



Financial Statements

Alzheimer Society of B.C.

March 31, 2020

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# Independent Auditor's Report

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To the Members of [Alzheimer Society of B.C.](#)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Alzheimer Society of B.C. (the "Society"), which comprise the statement of financial position as at March 31, 2020, and the statements of revenues and expenses, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Alzheimer Society of B.C. as at March 31, 2020, 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.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on other legal and regulatory requirements**

As required by the Societies Act of British Columbia, we report that, in our opinion, these accounting principles have been applied on a basis consistent with that of the preceding year.

Vancouver, Canada  
July 20, 2020



Chartered Professional Accountants

# Alzheimer Society of B.C.

## Statement of Revenues and Expenses

Year ended March 31, 2020

	2020			2019		
	Operating	Research	Total	Operating	Research	Total
<b>Revenues</b>						
Donations	\$ 1,807,332	\$ 128,372	\$ 1,935,704	\$ 2,214,308	\$ 225,080	\$ 2,439,388
Bequests	2,590,804	354,535	2,945,339	1,843,608	1,139,634	2,983,242
Gaming	272,472	-	272,472	270,772	1,000	271,772
Government	2,818,068	-	2,818,068	2,838,449	-	2,838,449
Special events (Note 10)	2,348,911	125,416	2,474,327	2,397,347	146,224	2,543,571
Investment income	260,756	-	260,756	213,488	-	213,488
National revenue (Note 12)	1,132,843	107,071	1,239,914	625,295	137,648	762,943
	<b>11,231,186</b>	<b>715,394</b>	<b>11,946,580</b>	<b>10,403,267</b>	<b>1,649,586</b>	<b>12,052,853</b>
<b>Expenses</b>						
Advocacy and education (Note 9)	581,766	-	581,766	710,209	-	710,209
Marketing and communication (Note 9)	862,162	-	862,162	710,774	-	710,774
Resource development (Note 9)	1,470,893	-	1,470,893	1,340,753	-	1,340,753
Special events (Note 10)	438,285	-	438,285	345,127	-	345,127
National operation assessment (Note 12)	272,252	-	272,252	261,478	-	261,478
Provincial operations (Note 9)	1,629,605	-	1,629,605	1,284,057	-	1,284,057
Research (Note 9)	-	1,157,074	1,157,074	-	787,953	787,953
Programs and services (Note 9)	4,310,827	-	4,310,827	4,256,277	-	4,256,277
	<b>9,565,790</b>	<b>1,157,074</b>	<b>10,722,864</b>	<b>8,908,675</b>	<b>787,953</b>	<b>9,696,628</b>
Excess (deficiency) of revenues over expenses before amortization	1,665,396	(441,680)	1,223,716	1,494,592	861,633	2,356,225
Amortization of deferred capital contributions	59,662	-	59,662	47,070	-	47,070
Amortization of equipment and leasehold improvements	(286,785)	-	(286,785)	(236,534)	-	(236,534)
Excess (deficiency) of revenues over expenses	<b>\$ 1,438,273</b>	<b>\$ (441,680)</b>	<b>\$ 996,593</b>	<b>\$ 1,305,128</b>	<b>\$ 861,633</b>	<b>\$ 2,166,761</b>

See accompanying notes to the financial statements.

# Alzheimer Society of B.C.

## Statement of Financial Position

March 31

2020

2019

### Assets

#### Current

Cash	\$ 1,497,706	\$ 1,324,471
Investments (Note 3)	9,701,753	8,737,974
Receivables (Note 4)	170,739	49,046
Prepaid expenditures	138,311	116,202

	11,508,509	10,227,693
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Equipment and leasehold improvements (Note 5)

	1,047,471	1,193,992
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	\$ 12,555,980	\$ 11,421,685
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### Liabilities

#### Current

Payables and accruals (Note 12)	\$ 787,205	\$ 448,855
Deferred lease charges	9,913	9,913
Deferred revenue (Note 6)	3,122,793	3,188,065

	3,919,911	3,646,833
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Deferred capital contributions (Note 7)

	227,004	244,267
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Deferred lease charges

	37,830	47,743
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	4,184,745	3,938,843
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### Net assets

