Therefore, we were not able to determine whether any adjustments might be necessary to contributions revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2013, current assets and net assets as at April 1, 2012 and March 31, 2013.

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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 Calgary as at March 31, 2013 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.

Comparative Information

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes that Alzheimer Society of Calgary adopted Canadian Accounting Standards for Not-for-Profit Organizations on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at March 31, 2012 and April 1, 2011 and the statements of operations, changes in net assets and cash flows for the year ended March 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Calgary, Alberta
August 29, 2013

Chartered Accountants

ALZHEIMER SOCIETY OF CALGARY
Statement of Financial Position
March 31, 2013

	March 31 **2013**	*March 31* 2012	*April 1* 2011
ASSETS			
CURRENT			
Cash *(Note 4)*	$ **229,265**	$ 232,503	$ 243,812
Term deposits *(Note 4)*	**306,000**	110,194	-
Accounts receivable	**34,936**	26,031	17,808
Prepaid expenses	**33,366**	25,610	26,853
	603,567	394,338	288,473
LONG TERM INVESTMENTS *(Note 5)*	**2,114,196**	2,257,207	1,822,223
EQUIPMENT *(Note 6)*	**86,154**	113,002	158,159
	$ **2,803,917**	$ 2,764,547	$ 2,268,855
LIABILITIES AND NET ASSETS			
CURRENT			
Accounts payable	$ **129,897**	$ 42,405	$ 88,608
Deferred contributions *(Note 7)*	**34,448**	64,116	59,574
	164,345	106,521	148,182
DEFERRED CONTRIBUTIONS RELATED TO EQUIPMENT *(Note 8)*	**48,164**	72,246	94,142
DEFERRED REVENUE *(Note 5)*	**1**	1	1
	212,510	178,768	242,325
NET ASSETS			
Unrestricted	**1,153,418**	1,145,023	502,319
Internally restricted *(Note 9)*	**1,400,000**	1,400,000	1,460,194
Net investment in equipment *(Note 10)*	**37,989**	40,756	64,017
	2,591,407	2,585,779	2,026,530
	$ **2,803,917**	$ 2,764,547	$ 2,268,855

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

Please see Notes

ALZHEIMER SOCIETY OF CALGARY
Statement of Operations
Year Ended March 31, 2013

	2013	2012
UNRESTRICTED REVENUE		
Contributions		
General	$ 167,327	$ 229,140
Bequests	219,342	732,819
Fundraising activities *(Note 12)*	567,072	628,885
Investment income *(Note 5)*	190,707	147,402
Dementia Care Training Centre - fees for service	10,530	22,933
Earned capital contributions *(Note 8)*	24,082	21,896
	1,179,060	1,783,075
RESTRICTED REVENUE		
Club 36 Day Programs *(Schedule 1)*		
Contracted services - Alberta Health Services	533,705	515,657
Fee for service and contributions	27,822	46,096
Dementia Care Training Centre	119,865	107,957
Public Awareness	7,500	3,530
Research	52,036	35,104
	740,928	708,344
TOTAL REVENUE *(Note 11)*	1,919,988	2,491,419
EXPENSES*(Note 13)*		
Programs		
Club 36 Day Programs *(Schedule 1)*	620,437	638,141
Dementia Care Training Centre	428,286	412,464
Volunteer program	75,087	67,070
Public awareness and communications	172,518	138,715
Research *(Note 15)*	100,000	180,600
Fundraising events *(Note 12)*	111,965	84,116
Fund development department	278,351	272,589
Program support	127,716	138,475
	1,914,360	1,932,170
EXCESS OF UNRESTRICTED REVENUE OVER EXPENSES	$ 5,628	$ 559,249

ALZHEIMER SOCIETY OF CALGARY
Statement of Changes in Net Assets
Year Ended March 31, 2013

	Unrestricted	Internally Restricted	Net Investment in Equipment	**2013**	2012
NET ASSETS - BEGINNING OF YEAR	$ 1,145,023	$ 1,400,000	$ 40,756	**$ 2,585,779**	$ 2,026,530
Deficiency of revenue over expenses	5,628	-	-	**5,628**	559,249
Amortization	48,170	-	(48,170)	**-**	-
Earned capital contributions	(24,082)	-	24,082	**-**	-
Additions to equipment	(21,321)	-	21,321	**-**	-
NET ASSETS - END OF YEAR	$ 1,153,418	$ 1,400,000	$ 37,989	**$ 2,591,407**	$ 2,585,779

