

ALZHEIMER SOCIETY OF CALGARY
Financial Statements
Year Ended March 31, 2018

ALZHEIMER SOCIETY OF CALGARY
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Year Ended March 31, 2018

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DART BRYANT LLP
Chartered Professional Accountants
#250, 1319 Edmonton Trail NE
Calgary, Alberta T2E 4Y8

David R Dart, CPA, CA
Edwin L Bryant, CPA, CA
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, 2018 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, 2018, current assets and net assets as at March 31, 2018.

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, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

September 19, 2018

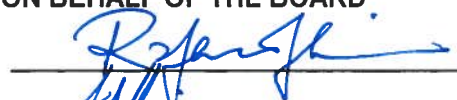
Chartered Professional Accountants




ALZHEIMER SOCIETY OF CALGARY
Statement of Financial Position
March 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 892,416	\$ 489,135
Accounts receivable	7,468	9,651
Goods and services tax recoverable	10,172	7,422
Prepaid expenses	35,765	53,042
	<u>945,821</u>	<u>559,250</u>
CAPITAL ASSETS <i>(Net of accumulated amortization) (Note 3)</i>	30,319	42,056
LONG TERM INVESTMENTS <i>(Note 4)</i>	2,003,185	2,128,149
	<u>\$ 2,979,325</u>	<u>\$ 2,729,455</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 69,043	\$ 70,667
Deferred contributions <i>(Note 5)</i>	284,300	40,480
	<u>353,343</u>	<u>111,147</u>
DEFERRED REVENUE <i>(Note 4)</i>	1	1
	<u>353,344</u>	<u>111,148</u>
NET ASSETS		
Unrestricted	1,195,662	1,176,251
Internally restricted <i>(Note 6)</i>	1,400,000	1,400,000
Net investment in equipment	30,319	42,056
	<u>2,625,981</u>	<u>2,618,307</u>
	<u>\$ 2,979,325</u>	<u>\$ 2,729,455</u>

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

See notes to financial statements

ALZHEIMER SOCIETY OF CALGARY
Statement of Operations
Year Ended March 31, 2018

	2018	2017
UNRESTRICTED REVENUE		
Contributions		
General (Note 8)	\$ 830,389	\$ 912,278
Bequests	34,415	50,100
Learning and support services - fees for service	23,280	21,875
Investment income (Note 9)	86,675	106,799
	<u>974,759</u>	<u>1,091,052</u>
RESTRICTED REVENUE		
Club 36 Day Programs (Schedule 1)		
Contracted services - Alberta Health Services	568,222	565,158
Fees for service and contributions	178,947	61,340
Learning and support services	209,280	134,452
First Link funding	148,205	145,708
Dementia Network	130,321	41,437
Gordie Howe C.A.R.E.S	31,250	-
Contributions for research	37,448	25,762
	<u>1,303,673</u>	<u>973,857</u>
TOTAL REVENUE (Note 7)	<u>2,278,432</u>	<u>2,064,909</u>
EXPENSES (Note 10)		
Programs		
Club 36 Day Programs (Schedule 1)	747,169	711,891
Learning and support services	437,578	408,844
First Link	148,205	144,336
Volunteer program	5,201	4,799
Public awareness and communications	167,629	179,451
Dementia Network	154,549	43,187
Gordie Howe C.A.R.E.S	18,619	-
Research	37,448	25,762
Fundraising events (Note 8)	138,236	99,007
Fund development	286,631	338,759
Program support	113,069	117,049
	<u>2,254,334</u>	<u>2,073,085</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	24,098	(8,176)
Unrealized gain (loss) on investments (Note 9)	<u>(16,424)</u>	<u>104,527</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 7,674</u>	<u>\$ 96,351</u>

ALZHEIMER SOCIETY OF CALGARY
Statement of Changes in Net Assets
Year Ended March 31, 2018

	Unrestricted	Internally Restricted	Net Investment in Equipment	2018	2017
NET ASSETS - BEGINNING OF YEAR	\$ 1,176,251	\$ 1,400,000	\$ 42,056	\$ 2,618,307	\$ 2,521,956
Excess (deficiency) of revenue over expenses	7,674	-	-	7,674	96,351
Amortization	27,840	-	(27,840)	-	-
Additions to capital assets	(16,103)	-	16,103	-	-
NET ASSETS - END OF YEAR	\$ 1,195,662	\$ 1,400,000	\$ 30,319	\$ 2,625,981	\$ 2,618,307

