

**ALZHEIMER SOCIETY OF CALGARY**  
**Financial Statements**  
**Year Ended March 31, 2015**

**ALZHEIMER SOCIETY OF CALGARY**  
**Index to Financial Statements**  
**Year Ended March 31, 2015**

---

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 13
Schedule of Club 36 Day Programs ( <i>Schedule 1</i> )	14



**DART BRYANT**  
CHARTERED ACCOUNTANTS  
404 - 13th Avenue N.E.  
Calgary, Alberta T2E 1C2

David R. Dart, C.A.  
Edwin L. Bryant, C.A.  
Bus: (403) 230-3764  
Fax: (403) 230-3766  
davedart@dartbryant.com  
edbryant@dartbryant.com

---

## 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, 2015 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, 2015, 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, 2015 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.

Chartered Accountants

Calgary, Alberta  
August 11, 2015

**ALZHEIMER SOCIETY OF CALGARY**  
**Statement of Financial Position**  
**March 31, 2015**

	2015	2014
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents (Note 3)	\$ 392,808	\$ 334,843
Accounts receivable	27,254	21,020
Prepaid expenses	29,998	23,924
	<u>450,060</u>	<u>379,787</u>
CAPITAL ASSETS (net of accumulated amortization) (Note 4)	59,274	98,515
LONG TERM INVESTMENTS (Note 5)	2,165,201	2,192,670
	<u>\$ 2,674,535</u>	<u>\$ 2,670,972</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 159,441	\$ 153,080
Deferred contributions (Note 6)	66,660	82,946
	<u>226,101</u>	<u>236,026</u>
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 7)	-	24,082
DEFERRED REVENUE (Note 5)	1	1
	<u>226,102</u>	<u>260,109</u>
<b>NET ASSETS</b>		
Unrestricted	989,159	936,430
Internally restricted (Note 8)	1,400,000	1,400,000
Net investment in equipment (Note 9)	59,274	74,433
	<u>2,448,433</u>	<u>2,410,863</u>
	<u>\$ 2,674,535</u>	<u>\$ 2,670,972</u>

**ON BEHALF OF THE BOARD**

 Director  
 Director

**ALZHEIMER SOCIETY OF CALGARY**  
**Statement of Operations**  
**Year Ended March 31, 2015**

	2015	2014
<b>UNRESTRICTED REVENUE</b>		
Contributions		
General	\$ 322,309	\$ 191,802
Bequests	40,000	50,000
Fundraising activities (Note 11)	724,680	718,137
Learning and support services - fees for service	23,615	6,950
Investment income (Note 5)	87,940	89,966
Realized gain (loss) on investments (Note 5)	9,396	(4,870)
Earned capital contributions (Note 7)	24,082	24,082
	<u>1,232,022</u>	<u>1,076,067</u>
<b>RESTRICTED REVENUE</b>		
Club 36 Day Programs (Schedule 1)		
Contracted services - Alberta Health Services	544,471	533,705
Fees for service and contributions	144,541	111,563
Learning and support services	96,713	105,187
Public awareness and communication	29,940	1,000
Research	78,178	51,555
	<u>893,843</u>	<u>803,010</u>
<b>TOTAL REVENUE (Note 10)</b>	<u>2,125,865</u>	<u>1,879,077</u>
<b>EXPENSES (Note 12)</b>		
Programs		
Club 36 Day Programs (Schedule 1)	688,554	645,269
Learning and support services	439,466	463,542
Volunteer program	68,175	65,393
Public awareness and communications	167,866	179,015
Research (Note 14)	100,000	100,000
Fundraising events (Note 11)	96,522	110,530
Fund development	352,133	316,403
Program support	162,908	159,839
	<u>2,075,624</u>	<u>2,039,991</u>
<b>(DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	50,241	(160,914)
Unrealized gain (loss) on investments (Note 5)	<u>(12,671)</u>	<u>(19,630)</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ 37,570</u>	<u>\$ (180,544)</u>

**ALZHEIMER SOCIETY OF CALGARY**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2015**

	Unrestricted	Internally Restricted	Net Investment in Equipment	2015	2014
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 936,430	\$ 1,400,000	\$ 74,433	<b>\$ 2,410,863</b>	\$ 2,591,407
Deficiency of revenue over expenses	37,570	-	-	<b>37,570</b>	(180,544)
Amortization	45,648	-	(45,648)	-	-
Earned capital contributions	(24,082)	-	24,082	-	-
Additions to capital assets	(6,407)	-	6,407	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 989,159</b>	<b>\$ 1,400,000</b>	<b>\$ 59,274</b>	<b>\$ 2,448,433</b>	<b>\$ 2,410,863</b>

