

ALZHEIMER SOCIETY OF CALGARY
Financial Statements
Year Ended March 31, 2016

ALZHEIMER SOCIETY OF CALGARY
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Year Ended March 31, 2016

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DART BRYANT
CHARTERED ACCOUNTANTS

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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, 2016 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 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.

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, 2016, current assets and net assets as at March 31, 2016.

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, 2016 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


September 27, 2016



ALZHEIMER SOCIETY OF CALGARY
Statement of Financial Position
March 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash and cash equivalents (Note 3)	\$ 309,387	\$ 392,808
Accounts receivable	5,672	13,523
Goods and services tax recoverable	8,192	13,731
Prepaid expenses	36,181	29,998
	359,432	450,060
CAPITAL ASSETS (Net of accumulated amortization) (Note 4)	65,718	59,274
LONG TERM INVESTMENTS (Note 5)	2,217,263	2,165,201
	\$ 2,642,413	\$ 2,674,535
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 106,519	\$ 159,441
Deferred contributions (Note 6)	13,937	66,660
	120,456	226,101
DEFERRED REVENUE (Note 5)	1	1
	120,457	226,102
NET ASSETS		
Unrestricted	1,056,238	989,159
Internally restricted (Note 7)	1,400,000	1,400,000
Net investment in equipment	65,718	59,274
	2,521,956	2,448,433
	\$ 2,642,413	\$ 2,674,535

ON BEHALF OF THE BOARD

 Director
 Director

ALZHEIMER SOCIETY OF CALGARY
Statement of Operations
Year Ended March 31, 2016

	2016	2015
UNRESTRICTED REVENUE		
Contributions		
General (Note 9)	\$ 1,007,667	\$ 1,046,990
Bequests	302,772	40,000
Learning and support services - fees for service	15,100	23,615
Investment income (Note 5)	90,499	87,940
Realized gain (loss) on investments (Note 5)	(7,483)	9,396
Earned capital contributions	-	24,082
Gain (loss) on disposal of capital assets	(6,149)	-
	<u>1,402,406</u>	<u>1,232,023</u>
RESTRICTED REVENUE		
Club 36 Day Programs (Schedule 1)		
Contracted services - Alberta Health Services	538,189	544,471
Fees for service and contributions	58,027	144,541
Learning and support services	90,941	96,713
Public awareness and communication	37,698	29,940
Contributions for research	73,431	78,178
	<u>798,286</u>	<u>893,843</u>
TOTAL REVENUE (Note 10)	<u>2,200,692</u>	<u>2,125,866</u>
EXPENSES (Note 12)		
Programs		
Club 36 Day Programs (Schedule 1)	699,406	688,555
Learning and support services	496,578	439,466
Volunteer program	2,653	68,175
Public awareness and communications	185,343	167,866
Research	73,431	100,000
Fundraising events (Note 9)	119,956	96,522
Fund development	290,803	352,133
Program support	169,521	162,908
	<u>2,037,691</u>	<u>2,075,625</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	163,001	50,241
Unrealized gain (loss) on investments (Note 5)	(89,478)	(12,671)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 73,523</u>	<u>\$ 37,570</u>

ALZHEIMER SOCIETY OF CALGARY
Statement of Changes in Net Assets
Year Ended March 31, 2016

	Unrestricted	Internally Restricted	Net Investment in Equipment	2016	2015
NET ASSETS - BEGINNING OF YEAR	\$ 989,159	\$ 1,400,000	\$ 59,274	\$ 2,448,433	\$ 2,410,863
Excess (deficiency) of revenue over expenses	73,523	-	-	73,523	37,570
Amortization	23,662	-	(23,662)	-	-
Additions to capital assets	(36,255)	-	36,255	-	-
Disposal of capital assets	6,149	-	(6,149)	-	-
NET ASSETS - END OF YEAR	\$ 1,056,238	\$ 1,400,000	\$ 65,718	\$ 2,521,956	\$ 2,448,433