ALZHEIMER SOCIETY OF CALGARY
Statement of Cash Flows
Year Ended March 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 7,674	\$ 96,351
Items not affecting cash:		
Amortization	27,840	23,662
Realized (gain) loss on investments	3,881	633
Unrealized (gain) loss on investments	16,424	(104,527)
	55,819	16,119
Changes in non-cash working capital (<i>Note 11</i>)	258,906	(29,378)
Cash flow from (used by) operating activities	314,725	(13,259)
INVESTING ACTIVITIES		
Purchase of capital assets	(16,103)	-
Purchase of long-term investments	(217,376)	(411,027)
Proceeds on sale of long-term investments	322,035	604,034
Cash flow from investing activities	88,556	193,007
INCREASE IN CASH FLOW	403,281	179,748
Cash and cash equivalents - beginning of year	489,135	309,387
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 892,416	\$ 489,135
CASH FLOWS SUPPLEMENTARY INFORMATION		
Investment income received (<i>Note 9</i>)	\$ 86,675	\$ 106,800
CASH CONSISTS OF:		
Cash and cash equivalents	\$ 892,416	\$ 489,135

ALZHEIMER SOCIETY OF CALGARY
Notes to Financial Statements
Year Ended March 31, 2018

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 6*).

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, 2018

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 7*).

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 9*).

(continues)

ALZHEIMER SOCIETY OF CALGARY
Notes to Financial Statements
Year Ended March 31, 2018

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. CAPITAL ASSETS

	Cost	Accumulated amortization	Net Book Value 2018	Net Book Value 2017
<u>Equipment</u>				
Office equipment	\$ 226,095	\$ 200,858	\$ 25,237	\$ 21,753
Donated artwork	3,800	-	3,800	3,800
	<u>229,895</u>	<u>200,858</u>	<u>29,037</u>	<u>25,553</u>
<u>Intangible assets</u>				
Website	76,106	74,824	1,282	16,503
	<u>\$ 306,001</u>	<u>\$ 275,682</u>	<u>\$ 30,319</u>	<u>\$ 42,056</u>

ALZHEIMER SOCIETY OF CALGARY
Notes to Financial Statements
Year Ended March 31, 2018

4. LONG TERM INVESTMENTS

	<u>2018</u>	<u>2017</u>
Cash equivalents	\$ 108,291	\$ 53,844
Preferred shares	968,450	956,280
Fixed income bonds	753,444	1,005,789
Common shares	97,376	112,235
Mutual funds	75,623	-
Cash surrender value of life insurance policy	1	1
	<u>\$ 2,003,185</u>	<u>\$ 2,128,149</u>

Fixed income bonds

Investments include a portfolio of laddered fixed income bonds expecting to be held to maturities up to 2108. 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.

5. 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:

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 40,480	\$ 13,937
Restricted contributions received during the year	369,462	54,700
Recognized in revenue	(125,642)	(28,157)
Balance, end of year	<u>\$ 284,300</u>	<u>\$ 40,480</u>

Deferred contributions on hand at March 31, 2018 are for support of various initiatives and projects by the Society.

ALZHEIMER SOCIETY OF CALGARY
Notes to Financial Statements
Year Ended March 31, 2018

6. 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:

	2018	2017
Balance, beginning and end of year	\$ 1,400,000	\$ 1,400,000

7. CLASSIFICATION OF REVENUE

Contributions	\$ 1,085,212	\$ 1,169,453
Fees for service	755,103	642,949
Grants and other funding	351,442	145,708
Investment income (<i>Note 9</i>)	86,675	106,800
	\$ 2,278,432	\$ 2,064,910

Included in contributions of \$1,085,212 (2017: \$1,169,453) are receipted gifts in kind totalling \$2,455 (2017: \$3,067) received in connection with annual fund-raising events.

Contributions in kind of \$105,316 (2017: \$81,783) 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 \$105,316 (2017: \$81,783) has not been recorded in these financial statements.

8. PRIMARY FUND-RAISING INITIATIVES

The following summarizes the revenue from specific fund-raising activities occurring in the year, as included in total contributions revenue of \$830,389, as well as directly related expenses.

