

ALZHEIMER SOCIETY OF CALGARY
Financial Statements
Year Ended March 31, 2014

ALZHEIMER SOCIETY OF CALGARY
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Year Ended March 31, 2014

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INDEPENDENT AUDITOR'S 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, 2014 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.

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 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, 2014, current assets and net assets as at March 31, 2014.

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, 2014 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.



Calgary, Alberta
September 3, 2014

Chartered Accountants

ALZHEIMER SOCIETY OF CALGARY
Statement of Financial Position
March 31, 2014

	2014	2013
ASSETS		
CURRENT		
Cash and cash equivalents (Note 3)	\$ 334,843	\$ 229,265
Term deposits	-	306,000
Accounts receivable	21,020	34,936
Prepaid expenses	23,924	33,366
	<u>379,787</u>	603,567
CAPITAL ASSETS (net of accumulated amortization) (Note 4)	98,515	86,153
LONG TERM INVESTMENTS (Note 5)	2,192,670	2,114,196
	<u>\$ 2,670,972</u>	<u>\$ 2,803,916</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 153,080	\$ 129,896
Deferred contributions (Note 6)	82,946	34,448
	<u>236,026</u>	164,344
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 7)	24,082	48,164
DEFERRED REVENUE (Note 5)	1	1
	<u>260,109</u>	212,509
NET ASSETS		
Unrestricted	936,430	1,153,418
Internally restricted (Note 8)	1,400,000	1,400,000
Net investment in equipment (Note 9)	74,433	37,989
	<u>2,410,863</u>	2,591,407
	<u>\$ 2,670,972</u>	<u>\$ 2,803,916</u>

ON BEHALF OF THE BOARD

 Director
 Director

ALZHEIMER SOCIETY OF CALGARY
Statement of Operations
Year Ended March 31, 2014

	2014	2013
UNRESTRICTED REVENUE		
Contributions		
General	\$ 191,802	\$ 167,327
Bequests	50,000	219,342
Fundraising activities (Note 11)	718,137	567,072
Learning and support services - fees for service	6,950	10,530
Investment income (Note 5)	89,965	89,238
Realized gain (loss) on investments (Note 5)	(4,870)	(953)
Earned capital contributions (Note 7)	24,082	24,082
	<u>1,076,066</u>	<u>1,076,638</u>
RESTRICTED REVENUE		
Club 36 Day Programs (Schedule 1)		
Contracted services - Alberta Health Services	533,705	533,705
Fees for service and contributions	111,563	27,822
Learning and support services	105,187	119,865
Public awareness	1,000	7,500
Research	51,555	52,036
	<u>803,010</u>	<u>740,928</u>
TOTAL REVENUE (Note 10)	<u>1,879,076</u>	<u>1,817,566</u>
EXPENSES (Note 12)		
Programs		
Club 36 Day Programs (Schedule 1)	645,268	620,437
Learning and support services	463,542	428,286
Volunteer program	65,393	75,087
Public awareness and communications	179,015	172,518
Research (Note 14)	100,000	100,000
Fundraising events (Note 11)	110,530	111,965
Fund development department	316,403	278,351
Program support	159,839	127,716
	<u>2,039,990</u>	<u>1,914,360</u>
(DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	<u>(160,914)</u>	<u>(96,794)</u>
Unrealized gain (loss) on investments (Note 5)	(19,630)	102,422
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (180,544)</u>	<u>\$ 5,628</u>

ALZHEIMER SOCIETY OF CALGARY
Statement of Changes in Net Assets
Year Ended March 31, 2014

	Unrestricted	Internally Restricted	Net Investment in Equipment	2014	2013
NET ASSETS - BEGINNING OF YEAR	\$ 1,153,418	\$ 1,400,000	\$ 37,989	\$ 2,591,407	\$ 2,585,779
Deficiency of revenue over expenses	(180,544)	-	-	(180,544)	5,628
Amortization	57,338	-	(57,338)	-	-
Earned capital contributions	(24,082)	-	24,082	-	-
Additions to capital assets	(69,700)	-	69,700	-	-
NET ASSETS - END OF YEAR	\$ 936,430	\$ 1,400,000	\$ 74,433	\$ 2,410,863	\$ 2,591,407

