ALZHEIMER SOCIETY OF CALGARY

Financial Statements

Year Ended March 31, 2012

ALZHEIMER SOCIETY OF CALGARY
Index to Financial Statements
Year Ended March 31, 2012

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Balance Sheet	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 *(Schedule 1)*	14

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INDEPENDENT AUDITORS' REPORT

To the Members of Alzheimer Society of Calgary

We have audited the accompanying financial statements of Alzheimer Society of Calgary, which comprise the balance sheet as at March 31, 2012 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 generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian 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 charitable organizations, the Society derives revenue from contributions, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Alzheimer Society of Calgary as at March 31, 2012, and its financial performance and its cash resources for the year then ended in accordance with Canadian generally accepted accounting principles.

Dart Bryant

September 20, 2012

CHARTERED ACCOUNTANTS

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ALZHEIMER SOCIETY OF CALGARY
Balance Sheet
March 31, 2012

	2012	2011
ASSETS		
CURRENT		
Cash and cash equivalents	$ 232,503	$ 243,812
Term deposits	110,194	-
Accounts receivable	26,031	17,808
Prepaid expenses	25,610	26,853
	394,338	288,473
LONG TERM INVESTMENTS *(Note 3)*	2,257,207	1,822,223
EQUIPMENT *(Note 4)*	113,002	158,159
	$ 2,764,547	$ 2,268,855
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	$ 42,405	$ 88,608
Deferred contributions *(Note 5)*	64,116	59,574
	106,521	148,182
DEFERRED CONTRIBUTIONS RELATED TO EQUIPMENT *(Note 6)*	72,246	94,142
DEFERRED REVENUE *(Note 3)*	1	1
	178,768	242,325
NET ASSETS		
Unrestricted	1,145,023	502,319
Internally restricted *(Note 7)*	1,400,000	1,460,194
Net investment in equipment	40,756	64,017
	2,585,779	2,026,530
	$ 2,764,547	$ 2,268,855

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

See notes to financial statements

ALZHEIMER SOCIETY OF CALGARY
Statement of Operations
Year Ended March 31, 2012

	2012	2011
UNRESTRICTED REVENUE		
Contributions		
General	$ 229,140	$ 215,496
Bequests	732,819	308,016
Fundraising activities *(Note 9)*	628,885	448,441
Investment income	147,402	102,535
Dementia Care Training Centre - fees for service	22,933	19,805
Earned capital contributions *(Note 6)*	21,896	30,305
	1,783,075	1,124,598
RESTRICTED REVENUE		
Club 36 Day Programs *(Schedule 1)*		
Contracted services - Alberta Health Services	515,657	494,401
Fees for service and contributions	46,096	39,944
Dementia Care Training Centre	107,957	96,474
E-Learning	-	8,000
Public Awareness	3,530	8,500
Research	35,104	-
	708,344	647,319
TOTAL REVENUE	2,491,419	1,771,917
EXPENSES (Note 11)		
Programs		
Club 36 Day Programs	638,141	584,085
Dementia Care Training Centre	412,464	393,526
Volunteer program	67,070	59,130
Public awareness and communications	138,715	118,968
Research	180,600	39,806
Fundraising events *(Note 9)*	84,116	75,388
Fund development	272,589	212,365
Program support	138,475	131,436
	1,932,170	1,614,704
EXCESS OF REVENUES OVER EXPENSES	$ 559,249	$ 157,213

See notes to financial statements

ALZHEIMER SOCIETY OF CALGARY
Statement of Changes in Net Assets
Year Ended March 31, 2012

	Unrestricted	Internally restricted	Net investment in Equipment Note	**2012**	2011
NET ASSETS - BEGINNING OF YEAR	$ 502,319	$ 1,460,194	$ 64,017	**$ 2,026,530**	$ 1,869,317
Excess of revenue over expenses	559,249	-	-	**559,249**	157,213
Amortization	45,157	-	(45,157)	**-**	-
Earned capital contributions	(21,896)	-	21,896	**-**	-
Transfer from research	60,194	(60,194)	-	**-**	-
NET ASSETS - END OF YEAR	$ 1,145,023	$ 1,400,000	$ 40,756	**$ 2,585,779**	$ 2,026,530

ALZHEIMER SOCIETY OF CALGARY
Statement of Cash Flows
Year Ended March 31, 2012

	2012	2011
OPERATING ACTIVITIES		
Excess of unrestricted revenue over expenses	$ 559,249	$ 157,213
Items not affecting cash:		
Amortization of equipment	45,157	48,115
Earned capital contributions	(21,896)	(30,305)
Gain on investments	(63,696)	(17,031)
	518,814	157,992
Changes in non-cash working capital *(Note 10)*	(48,642)	(68,791)
Cash flow from operating activities	470,172	89,201
INVESTING ACTIVITIES		
Purchase of equipment	-	(89,690)
Increase in deferred contributions relating to equipment	-	28,000
Purchase of long-term investments	(603,689)	(457,584)
Proceeds on sale of long-term investments	232,402	368,933
Cash flow used by investing activities	(371,287)	(150,341)
INCREASE (DECREASE) IN CASH FLOW	98,885	(61,140)
Cash - beginning of year	243,812	304,952
CASH - END OF YEAR	$ 342,697	$ 243,812
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	$ 81,928	$ 79,364
CASH CONSISTS OF:		
Cash and cash equivalents	$ 232,503	$ 243,812
Term deposits	110,194	-
	$ 342,697	$ 243,812