**ALZHEIMER SOCIETY OF CALGARY**  
**Statement of Cash Flows**  
**Year Ended March 31, 2015**

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ 37,570	\$ (180,544)
Items not affecting cash:		
Amortization	45,648	57,338
Earned capital contributions	(24,082)	(24,082)
Realized (gain) loss on investments	(9,396)	4,870
Unrealized (gain) loss on investments	12,671	19,630
	62,411	(122,788)
Changes in non-cash working capital ( <i>Note 13</i> )	(22,231)	95,040
Cash flow from (used by) operating activities	40,180	(27,748)
<b>INVESTING ACTIVITIES</b>		
Capitalized website development	(6,407)	(69,700)
Purchase of long-term investments	(175,000)	(339,320)
Proceeds on sale of long-term investments	199,192	236,346
Cash flow from (used by) investing activities	17,785	(172,674)
<b>INCREASE (DECREASE) IN CASH FLOW</b>	57,965	(200,422)
Cash and cash equivalents - beginning of year	334,843	535,265
<b>CASH AND CASH EQUIVALENTS - END OF YEAR (<i>Note 3</i>)</b>	<b>\$ 392,808</b>	<b>\$ 334,843</b>
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest received	\$ 87,942	\$ 89,965

**ALZHEIMER SOCIETY OF CALGARY**  
**Notes to Financial Statements**  
**Year Ended March 31, 2015**

---

**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 enable local people impacted by dementia to live life well and build the capacity of the community to support and care for them. 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 (ASNFPPO).

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.

*(continues)*

---



**ALZHEIMER SOCIETY OF CALGARY**  
**Notes to Financial Statements**  
**Year Ended March 31, 2015**

---

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 thousands of 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.

*(continues)*

---

**ALZHEIMER SOCIETY OF CALGARY**  
**Notes to Financial Statements**  
**Year Ended March 31, 2015**

**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**

	<b>2015</b>	<b>2014</b>
Cash	<b>\$ 392,808</b>	<b>\$ 334,843</b>

**4. CAPITAL ASSETS**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net Book Value</b>	
			<b>2015</b>	<b>2014</b>
<u>Equipment</u>				
Office equipment	\$ 189,109	\$ 180,580	\$ 8,529	\$ 24,833
Donated artwork	3,800	-	3,800	3,800
	<u>192,909</u>	<u>180,580</u>	<u>12,329</u>	<u>28,633</u>
<u>Intangible assets</u>				
Website	76,106	29,161	46,945	55,760
E-Learning modules	98,287	98,287	-	14,122
	<u>174,393</u>	<u>127,448</u>	<u>46,945</u>	<u>69,882</u>
	<u><b>\$ 367,302</b></u>	<u><b>\$ 308,028</b></u>	<u><b>\$ 59,274</b></u>	<u><b>\$ 98,515</b></u>

**ALZHEIMER SOCIETY OF CALGARY**  
**Notes to Financial Statements**  
**Year Ended March 31, 2015**

**5. LONG TERM INVESTMENTS**

	<b>2015</b>	<b>2014</b>
Common and preferred shares	\$ 348,523	\$ 344,437
Fixed income bonds	1,816,677	1,848,232
Cash surrender value of life insurance policy	1	1
	<b>\$ 2,165,201</b>	<b>\$ 2,192,670</b>

Fixed income bonds

Investments include a portfolio of laddered fixed income bonds expecting to be held to maturities between 2015 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.

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 deferred revenue of \$1.

Investment Income

	<b>2015</b>	<b>2014</b>
Investment income consists of:		
Investment income - interest and dividends	\$ 87,940	\$ 89,965
Realized gain (loss) on investments	9,396	(4,870)
Unrealized gain (loss) on investments	(12,671)	(19,630)
	<b>\$ 84,665</b>	<b>\$ 65,465</b>

All investment income is available for use in general operations.

**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:

	<b>2015</b>	<b>2014</b>
Balance, beginning of year	\$ 82,946	\$ 34,449
Restricted contributions received during the year	120,627	158,333
Recognized in revenue	(136,913)	(109,836)
Balance, end of year	<b>\$ 66,660</b>	<b>\$ 82,946</b>

Deferred contributions on hand at March 31, 2015 are for support of various initiatives and projects by the Society.