ALZHEIMER SOCIETY OF CALGARY
Statement of Cash Flows
Year Ended March 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (180,544)	\$ 5,628
Items not affecting cash:		
Amortization	57,338	48,170
Earned capital contributions	(24,082)	(24,082)
Realized (gain) loss on investments	4,870	953
Unrealized (gain) loss on investments	19,630	(102,422)
	(122,788)	(71,753)
Changes in non-cash working capital (Note 13)	95,040	41,164
Cash flow used by operating activities	(27,748)	(30,589)
INVESTING ACTIVITIES		
Purchase of capital assets	-	(21,322)
Capitalized website development	(69,700)	-
Purchase of long-term investments	(339,320)	(198,864)
Proceeds on sale of long-term investments	236,346	443,343
Cash flow from (used by) investing activities	(172,674)	223,157
INCREASE (DECREASE) IN CASH FLOW	(200,422)	192,568
Cash and cash equivalents - beginning of year	535,265	342,697
CASH AND CASH EQUIVALENTS - END OF YEAR (Note 3)	\$ 334,843	\$ 535,265
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	\$ 89,965	\$ 89,238

ALZHEIMER SOCIETY OF CALGARY
Notes to Financial Statements
Year Ended March 31, 2014

1. 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.

2. SUMMARY OF ACCOUNTING POLICIES

Basis of presentation

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

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 ability 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.

A summary of accounting policies used is as follows:

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. Subsequently cash, term deposits, accounts receivable and accounts payable are recorded at amortized cost. Investments are recorded at fair market value at the year-end based on published activity in an active market. 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.

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ALZHEIMER SOCIETY OF CALGARY
Notes to Financial Statements
Year Ended March 31, 2014

2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

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.

Capital assets

Capital assets purchased are recorded at cost. Donated capital assets and artwork is recorded at fair value when a fair value can be reasonably determined.

Capital assets 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 10).

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 4).

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.

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.

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ALZHEIMER SOCIETY OF CALGARY
Notes to Financial Statements
Year Ended March 31, 2014

2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

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 capital assets, amortization of deferred contributions related to capital assets, and allocation of administration salaries and costs between departments.

3. CASH AND CASH EQUIVALENTS

	2014	2013
Cash	\$ 334,843	\$ 229,265
Term deposits	-	306,000
	\$ 334,843	\$ 535,265

All term deposits were cashed in during 2014.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	Net Book Value 2014	2013
<u>Equipment</u>				
Office equipment	\$ 189,109	\$ 164,276	\$ 24,833	\$ 48,574
Vehicles	80,511	80,511	-	-
Donated artwork	3,800	-	3,800	3,800
	273,420	244,787	28,633	52,374
<u>Intangible assets</u>				
Website	69,700	13,940	55,760	-
E-Learning modules	98,287	84,165	14,122	33,779
	167,987	98,105	69,882	33,779
	\$ 441,407	\$ 342,892	\$ 98,515	\$ 86,153

ALZHEIMER SOCIETY OF CALGARY
Notes to Financial Statements
Year Ended March 31, 2014

5. LONG TERM INVESTMENTS

	2014	2013
Common and preferred shares	\$ 344,437	\$ 196,305
Fixed income bonds	1,848,232	1,917,890
Cash surrender value of life insurance policy	1	1
	\$ 2,192,670	\$ 2,114,196

Fixed income bonds

Investments include a portfolio of laddered fixed income bonds expecting to be held to maturities between 2014 and 2020. 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.

Investment Income

	2014	2013
Investment income consists of:		
Investment income - interest and dividends	\$ 89,965	\$ 89,238
Realized gain (loss) on investments	(4,870)	(953)
Unrealized gain (loss) on investments	(19,630)	102,422
	\$ 65,465	\$ 190,707

All investment income is available for use in general operations.

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.

6. 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:

	2014	2013
Balance, beginning of year	\$ 34,448	\$ 64,116
Restricted contributions received during the year	158,333	43,958
Recognized in revenue	(109,836)	(73,626)
Balance, end of year	\$ 82,945	\$ 34,448

Deferred contributions on hand at March 31, 2014 are for support of the Club 36 program.