ALZHEIMER SOCIETY OF CALGARY
Statement of Cash Flows
Year Ended March 31, 2013

	2013	2012
OPERATING ACTIVITIES		
Excess of unrestricted revenue over expenses	$ 5,628	$ 559,249
Items not affecting cash:		
Amortization of equipment	48,170	45,157
Earned capital contributions	(24,082)	(21,896)
Gain on investments	(101,469)	(63,696)
	(71,753)	518,814
Changes in non-cash working capital *(Note 14)*	41,164	(48,642)
Cash flow from (used by) operating activities	(30,589)	470,172
INVESTING ACTIVITIES		
Purchase of equipment	(21,322)	-
Purchase of long-term investments	(198,864)	(603,689)
Proceeds on sale of long-term investments	443,343	232,402
Cash flow from (used by) investing activities	223,157	(371,287)
INCREASE IN CASH FLOW	192,568	98,885
Cash and cash equivalents - beginning of year	342,697	243,812
CASH AND CASH EQUIVALENTS - END OF YEAR *(Note 4)*	$ 535,265	$ 342,697
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	$ 89,238	$ 83,704

1. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year the Society adopted Canadian Accounting Standards for Not-for-Profit Organizations. These financial statements are the first prepared in accordance with these standards. The adoption of ASNFPO had no impact on net assets as at April 1, 2011 or operations or cash flows for the year ended March 31, 2012 as previously reported in accordance with pre-changeover Canadian generally accepted accounting principles.

2. PURPOSE OF THE ORGANIZATION

The Alzheimer Society of Calgary is a charitable organization incorporated under the Societies Act of Alberta with a mission to alleviate the personal and social consequences of Alzheimer's disease and other dementias. This is accomplished through the provision of support, information and referrals for individuals and families living with dementia; adult support programs in two Calgary sites; training and education for professional care partners; and public awareness and education activities. The Society also provides funding for research into the cause and cure of Alzheimer's disease and dementia.

As income from contracted services and fees for service is insufficient to cover the costs of all programs undertaken, the ongoing operations of the Society are dependent on donations and fundraising from those interested.

The Society is a registered charitable organization and is therefore exempt from the payment of income tax.

3. SUMMARY OF ACCOUNTING POLICIES

Basis of presentation

Financial statements are prepared on the assumption that the entity is a going concern, meaning that it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Management is required to assess whether there are any events or conditions that may cast significant doubt upon the entity's abiltiy to continue as a going concern. Management is not aware of any such material uncertainties; accordingly these financial statements have been prepared using the going concern assumption.

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPO).

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3. SUMMARY OF ACCOUNTING POLICIES *(continued)*

Financial instruments policy

Financial instruments reported in these financial statements include cash, term deposits, accounts receivable, investments and accounts payable. All these financial instruments are initially recorded at their fair value and subsequently measured at amortized cost. Any change between their fair value at the fiscal year-end and the initially recorded cost is recorded as an unrealized gain or loss in the year in the statement of operations.

Fair value for accounts receivable and accounts payable is considered to be the same as their cost due to the short terms to maturity. Fair value for investments is determined by reference to closing market prices at the year end.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Cash and cash equivalents

Cash and cash equivalents include cash in banks and brokerage accounts, and short term deposits capable of liquidation within 90 days.

Equipment

Equipment purchased is recorded at cost. Donated equipment is recorded at fair value when a fair value can be reasonably determined.

Office equipment and vehicles are amortized on a straight-line basis over their estimated useful lives of four to five years. Donated artwork is not amortized.

Revenue recognition

The Society follows the deferral method of accounting for contributions. Unrestricted contributions 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 recognized as revenue in the year in which the related expenses are incurred. Gifts in kind for which an independent valuation is available and which have been receipted for income tax purposes are recorded at the receipted amount in unrestricted contributions. Gifts in kind not receipted for income tax purposes have not been recorded in the financial statements (Note 9).

Restricted contributions received for the purchase of equipment are deferred and amortized to income on the same basis as the amortization of the cost of equipment acquired.

Investment income includes dividends, interest, and realized and unrealized gains and losses. Unrealized gains and losses on financial assets carried at fair value are included in investment income and recognized as revenue in the statement of operations (Note 5).

Donated Services

During the year volunteers contributed numerous hours to assist the Society in carrying out its mission. Because of the difficulty of determining their number and fair value, donated services are not recognized in the financial statements.

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3. SUMMARY OF ACCOUNTING POLICIES *(continued)*

Allocation of General Support expenses to other functions

The Society presents expenses in the statement of operations on the basis of function performed, including programs, research, fundraising events, fund development and program support.