Unrestricted	5,208,113	3,640,582
Invested in property and equipment	820,467	949,725
Research	1,602,512	2,044,192
Endowment funds (Note 8)	740,143	848,343

	8,371,235	7,482,842
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	\$ 12,555,980	\$ 11,421,685
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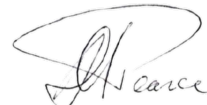
Commitments (Note 13)

Subsequent events (Note 18)

On behalf of the Board



Director



Director

# Alzheimer Society of B.C.

## Statement of Changes in Net Assets

Year ended March 31, 2020

					2020	2019
	Unrestricted	Invested in property and equipment	Research	Endowment funds (Note 8)	Total	Total
Balance, beginning of year	\$ 3,640,582	\$ 949,725	\$ 2,044,192	\$ 848,343	\$ 7,482,842	\$ 5,311,133
Excess (deficiency) of revenues over expenses	1,665,396	(227,123)	(441,680)	-	996,593	2,166,761
Transfer	(97,865)	97,865	-	-	-	-
Change in fair value of investments held in endowment funds	-	-	-	(138,855)	(138,855)	20,762
Investment income on endowment funds	-	-	-	59,069	59,069	12,479
Endowment distributions	-	-	-	(28,415)	(28,415)	(28,293)
<b>Balance, end of year</b>	<b>\$ 5,208,113</b>	<b>\$ 820,467</b>	<b>\$ 1,602,512</b>	<b>\$ 740,143</b>	<b>\$ 8,371,235</b>	<b>\$ 7,482,842</b>

See accompanying notes to the financial statements.



# Alzheimer Society of B.C.

## Statement of Cash Flows

Year ended March 31

2020

2019

Cash flows provided by (used in)

### Operating

Excess of revenues over expenses	\$ 996,593	\$ 2,166,761
Adjustments to determine cash flows		
Amortization of deferred capital contributions	(59,662)	(47,070)
Amortization of equipment and leasehold improvements	286,785	236,534
Unrealized (gain) loss on investments	-	(16,974)

	1,223,716	2,339,251
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Change in non-cash working capital items

Receivables	(121,693)	41,939
Prepaid expenditures	(22,109)	(19,003)
Payables and accruals	338,350	(265,332)
Deferred lease charges	(9,913)	(10,550)
Deferred revenue	(65,272)	(2,752,859)

	1,343,079	(666,554)
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### Financing

Endowment distributions	(28,415)	(28,293)
Increase in deferred capital contributions	42,399	54,961

	13,984	26,668
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### Investing

Purchase of equipment and leasehold improvements	(140,264)	(336,837)
Increase in investments	(1,043,565)	(1,480,722)

	(1,183,829)	(1,817,559)
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Increase (decrease) in cash

	173,235	(2,457,445)
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Cash, beginning of year

	1,324,471	3,781,916
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Cash, end of year

	\$ 1,497,706	\$ 1,324,471
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# Alzheimer Society of B.C.

## Notes to the Financial Statements

March 31, 2020

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### 1. Purpose of the Society

The Alzheimer Society of B.C. (the "Society") exists to alleviate the personal and social consequences of Alzheimer's disease and related dementias, promote public awareness, and search for the causes and cures. The Society depends on public contributions as well as support for its special events to raise annually the funds necessary to continue its activities.

The Society is incorporated under the Societies Act of British Columbia as a not-for-profit organization and is a registered charity under the Income Tax Act.

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### 2. Summary of significant accounting policies

#### Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

#### Fund accounting and revenue recognition

The Society follows the deferral method of accounting for contributions. Contributions are recorded as revenue when received or receivable except when the donor has specified that they are intended for a specific use or a future period, in which case they are deferred and recognized in the period the related expenditures are incurred. Deferred capital contributions are amortized to revenue on a basis consistent with the amortization of the capital assets acquired. Contributions are recognized when receivable if the amount can be reasonably estimated and collection is reasonably assured. Endowment contributions and endowment interest are recognized as direct increases in net assets.

The Society maintains its accounts in accordance with the restrictions on the use of resources as designated by donors or the board of directors.