	Revenue	Expenses	2018	2017
General & direct mail contributions	\$ 364,600	\$ 41,874	\$ 322,726	\$ 329,563
Walk/Run	294,020	96,362	197,658	204,485
	\$ 658,620	\$ 138,236	\$ 520,384	\$ 534,048

ALZHEIMER SOCIETY OF CALGARY
Notes to Financial Statements
Year Ended March 31, 2018

9. INVESTMENT INCOME

Investment income consists of the following:

	2018	2017
Interest and dividend Income	\$ 90,556	\$ 107,433
(Gain) loss on sale of investments	(3,881)	(633)
Subtotal	86,675	106,800
Unrealized (gain) loss on investments	(16,424)	104,527
Total investment income	\$ 70,251	\$ 106,800

All investment income is available for use in general operations.

10. CLASSIFICATION OF EXPENSES

	2018	2017
Salaries and benefits	\$ 1,362,102	\$ 1,349,753
Rent	185,964	204,358
Program support, materials, supplies & technology	140,889	141,450
Research grants	37,448	25,762
Legal, accounting, and audit fees	33,002	36,707
Direct fund-raising expenses	110,578	70,283
Public awareness	74,989	71,587
Amortization	27,840	23,662
Direct programming expenses	211,641	96,506
Strategic Planning	5,751	396
Conferences, education and training	29,643	25,218
Travel, and vehicle repairs and maintenance	6,297	5,842
Life insurance premiums	2,039	2,039
Consulting fees	6,371	-
Moving costs	19,780	19,522
	\$ 2,254,334	\$ 2,073,085

Total salaries and benefits of \$1,362,102 (2017: \$1,349,753) include \$109,173 (2017: \$120,685) paid as remuneration to employees whose principal duties involve fund-raising.

11. CHANGES IN NON-CASH WORKING CAPITAL

	2018	2017
(Increase) decrease in accounts receivable	\$ 2,183	\$ (3,979)
(Increase) decrease in prepaid expenses	17,278	(16,859)
Increase (decrease) in accounts payable	(1,625)	(35,853)
Increase (decrease) in deferred contributions	243,820	26,543
GST payable (receivable)	(2,750)	770
	\$ 258,906	\$ (29,378)

ALZHEIMER SOCIETY OF CALGARY
Notes to Financial Statements
Year Ended March 31, 2018

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.

In 2016, 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 Services for a period of three years ending December 31, 2018. The Society received \$151,000 of funding for this program in 2018.

13. COMMITMENTS

The Society entered into a lease for its office premises for the eleven years ending November 30, 2027. The lease requires annual base rent and parking of approximately \$70,000 excluding additional common area costs estimated at \$71,000 annually which are included in total rent expense of \$185,964 (*Note 10*).

The Society entered into lease agreements for space in which it conducts its Club 36 Seton and Club 36 Harvest Hills day programs. The Seton lease agreement has been renewed for two years ending March 31, 2018, and requires annual base rent of approximately \$21,600. The Harvest Hills lease has been renewed for the three years ending March 31, 2020 requiring annual base rent of approximately \$27,000. Annual rent on both of these locations are included in total rent expense of \$204,358 (*Note 10*).

The Society has entered into a contract that ends November 2021 for the lease of office equipment.

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

	\$
2019	116,305
2020	134,159
2021	108,455
2022	111,745
2023	99,708

14. 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
(Schedule 1)
Year Ended March 31, 2018

	2018	2017
REVENUE		
Contracted services - Alberta Health Services	\$ 568,222	\$ 565,158
Fees for service - Alberta Health Services	19,739	17,698
Fees for service - clients	18,213	20,940
Gordie Howe C.A.R.E.S - Community Education	10,417	-
Music & art therapy revenue	4,930	5,424
Contributions, including bequests	124,292	12,555
Music & art therapy contributions	1,355	4,723
	<u>747,168</u>	<u>626,498</u>
EXPENSES		
Salary and employee benefits	545,206	554,704
Program support	69,154	38,606
Program and craft supplies	33,017	20,615
Food and kitchen supplies	32,203	29,783
Rent and cleaning	66,801	66,723
Vehicle repairs and maintenance	787	1,460
	<u>747,168</u>	<u>711,891</u>
DEFICIENCY OF EXPENSES OVER REVENUE	<u>\$ -</u>	<u>\$ (85,393)</u>