ALZHEIMER SOCIETY OF CALGARY
Statement of Cash Flows
Year Ended March 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 73,523	\$ 37,570
Items not affecting cash:		
Amortization	23,662	45,648
Loss on disposal of assets	6,149	-
Earned capital contributions	-	(24,082)
Realized (gain) loss on investments	7,483	(9,396)
Unrealized (gain) loss on investments	89,478	12,671
	<u>200,295</u>	<u>62,411</u>
Changes in non-cash working capital (<i>Note 11</i>)	<u>(98,437)</u>	<u>(22,231)</u>
Cash flow from operating activities	<u>101,858</u>	<u>40,180</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(36,255)	-
Capitalized website development	-	(6,407)
Purchase of long-term investments	(458,300)	(175,000)
Proceeds on sale of long-term investments	309,276	199,192
Cash flow from (used by) investing activities	<u>(185,279)</u>	<u>17,785</u>
INCREASE (DECREASE) IN CASH FLOW	<u>(83,421)</u>	<u>57,965</u>
Cash and cash equivalents - beginning of year	<u>392,808</u>	<u>334,843</u>
CASH AND CASH EQUIVALENTS - END OF YEAR (<i>Note 3</i>)	<u>\$ 309,387</u>	<u>\$ 392,808</u>
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	<u>\$ 90,499</u>	<u>\$ 87,940</u>

ALZHEIMER SOCIETY OF CALGARY
Notes to Financial Statements
Year Ended March 31, 2016

1. NATURE OF OPERATIONS

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. Consequently, the Society is exposed to liquidity risk which is the risk of encountering difficulties meeting its financial obligations because of the uncertainty of the amount and timing of receipt of contributions from its supporters. This liquidity risk has been mitigated by the establishment of an internally restricted fund to provide against an interruption in operations, should there be difficulty in meeting the Society's obligations (Note 7).

The Society is a registered charity 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:

(continues)

ALZHEIMER SOCIETY OF CALGARY
Notes to Financial Statements
Year Ended March 31, 2016

2. 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. 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.

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 are 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 8).

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).

(continues)

ALZHEIMER SOCIETY OF CALGARY
Notes to Financial Statements
Year Ended March 31, 2016

2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

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.

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, and allocation of administration salaries and costs between departments.

3. CASH AND CASH EQUIVALENTS

	2016	2015
Cash	\$ 309,387	\$ 392,808

4. CAPITAL ASSETS

	Cost	Accumulated amortization	Net Book Value 2016	Net Book Value 2015
<u>Equipment</u>				
Office equipment	\$ 209,992	\$ 179,798	\$ 30,194	\$ 8,529
Donated artwork	3,800	-	3,800	3,800
	213,792	179,798	33,994	12,329
<u>Intangible assets</u>				
Website	76,106	44,382	31,724	46,945
	\$ 289,898	\$ 224,180	\$ 65,718	\$ 59,274

ALZHEIMER SOCIETY OF CALGARY
Notes to Financial Statements
Year Ended March 31, 2016

5. LONG TERM INVESTMENTS

	2016	2015
Preferred shares	\$ 737,966	\$ 348,523
Fixed income bonds	1,479,296	1,816,677
Cash surrender value of life insurance policy	1	1
	\$ 2,217,263	\$ 2,165,201

Fixed income bonds

Investments include a portfolio of laddered fixed income bonds expecting to be held to maturities up to 2022. 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

	2016	2015
Investment income consists of:		
Investment income - interest and dividends	\$ 90,499	\$ 87,940
Realized gain (loss) on investments	(7,483)	9,396
Unrealized gain (loss) on investments	(89,478)	(12,671)
	\$ (6,462)	\$ 84,665

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:

	2016	2015
Balance, beginning of year	\$ 66,660	\$ 82,946
Restricted contributions received during the year	31,500	120,627
Recognized in revenue	(84,223)	(136,913)
Balance, end of year	\$ 13,937	\$ 66,660

Deferred contributions on hand at March 31, 2016 are for support of various initiatives and projects by the Society.

ALZHEIMER SOCIETY OF CALGARY
Notes to Financial Statements
Year Ended March 31, 2016

7. 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:

	2016	2015
Balance, beginning and end of year	\$ 1,400,000	\$ 1,400,000

8. CLASSIFICATION OF REVENUE

Contributions	\$ 1,516,927	\$ 1,292,069
Fees for service	606,898	712,377
Investment income	90,499	87,942
Realized gain (loss) on investments	(7,483)	9,396
Earned capital contributions	-	24,082
Gain (loss) on disposal of capital assets	(6,149)	-
	\$ 2,200,692	\$ 2,125,866

Included in contributions of \$1,516,927 (2015 \$1,292,069) are receipted gifts in kind totalling \$4,420 (2015: \$100) received in connection with annual fund-raising events.

Contributions in kind of \$70,917 (2015: \$41,930) 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 \$70,917 (2015: \$41,930) has not been recorded in these financial statements.