#### *(a) Operating fund*

Revenues and expenses relating to program delivery, administration and special projects are reported in the operating fund.

The Society is the named beneficiary in life insurance policies and charitable remainder trusts. Proceeds are recorded as revenue when the amounts are received.

#### *(b) Research fund*

Revenues and expenses relating to research activities are reported in the research fund. Research expenditures approved by the board of directors on an annual basis for the following year are not to exceed the funds available at the end of the current year.

#### Contributed services

Volunteers contribute their time each year to assist the Society in carrying out its program activities. Due to the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

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# Alzheimer Society of B.C.

## Notes to the Financial Statements

March 31, 2020

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### 2. Summary of significant accounting policies (continued)

#### Non-cash donations

As part of its fund development, the Society receives non-cash donations consisting mainly of items for auctions. The fair value of these donations totals approximately \$1,671 (2019 - \$800). The donations have not been recognized in the statement of revenues and expenses.

#### Cash and cash equivalents

Cash and cash equivalents consists of unrestricted cash on hand and balances held with banks.

The Society has a business line of credit of \$135,000 (2019 – \$135,000) with its banking institution.

#### Equipment and leasehold improvements

Equipment and leasehold improvements are recorded at cost. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Computer and office equipment	5 – 10 years
Leasehold improvements	lease period plus one renewal period, if any (5-10 years)
Computer software	7 years
Skype for Business	8 years

#### Deferred lease charges

Deferred lease charges are amortized on a straight-line basis over the lease term.

#### Financial instruments

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all of its financial assets and financial liabilities at amortized cost, with the exception of investments which are subsequently measured at fair value.

Financial assets measured at amortized cost include cash and receivables.

Financial assets measured at fair value include investments.

Financial liabilities measured at amortized cost include payables and accruals.

#### Program costs

The Society engages in support and education, advocacy, research, and fund development programs. The costs of each program include costs of personnel, rent and utilities, and other expenses that are directly related to providing these programs. The Society also incurs a number of general support expenses in its provincial office that are common to the administration of the organization and each of its programs.

# Alzheimer Society of B.C.

## Notes to the Financial Statements

March 31, 2020

### 2. Summary of significant accounting policies (continued)

#### Program costs (continued)

The Society allocates certain of its general support expenditures by identifying the appropriate basis of allocating each component expense and applies that basis consistently each year. Corporate governance costs are not allocated. General support expenses such as provincial office rent and utilities, postage and courier and information technology support are allocated proportionately on the basis of number of personnel in each program area. Executive management costs are allocated proportionally on the basis of estimated time spent supporting each program.

#### Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that could affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of fair market value of non-cash donations and the determination of useful lives of property and equipment for calculating amortization. Actual results could differ from those estimates.

3. Investments	2020		2019	
	Market value	Cost	Market value	Cost
Fixed income investments	\$ 7,909,964	\$ 7,761,322	\$ 5,662,959	\$ 5,555,834
Equity funds	473,976	424,465	562,402	273,428
Money market funds/other	1,317,813	1,335,561	2,512,613	2,678,594
	<b>\$ 9,701,753</b>	<b>\$ 9,521,348</b>	<b>\$ 8,737,974</b>	<b>\$ 8,507,856</b>

4. Receivables	2020	2019
Credit card transactions	\$ 54,766	\$ 21,775
Public Health Agency of Canada	32,154	-
Breakfast to Remember	29,400	1,600
Government 10% Temporary wage subsidy	25,000	-
GST receivable	20,356	22,308
Other receivables	9,062	2,945
Alzheimer Society of Canada (Note 12)	-	418
	<b>\$ 170,739</b>	<b>\$ 49,046</b>

# Alzheimer Society of B.C.

## Notes to the Financial Statements

March 31, 2020

<b>5. Equipment and leasehold improvements</b>			<u>2020</u>	<u>2019</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Computer equipment	\$ 531,180	\$ 371,415	\$ 159,765	\$ 128,641
Computer software	213,839	61,097	152,742	183,290
Office equipment	413,022	205,507	207,515	240,999
Leasehold improvements	942,572	493,976	448,596	553,203
Skype for Business	99,120	20,267	78,853	87,859
	<u>\$ 2,199,733</u>	<u>\$ 1,152,262</u>	<u>\$ 1,047,471</u>	<u>\$ 1,193,992</u>