See notes to financial statements

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 SIGNIFICANT ACCOUNTING POLICIES

Financial statements are prepared on the assumption that the entity is a going concern, meaning 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.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are:

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 classified as held-for-trading and initially recorded at their fair value. 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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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments

(a) Investments for which there is an active trading market are classified as held-for-trading and reported at fair value at the year end. Investments donated to the Society are recorded at fair value at the time of the donation. Changes in the fair value of investments are included in investment income and are reported in the statement of operations.

(b) The Society is the irrevocable beneficiary of a life insurance policy. The Society records the investment in this policy at the cash surrender value of the policy at the time of the donation. The carrying value of the policy is reviewed annually to determine whether an adjustment in the cash surrender value is required. Any changes in the cash surrender value of the policy prior to the death of the insured individual is adjusted to long term investments and related deferred revenue (Note 3).

The Society defers the recognition of revenue from these policies until the death benefit is realized, at which time the death benefit is reported in income.

Cash and cash equivalents

Cash and cash equivalents include cash in banks and brokerage accounts, and short term deposits capable of liquidation within three months or less.

Equipment

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

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

Revenue recognition

The Society follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Gifts in kind for which an independent valuation is available and which have been receipted for income tax purposes are recorded at the receipted amount in unrestricted contributions. Gifts in kind not receipted for income tax purposes have not been recorded in the financial statements (Note 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 held for trading are included in investment income and recognized as revenue in the statement of operations (Note 3).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Donated Services

During the year volunteers contributed approximately 3,200 (2011: 2,517) 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 property and equipment, amortization of deferred contributions related to property and equipment, and allocation of administration salaries and costs between departments.

Future changes in significant accounting policies

The Accounting Standards Board of the Canadian Institute of Chartered Accountants has implemented Part III of the CICA Handbook Accounting Standards for Not-for-Profit Organizations, effective for fiscal years beginning after January 1, 2012. The Society does not anticipate that there will be any material effect on its financial statements as a result of adopting these standards.

3. LONG TERM INVESTMENTS

	2012	2011
Common and preferred shares	$ 113,731	$ 69,424
Fixed income bonds	1,844,980	1,752,798
GIC maturing February 28, 2013 at an interest rate of 1.3%	298,495	-
Cash surrender value of life insurance policy	1	1
	$ 2,257,207	$ 1,822,223

Fixed income bonds

Investments include fixed income bonds having maturities between 2012 and 2020 bearing interest at rates between 4.389% and 9.976%. The Society is exposed to interest rate risk on the fixed income bonds to the extent that interest rates fluctuate. As these bonds are openly traded on the market, changes in interest rates will affect the fair value of the investments.

Cash surrender value of life insurance policies

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

Investment Income

	2012	2011
Investment income consists of:		
Interest income	$ 83,704	$ 85,502
Unrealized gain on investments	65,474	23,170
Realized gain (loss) on investments	(1,776)	(6,137)
	$ 147,402	$ 102,535

All investment income is available for use in general operations.

4. EQUIPMENT

	Cost	Accumulated amortization	2012 Net book value	2011 Net book value
Office equipment	$ 285,023	$ 175,821	$ 109,202	$ 154,359
Vehicles	80,511	80,511	-	-
Donated artwork	3,800	-	3,800	3,800
	$ 369,334	$ 256,332	$ 113,002	$ 158,159

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:

	2012	2011
Balance, beginning of year	**$ 59,574**	$ 60,874
Restricted contributions received during the year	**45,126**	43,584
Recognized in revenue	**(40,584)**	(44,884)
Balance, end of year	**$ 64,116**	$ 59,574

6. DEFERRED CONTRIBUTIONS RELATED TO EQUIPMENT

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

	2012	2011
Balance, beginning of year	**$ 94,142**	$ 96,447
Restricted contributions received during the year	**-**	28,000
Earned capital contributions reported in income	**(21,896)**	(30,305)
Balance, end of year	**$ 72,246**	$ 94,142

7. INTERNALLY RESTRICTED FUNDS

Appropriated surplus

The Society's Board of Directors has internally restricted net assets in order to provide a reserve to be used to ensure ongoing operations of the Society's programs and services, should there be an unanticipated interruption in revenue, or for other purposes as determined by the Board. Changes arising from decisions of the Board are as follows:

	2012	2011
Balance beginning and end of year	**1,400,000**	1,400,000

Research

In 2011, the Board approved the creation of a one-time internally restricted fund established for the purpose of managing the Board's commitment to funding research. The restricted fund at March 31, 2011 totalled $60,194. The Board approved contributions to research in 2012 totalling $180,600, including the $60,194 set aside in the previous year.