ALZHEIMER SOCIETY OF CALGARY
Notes to Financial Statements
Year Ended March 31, 2014

7. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets 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 change in deferred contributions for the year is as follows:

	2014	2013
Balance, beginning of year	\$ 48,164	\$ 72,246
Earned capital contributions reported in income	(24,082)	(24,082)
Balance, end of year	\$ 24,082	\$ 48,164

8. 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 or decline in revenue, or for other purposes as determined by the Board. No changes were made in the current year:

	2014	2013
Balance, beginning and end of year	\$ 1,400,000	\$ 1,400,000

9. NET INVESTMENT IN EQUIPMENT

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

	2014	2013
Capital assets	\$ 98,515	\$ 86,153
Deferred revenue - capital (Note 8)	(24,082)	(48,164)
Balance, end of year	\$ 74,433	\$ 37,989

ALZHEIMER SOCIETY OF CALGARY
Notes to Financial Statements
Year Ended March 31, 2014

10. CLASSIFICATION OF REVENUE

Contributions	\$ 1,117,681	\$ 1,133,142
Fees for service	652,217	572,057
Investment income	89,966	89,238
Realized gain (loss) on investments	(4,870)	(953)
Earned capital contributions	24,082	24,082
	<u>\$ 1,879,076</u>	<u>\$ 1,817,566</u>

Included in contributions of \$1,117,681 (2013: \$1,133,142) is gifts in kind totalling \$6,132 (2013: \$3,155) received in connection with annual fund-raising events.

Contributions in kind of \$134,785 (2013: \$82,936) 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 \$134,785 (2013: \$82,936) has not been recorded in these financial statements.

11. FUNDRAISING EVENTS

	Revenue	Expenses	2014	2013
Donor renewal	\$ 300,011	\$ 11,797	\$ 288,214	\$ 238,510
Walk/Run	338,894	98,733	240,161	148,583
Golf tournaments and other externally initiated events	6,159	-	6,159	57,522
Mocha for Memories	4,107	-	4,107	5,087
Casino	68,966	-	68,966	50
	<u>\$ 718,137</u>	<u>\$ 110,530</u>	<u>\$ 607,607</u>	<u>\$ 449,752</u>

ALZHEIMER SOCIETY OF CALGARY
Notes to Financial Statements
Year Ended March 31, 2014

12. CLASSIFICATION OF EXPENSES

	2014	2013
Salaries and benefits	\$ 1,180,155	\$ 1,136,267
Rent	211,016	200,257
Program support, materials, supplies & technology	134,256	146,761
Research grants (Note 14)	100,000	100,000
Direct fund-raising expenses	90,372	85,032
Legal, accounting, and audit fees	70,183	40,046
Amortization	57,338	48,170
Public awareness	50,064	52,783
Strategic planning	45,168	7,243
Direct programming expenses	37,532	37,160
Conferences, education and training	31,449	33,558
Travel, and vehicle repairs and maintenance	17,180	12,562
Consulting fees	13,238	12,482
Life insurance premiums	2,039	2,039
	\$ 2,039,990	\$ 1,914,360

Total salaries and benefits of \$1,180,155 (2013: \$1,136,267) include \$204,643 (2013: \$178,151) paid as remuneration to employees whose principal duties involve fund-raising.

13. CHANGES IN NON-CASH WORKING CAPITAL

	2014	2013
(Increase) decrease in accounts receivable	\$ 13,916	\$ (8,905)
(Increase) decrease in prepaid expenses	9,443	(7,756)
Increase (decrease) in accounts payable	23,183	87,493
Increase (decrease) in deferred contributions	48,498	(29,668)
	\$ 95,040	\$ 41,164

ALZHEIMER SOCIETY OF CALGARY
Notes to Financial Statements
Year Ended March 31, 2014

14. 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 which is included in total rent expense of \$211,016 (Note 12).

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 three years, and requires annual base rent of approximately \$23,000. The Harvest Hills lease is for one more year to March 31, 2015 requiring annual base rent of approximately \$21,000. Annual rent on both of these locations are included in total rent expense of \$211,016 (Note 12).

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

	\$
2015	122,000
2016	102,000
2017	77,000

LONG TERM COMMITMENT TO SUPPORT RESEARCH

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

15. 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.

16. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

ALZHEIMER SOCIETY OF CALGARY
Schedule of Club 36 Day Programs
Year Ended March 31, 2014

(Schedule 1)

	2014	2013
REVENUE		
Contracted services - Alberta Health Services	\$ 533,705	\$ 533,705
Fees for service - Alberta Health Services	9,088	7,096
Fees for service - clients	20,426	20,326
Contributions	82,049	400
	<u>645,268</u>	<u>561,527</u>
EXPENSES		
Salary and employee benefits	484,402	477,212
Program support	50,864	43,194
Program and craft supplies	7,822	5,348
Food and kitchen supplies	26,946	25,538
Rent and cleaning	61,361	60,661
Vehicle repairs and maintenance	13,873	8,483
	<u>645,268</u>	<u>620,436</u>
DEFICIENCY OF EXPENSES OVER REVENUE	<u>\$ -</u>	<u>\$ (58,909)</u>