<b>6. Deferred revenue</b>	<u>2020</u>	<u>2019</u>
Grant for First Link® - Ministry of Health	\$ 2,700,000	\$ 2,700,000
Forget Me Not Golf Tournament	141,500	164,000
Projects funded by Direct Access grant	250,000	250,000
Projects funded by Direct Access grant-unspent capital	-	42,399
Other	31,293	31,666
	<u>\$ 3,122,793</u>	<u>\$ 3,188,065</u>

Grant for First Link® - Ministry of Health received and recognized as revenue are as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 2,700,000	\$ 5,400,000
Grants received	2,700,000	-
Recognized as revenue	<u>(2,700,000)</u>	<u>(2,700,000)</u>
Balance, end of year	<u>\$ 2,700,000</u>	<u>\$ 2,700,000</u>

The funding for First Link is done in partnership with the Ministry of Health. The amount from the Ministry of Health is approximately 50% of the First Link® operating costs. This funding partnership is reviewed on an annual basis. Subsequent to March 31, 2020, the Society received a grant of \$5,400,000 for First Link® from the Ministry of Health. This grant must be used by March 31, 2023.

<b>7. Deferred capital contributions</b>	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 244,267	\$ 236,376
Contributions	42,399	54,961
Amortization	<u>(59,662)</u>	<u>(47,070)</u>
Balance, end of year	<u>\$ 227,004</u>	<u>\$ 244,267</u>

# Alzheimer Society of B.C.

## Notes to the Financial Statements

March 31, 2020

### 8. Endowment funds

Endowments consist of donations made to the Society where the principal gift is required to be maintained intact in perpetuity. The investment income generated from the endowments must be used in accordance with purposes established by the donors. Distributions are made from investment income. The purposes of these endowments include:

- providing scholarships for training in Alzheimer and related dementia care (David Macaree Memorial);
- supporting the development of materials and resources to carry out early stage support across B.C. (H. Clark Bentall);
- supporting research focusing on early onset Alzheimer disease (Nell Brown);
- supporting advocacy and support and education services (Grace Bowden);
- supporting the Society's general support and education services (Steve and Eva Floris); and
- supporting the Society in providing programs and services for caregivers (Theodore and Helen Bourque).

Endowments are as follows:

	2020						2019	
	David Macaree Memorial	H. Clark Bentall	Nell Brown	Grace Bowden	Steve and Eva Floris	Theodore and Helen Bourque	Total	Total
Balance, beginning of year	\$ 56,499	\$ 53,514	\$ 46,721	\$ 57,073	\$ 193,811	\$ 440,725	\$ 848,343	\$ 843,395
Realized / unrealized (loss)	(9,247)	(8,759)	(7,647)	(9,342)	(31,722)	(72,137)	(138,855)	20,762
Investment income	3,934	3,726	3,253	3,974	13,495	30,687	59,069	12,479
Distributions	(700)	(1,873)	(1,635)	(1,998)	(6,783)	(15,425)	(28,415)	(28,293)
Balance, end of year	\$ 50,485	\$ 46,608	\$ 40,692	\$ 49,708	\$ 168,800	\$ 383,850	\$ 740,143	\$ 848,343

### 9. Allocation of expenses

Resource development expenses reported in the statement of revenues and expenses of \$1,470,893 (2019 - \$1,340,753) are reported after an allocation of \$25,886 (2019 - \$4,846) to support, education and regional services representing the cost of developing specific funding proposals which serve to educate key stakeholders on Alzheimer's disease and related dementias.