Expenses which are directly attributable to a function are recorded as expenses of that function. Expenses which are not directly attributable to any specific function are recorded as program support expense.

Use of estimates

In preparing the Society's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

These financial statements include estimates for valuation of long term investments, amortization of equipment, amortization of deferred contributions related to equipment, and allocation of administration salaries and costs between departments.

4. CASH AND CASH EQUIVALENTS

	2013	2012
Cash	**$ 229,265**	$ 232,503
Term deposits	**306,000**	110,194
	$ 535,265	$ 342,697

The term deposit bears interest of .8% until maturity in March 2014 (2012: 1% to August 2012).

5. LONG TERM INVESTMENTS

	2013	2012
Common and preferred shares	$ 196,305	$ 113,731
Fixed income bonds	1,917,890	1,844,980
GIC maturing February 28, 2013 at an interest rate of 1.3%	-	298,495
Cash surrender value of life insurance policy	1	1
	$ 2,114,196	$ 2,257,207

Fixed income bonds

Investments include fixed income bonds having maturities between 2013 and 2020 bearing interest at rates between 2.839% and 7.492%. The Society is exposed to interest rate risk on the fixed income bonds to the extent that interest rates fluctuate while the investments are owned. As these bonds are traded on the open market, changes in interest rates will affect the fair value of the investments.

Cash surrender value of life insurance policies

The Society has been irrevocably appointed as the sole beneficiary on a term life insurance policy having a face value of $100,000. As there is no cash surrender value in this policy, it has been recorded at a nominal value of $1 which is offset by an increase in deferred revenue of $1.

Investment Income

	2013	2012
Investment income consists of:		
Interest income	$ 89,238	$ 83,704
Unrealized gain on investments	102,422	65,474
Realized gain (loss) on investments	(953)	(1,776)
	$ 190,707	$ 147,402

All investment income is available for use in general operations.

6. EQUIPMENT

	Cost	Accumulated amortization	2013 Net book value	2012 Net book value
Office equipment	$ 306,345	$ 223,991	$ 82,354	$ 109,202
Vehicles	80,511	80,511	-	-
Donated artwork	3,800	-	3,800	3,800
	$ 390,656	$ 304,502	$ 86,154	$ 113,002

7. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent resources received in the current year which have been restricted by the contributors to be used to fund specific programs to be conducted in the following year. Changes in the deferred contributions balance are as follows:

	2013	2012
Balance, beginning of year	$ 64,116	$ 59,574
Restricted contributions received during the year	43,958	45,126
Recognized in revenue	(73,626)	(40,584)
Balance, end of year	$ 34,448	$ 64,116

8. DEFERRED CONTRIBUTIONS RELATED TO EQUIPMENT

Deferred contributions related to equipment represent restricted contributions received with which various capital assets have been purchased. These deferred contributions are reported as earned capital contributions in the statement of operations on the same basis as the amortization of the capital equipment to which the contributions relate. The changes in deferred contributions for the year are as follows:

	2013	2012
Balance, beginning of year	$ 72,246	$ 94,142
Earned capital contributions reported in income	(24,082)	(21,896)
Balance, end of year	$ 48,164	$ 72,246

9. INTERNALLY RESTRICTED NET ASSETS

The Society's Board of Directors has internally restricted net assets in order to provide a reserve to be used to ensure ongoing operations of the Society's programs and services, should there be an unanticipated interruption in revenue, or for other purposes as determined by the Board. No changes were made in the current year:

	2013	2012
Balance, beginning and end of year	$ 1,400,000	$ 1,400,000

10. NET INVESTMENT IN EQUIPMENT

A summary of the net investment in equipment is as follows:

	2013	2012
Capital assets	$ **86,153**	$ 113,002
Deferred revenue - capital (Note 8)	**(48,164)**	(72,246)
Balance, end of year	$ **37,989**	$ 40,756

11. CLASSIFICATION OF REVENUE

Contributions	$ **1,133,142**	$ 1,737,436
Fees for service	**572,057**	584,687
Investment income	**190,707**	147,400
Earned capital contributions	**24,082**	21,896
	$ **1,919,988**	$ 2,491,419

Included in contributions of $1,133,142 (2012: $1,737,436) is gifts in kind totalling $3,155 (2012: $875) received in connection with annual fund-raising events.