Balance, beginning of year	**$ 60,194**	$ -
Research committed to fund	**-**	60,194
Research grants provided	**(60,194)**	-
Balance, end of year	**-**	60,194
Internally restricted	**$ 1,400,000**	$ 1,460,194

8. REVENUE

Contributions	**$ 1,750,435**	$ 1,088,565
Fees for service	**571,687**	550,512
Investment income (Note 3)	**147,400**	102,534
Earned capital contributions	**21,896**	30,305
	$ 2,491,418	$ 1,771,916

Included in contributions of $1,750,434 (2011: $1,088,565) is gifts in kind totalling $875 (2011: $5,427) received in connection with annual fund-raising events.

Contributions in kind of $142,500 (2011: $140,000) 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 $142,500 (2011: $140,000) has not been recorded in these financial statements.

9. FUNDRAISING EVENTS

	Revenue	Expenses	**2012**	2011
Donor renewal	$ 208,242	$ 20,944	**$ 187,298**	$ 212,264
Memory Walk/Run	199,787	63,172	**136,615**	114,955
Golf tournaments and other external events	141,702	-	**141,702**	29,850
Mocha for Memories	12,542	-	**12,542**	15,983
Casino	66,612	-	**66,612**	-
	$ 628,885	$ 84,116	**$ 544,769**	$ 373,052

10. CHANGES IN NON-CASH WORKING CAPITAL

	2012	2011
(Increase) decrease in accounts receivable	**$ (8,222)**	$ (2,464)
(Increase) decrease in prepaid expenses	**1,241**	14,589
Increase (decrease) in accounts payable	**(46,203)**	(79,616)
Increase (decrease) in deferred contributions	**4,542**	(1,300)
	$ (48,642)	$ (68,791)

11. CLASSIFICATION OF EXPENSES

	2012	2011
Salaries and benefits	**$ 1,083,506**	$ 1,015,140
Rent	**185,158**	143,622
Research grants (Note 12)	**180,600**	39,806
Program support, materials, supplies & technology	**121,331**	109,114
Direct fund-raising expenses	**69,038**	63,155
Public awareness	**68,603**	43,662
Direct programming expenses	**64,547**	39,669
Conferences, education and training	**50,275**	37,502
Amortization	**45,157**	48,115
Professional fees	**36,398**	27,086
Travel and vehicle repairs and maintenance	**15,473**	14,407
Strategic Planning	**10,045**	31,388
Life insurance premiums	**2,039**	2,039
	$ 1,932,170	$ 1,614,705

Total salaries and benefits of $1,083,506 (2011: $1,015,140) include $103,094 (2011: $58,011) paid as remuneration to employees whose principal duties involve fund-raising. During the year, one additional staff member was added to the fund development department.

12. RELATED PARTY TRANSACTIONS

The Society is incorporated as an independent not-for-profit organization and works with the Alzheimer Society of Canada ("Canada") and the Alzheimer Society of Alberta and Northwest Territories ("ASANT") for the accomplishment of their mutually-held common objectives of alleviating the personal and social consequences of Alzheimer's disease and other related dementias, and to promote the search for the cause and a cure. As each of the organizations is separately incorporated and managed by their own independent Board of Directors, none of the organizations has control of, nor is controlled by, one of the other organizations, nor is there joint control or significant influence exercised by Canada or ASANT over the operating and investing decisions of the Society.

Canada is a federation of provincial societies of which ASANT is a member. Discussions have been ongoing with Canada and ASANT to determine how the Alzheimer Society of Calgary can best participate in the accomplishment of their commonly-held objectives.

Out of the total reseach of $180,600 invested in 2012, the Alzheimer Society of Calgary contributed $150,000 (2011: $39,806) to the National Research program of the Alzheimer Society of Canada, and another $30,600 to research undertaken by the University of Calgary, as designated by other donors.

13. COMMITMENTS

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

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

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

	$
2013	104,000
2014	94,000
2015	77,000
2016	77,000
2017	52,000

ALZHEIMER SOCIETY OF CALGARY
Schedule of Club 36 Day Programs
Year Ended March 31, 2012

(Schedule 1)

	2012	2011
REVENUE		
Contracted services - Alberta Health Services	$ 515,657	$ 494,401
Fees for service - clients	25,088	20,924
Fess for service - Alberta Health Services	8,008	15,382
Restricted Revenue	13,000	3,638
	561,753	534,345
EXPENSES		
Salary and employee benefits	479,932	456,459
Program support	40,340	31,442
Program and craft supplies	6,407	5,585
Food and kitchen supplies	29,682	28,074
Rent and cleaning	56,906	49,830
Vehicle repairs and maintenance	10,253	9,608
Special projects	14,621	3,087
	638,141	584,085
DEFICIENCY OF EXPENSES OVER REVENUE	$ (76,388)	$ (49,740)

See notes to financial statements