**ALZHEIMER SOCIETY OF CALGARY**  
**Notes to Financial Statements**  
**Year Ended March 31, 2015**

**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:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 24,082	\$ 48,164
Earned capital contributions reported in income	<u>(24,082)</u>	<u>(24,082)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 24,082</u>

**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:

	<u>2015</u>	<u>2014</u>
Balance, beginning and end of year	<u>\$ 1,400,000</u>	<u>\$ 1,400,000</u>

**9. NET INVESTMENT IN EQUIPMENT**

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

	<u>2015</u>	<u>2014</u>
Capital assets	\$ 59,274	\$ 98,515
Deferred revenue - capital (Note 7)	<u>-</u>	<u>(24,082)</u>
Balance, end of year	<u>\$ 59,274</u>	<u>\$ 74,433</u>

**ALZHEIMER SOCIETY OF CALGARY**  
**Notes to Financial Statements**  
**Year Ended March 31, 2015**

**10. CLASSIFICATION OF REVENUE**

Contributions	<b>\$ 1,292,070</b>	<b>\$ 1,117,680</b>
Fees for service	<b>712,375</b>	652,219
Investment income	<b>87,942</b>	89,966
Realized gain (loss) on investments	<b>9,396</b>	(4,870)
Earned capital contributions	<b>24,082</b>	24,082
	<b><u>\$ 2,125,865</u></b>	<b><u>\$ 1,879,077</u></b>

Included in contributions of \$1,292,070 (2014: \$1,117,681) is gifts in kind totalling \$100 (2014: \$6,132) received in connection with annual fund-raising events.

Contributions in kind of \$41,930 (2014: \$134,785) 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 \$41,930 (2014: \$134,785) has not been recorded in these financial statements.

**11. FUNDRAISING EVENTS**

	Revenue	Expenses	2015	2014
Donor renewal	\$ 269,920	\$ 16,287	<b>\$ 253,633</b>	\$ 288,214
Walk/Run	356,423	80,235	<b>276,188</b>	240,161
Externally-initiated events	24,095	-	<b>24,095</b>	6,159
Mocha for Memories	-	-	-	4,107
Casino	74,242	-	<b>74,242</b>	68,966
	<b><u>\$ 724,680</u></b>	<b><u>\$ 96,522</u></b>	<b><u>\$ 628,158</u></b>	<b><u>\$ 607,607</u></b>

**ALZHEIMER SOCIETY OF CALGARY**  
**Notes to Financial Statements**  
**Year Ended March 31, 2015**

**12. CLASSIFICATION OF EXPENSES**

	<b>2015</b>	<b>2014</b>
Salaries and benefits	\$ 1,244,874	\$ 1,180,155
Rent	211,925	211,016
Program support, materials, supplies & technology	127,556	134,256
Research grants (Note 14)	100,000	100,000
Legal, accounting, and audit fees	87,501	70,182
Direct fund-raising expenses	76,506	90,373
Public awareness	62,669	50,064
Amortization	45,648	57,338
Direct programming expenses	45,088	37,532
Strategic planning	40,329	45,168
Conferences, education and training	22,575	31,449
Travel, and vehicle repairs and maintenance	8,914	17,181
Life insurance premiums	2,039	2,039
Consulting fees	-	13,238
	<b>\$ 2,075,624</b>	<b>\$ 2,039,991</b>

Total salaries and benefits of \$1,244,874 (2014: \$1,180,155) include \$124,627 (2014: \$145,468) paid as remuneration to employees whose principal duties involve fund-raising.

**13. CHANGES IN NON-CASH WORKING CAPITAL**

	<b>2015</b>	<b>2014</b>
(Increase) decrease in accounts receivable	\$ (6,234)	\$ 13,916
(Increase) decrease in prepaid expenses	(6,072)	9,443
Increase (decrease) in accounts payable	6,361	23,183
Increase (decrease) in deferred contributions	(16,286)	48,498
	<b>\$ (22,231)</b>	<b>\$ 95,040</b>

**ALZHEIMER SOCIETY OF CALGARY**  
**Notes to Financial Statements**  
**Year Ended March 31, 2015**

---

**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 \$211,925 (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 \$211,925 (Note 12).

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

	\$
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 third 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 regarding use of trademarks filed in the Federal Court, brought by the Alzheimer Society of Canada.

In March 2015, an agreement was signed with Alzheimer Society of Canada under which each Society would discontinue their claims, and enter into a sub-license arrangement.

---

**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, 2015**

*(Schedule 1)*

	2015	2014
<b>REVENUE</b>		
Contracted services - Alberta Health Services	\$ 544,471	\$ 533,705
Fees for service - Alberta Health Services	10,056	9,088
Fees for service - clients	21,904	20,426
Contributions	109,581	82,049
Miscellaneous	3,000	-
	<u>689,012</u>	<u>645,268</u>
<b>EXPENSES</b>		
Salary and employee benefits	530,638	484,402
Program support	47,975	50,864
Program and craft supplies	12,810	7,822
Food and kitchen supplies	29,990	26,946
Rent and cleaning	62,225	61,361
Vehicle repairs and maintenance	4,916	13,873
	<u>688,554</u>	<u>645,268</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 458</u>	<u>\$ -</u>