9. FUNDRAISING

The following summarizes the revenue from specific fund-raising activities occurring in the year, as included in total contributions revenue of \$1,007,667, as well as related expenses.

	Revenue	Expenses	2016	2015
General & direct mail contributions	\$ 404,592	\$ 18,558	\$ 386,034	\$ 338,715
Walk/Run	305,195	101,398	203,797	276,188
Externally-initiated events	42,646	-	42,646	24,095
Casino	-	-	-	74,242
	\$ 752,433	\$ 119,956	\$ 632,477	\$ 713,240

ALZHEIMER SOCIETY OF CALGARY**Notes to Financial Statements****Year Ended March 31, 2016****10. CLASSIFICATION OF EXPENSES**

	2016	2015
Salaries and benefits	\$ 1,239,243	\$ 1,244,874
Rent (Note 10)	214,014	211,925
Program support, materials, supplies & technology	155,044	127,556
Research grants	73,431	100,000
Legal, accounting, and audit fees	47,450	87,500
Direct fund-raising expenses	97,138	76,506
Public awareness	59,286	62,669
Amortization	23,662	45,648
Direct programming expenses	50,884	45,088
Strategic Planning	2,419	506
Conferences, education and training	23,636	22,575
Travel, and vehicle repairs and maintenance	5,749	8,916
Life insurance premiums	2,039	2,039
Dementia Network	43,696	39,823
	\$ 2,037,691	\$ 2,075,625

Total salaries and benefits of \$1,239,243 (2015: \$1,244,874) include \$110,590 (2015: \$124,627) paid as remuneration to employees whose principal duties involve fund-raising.

11. CHANGES IN NON-CASH WORKING CAPITAL

	2016	2015
(Increase) decrease in accounts receivable	\$ 7,851	\$ (7,351)
(Increase) decrease in prepaid expenses	(6,182)	(6,071)
Increase (decrease) in accounts payable	(52,922)	6,361
Increase (decrease) in deferred contributions	(52,723)	(16,286)
GST payable (receivable)	5,539	1,116
	\$ (98,437)	\$ (22,231)

12. RELATED PARTY TRANSACTIONS

The Society is incorporated as an independent local not-for-profit organization serving Calgary and surrounding regions. The Society works collaboratively with the Alzheimer Society of Alberta and Northwest Territories (ASANT), which is a federated member of the Alzheimer Society of Canada; however, there is no joint control or significant influence exercised by Canada or ASANT over the Society's operating and investing decisions.

During the year, the Society entered into a partnership agreement with ASANT to bring the national program, First Link®, to the Calgary region. The program is funded by Alberta Health for a period of three years ending December 31, 2018. The Society will receive approximately \$145,000 in each of the three years.

ALZHEIMER SOCIETY OF CALGARY
Notes to Financial Statements
Year Ended March 31, 2016

13. 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 and parking of approximately \$89,000 excluding additional common area costs estimated at \$78,000 annually which is included in total rent expense of \$214,014 (*Note 10*).

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 agreement has been renewed for two years ending March 31, 2018, and requires annual base rent of approximately \$22,000. The Harvest Hills lease is for one more year to March 31, 2017 requiring annual base rent of approximately \$25,000. Annual rent on both of these locations are included in total rent expense of \$214,014 (*Note 10*).

The Society has entered into a contract that ends November 2018 for the lease of office equipment.

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

	\$
2017	105,570
2018	26,926

14. 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.

During the year, an agreement was reached whereby each of the Alzheimer Society of Canada and the Society withdrew their claims, and the Society entered into a sub-licensing agreement with ASANT for use of trademarks.

15. 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, 2016

(Schedule 1)

	2016	2015
REVENUE		
Contracted services - Alberta Health Services	\$ 538,189	\$ 544,471
Fees for service - Alberta Health Services	12,863	10,056
Fees for service - clients	24,734	21,904
Music & art therapy revenue	4,418	250
Contributions, including bequests	3,433	109,581
Music & art therapy contributions	12,579	2,750
	<u>596,216</u>	<u>689,012</u>
EXPENSES		
Salary and employee benefits	535,943	530,638
Program support	44,742	47,975
Program and craft supplies	20,017	12,810
Food and kitchen supplies	29,641	29,990
Rent and cleaning	66,690	62,225
Vehicle repairs and maintenance	2,373	4,917
	<u>699,406</u>	<u>688,555</u>
EXCESS (DEFICIENCY) OF EXPENSES OVER REVENUE	<u>\$ (103,190)</u>	<u>\$ 457</u>