Contributions in kind of $82,936 (2012: $142,500) were received from corporate sponsors to assist with various specific fund-raising events. As these contributions are in kind and have not been receipted for income tax purposes, the $82,936 (2012: $142,500) has not been recorded in these financial statements.

12. FUNDRAISING EVENTS

	Revenue	Expenses	2013	2012
Donor renewal	$ 257,097	$ 54,877	$ **202,220**	$ 187,298
Walk/Run	247,316	57,088	**190,228**	136,615
Golf tournaments and other external events	57,522	-	**57,522**	141,702
Mocha for Memories	5,087	-	**5,087**	12,542
Casino	50	-	**50**	66,612
	$ 567,072	$ 111,965	$ **455,107**	$ 544,769

13. CLASSIFICATION OF EXPENSES

	2013	2012
Salaries and benefits	$ 1,136,267	$ 1,083,506
Rent	200,257	185,158
Research grants (Note 15)	100,000	180,600
Program support, materials, supplies & technology	146,761	121,331
Direct fund-raising expenses	85,032	69,038
Public awareness	52,783	68,603
Direct programming expenses	37,160	64,547
Conferences, education and training	33,558	50,275
Amortization	48,170	45,157
Professional fees	40,046	36,398
Consulting Fees	12,482	-
Travel and vehicle repairs and maintenance	12,562	15,473
Strategic Planning	7,243	10,045
Life insurance premiums	2,039	2,039
	$ 1,914,360	$ 1,932,170

Total salaries and benefits of $1,136,267 (2012: $1,083,506) include $178,151 (2012: $103,094) paid as remuneration to employees whose principal duties involve fund-raising.

14. CHANGES IN NON-CASH WORKING CAPITAL

	2013	2012
(Increase) decrease in accounts receivable	$ (8,905)	$ (8,222)
(Increase) decrease in prepaid expenses	(7,756)	1,241
Increase (decrease) in accounts payable	87,493	(46,203)
Increase (decrease) in deferred contributions	(29,668)	4,542
	$ 41,164	$ (48,642)

15. COMMITMENTS

The Society entered into a lease for its office premises for the four years ending November 30, 2016. The lease requires annual base rent of approximately $69,000 excluding additional common area costs estimated at $70,000 annually.

The Society entered into lease agreements for space in which it conducts its Club 36 Beaverdam and Club 36 Harvest Hills day programs. The Beaverdam lease is for one year, with an option to renew for an additional two years, and requires annual base rent of approximately $14,000. The Harvest Hills lease is for one more year to March 31, 2014 requiring annual base rent of approximately $21,000.

The minimum annual base rent payments for the next four years are:

	$
2014	94,000
2015	77,000
2016	77,000
2017	52,000

LONG TERM COMMITMENT TO SUPPORT RESEARCH

In July, 2013, the Society entered into a gift agreement with the University of Calgary, commiting to provide $100,000 annually in 2013, 2014 and 2015 to be used to support research in Alzheimer Disease understaken by the Hotchkiss Brain Institute. The first year's commitment of $100,000 has been recorded as research expense and as an accounts payable.

16. CONTINGENT LIABILITY

In April 2013, the Society was named as a defendant in a legal suit filed in the Federal Court, brought by the Alzheimer Society of Canada. The Alzheimer Society of Canada is requesting judgement ordering the Society's discontinuance of the use of the name Alzheimer Society of Calgary.

The Alzheimer Society of Calgary has filed a Statement of Defence and counterclaim and will vigorously defend the use of its legal name that it has held for more than 30 years.

Due to uncertainty as to the outcome of the claim and counterclaim, the financial statements have not included any contingent assets or liabilities. The Board of Directors of the Society does not expect the claim to have a material impact on the ongoing operations of the Society or its finances.

ALZHEIMER SOCIETY OF CALGARY

Schedule of Club 36 Day Programs *(Schedule 1)*

Year Ended March 31, 2013

	2013	2012
REVENUE		
Contracted services - Alberta Health Services	$ 533,705	$ 515,657
Fees for service - clients	20,326	25,088
Fess for service - Alberta Health Services	7,096	8,008
Restricted Revenue	400	13,000
	561,527	561,753
EXPENSES		
Salary and employee benefits	477,212	479,932
Program support	43,194	40,340
Program and craft supplies	5,287	6,407
Food and kitchen supplies	25,538	29,682
Rent and cleaning	60,661	56,906
Vehicle repairs and maintenance	8,483	10,253
Special projects	62	14,621
	620,437	638,141
DEFICIENCY OF EXPENSES OVER REVENUE	$ (58,910)	$ (76,388)