Executive management, information technology and general support expenses of \$854,012 (2019 - \$844,703) have been allocated as follows:

# Alzheimer Society of B.C.

## Notes to the Financial Statements

March 31, 2020

### 9. Allocation of expenses (continued)

	<u>2020</u>	<u>2019</u>
Advocacy and education	\$ 97,479	\$ 107,680
Marketing and communication	97,892	92,162
Resource development	195,882	227,774
Provincial operations	168,070	191,949
Research	44,369	29,754
Programs and services	250,320	195,384
	<u>\$ 854,012</u>	<u>\$ 844,703</u>

### 10. Special events

During the year, the Society received funds by hosting special fundraising events. Funds raised by the special events are as follows:

	<u>2020</u>			<u>2019</u>		
	<u>Revenues</u>	<u>Expenses</u>	<u>Total</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Total</u>
IG Wealth Management						
Walk for Alzheimer's	\$ 1,030,087	\$ 218,264	\$ 811,823	\$ 1,021,926	\$ 148,631	\$ 873,295
Forget Me Not Golf Tournament	689,185	108,064	581,121	698,699	92,580	606,119
Breakfast to Remember	253,542	56,839	196,703	253,778	44,827	208,951
Climb for Alzheimer's	93,278	17,087	76,191	147,308	24,966	122,342
Coffee Break	-	-	-	40,747	3,139	37,608
Chinese Gala	150,172	33,318	116,854	102,085	21,941	80,144
Other events	258,063	4,713	253,350	279,028	9,043	269,985
	<u>\$ 2,474,327</u>	<u>\$ 438,285</u>	<u>\$ 2,036,042</u>	<u>\$ 2,543,571</u>	<u>\$ 345,127</u>	<u>\$ 2,198,444</u>

A total of \$125,416 (2019 - \$146,224) of the funds raised by special events has been designated for research purposes, \$122,916 (2019 - \$121,224) is the net proceeds of the Forget Me Not Golf Tournament.

### 11. Service club gaming revenues

The Society received donations of gaming revenues from various community service clubs of \$22,472 (2019 - \$21,772). These amounts are included in operating fund revenues.

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# Alzheimer Society of B.C.

## Notes to the Financial Statements

March 31, 2020

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### 12. Related party transactions

All funds received by Alzheimer Society of Canada ("ASC") are distributed to the provincial Alzheimer Society in the province and/or territory from which funds originated, including individual donations designated to research. The ASC board expense budget, including research, the capacity fund and executive leadership council expenditures, are supported through provincial Alzheimer Society assessments.

During the year, the Society received net donations of \$1,239,914 (2019 - \$762,943) from ASC as follows:

	<u>2020</u>	<u>2019</u>
Direct mail	\$ 801,870	\$ 689,935
General donations	57,280	55,110
Research	107,071	137,648
Major gifts	18,650	2,706
Health partners	28,439	29,750
Memorial donations	49,373	34,636
Bequests	652,532	291,514
	<u>1,715,215</u>	<u>1,241,299</u>
Less direct mail expenses	475,301	478,356
	<u>\$ 1,239,914</u>	<u>\$ 762,943</u>

In addition, the Society received donations from ASC for the IG Wealth Walk Sponsorship of \$111,785 (2019 – \$59,244) which is included in special events revenue.

During the year, the Society incurred expenditures of \$877,252 (2019 - \$861,478) to ASC, including a national operation assessment of \$272,252 (2019 - \$261,478) and research grants and expenditures of \$605,000 (2019 - \$600,000).

Receivables include \$Nil (2019 - \$418) due from ASC.

Payables and accruals include \$343,474 (2019 - \$73,690) due to ASC.

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# Alzheimer Society of B.C.

## Notes to the Financial Statements

March 31, 2020

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### 13. Commitments

#### (a) Premises

The Society has lease commitments for premises, excluding operating expenses, over the next five years as follows:

2021	\$	366,408
2022		355,339
2023		377,034
2024		347,320
2025 and thereafter		816,391
	\$	<u>2,262,491</u>

#### (b) Alzheimer Society of Canada

Pursuant to the Memorandum of Understanding with ASC, the board of directors is committed to funding research grants and expenditures of \$319,501 and a national operating assessment of \$290,804 for the year ending March 31, 2021.

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### 14. Alzheimer Research Foundation of B.C.

The Society controls the Alzheimer Research Foundation of B.C. (the "Foundation"). The Foundation raises funds to facilitate, promote and carry out research into the cause, treatment and cure of Alzheimer's disease. The Foundation is incorporated under the Society Act of British Columbia and is a registered charity under the Income Tax Act. The Society appoints the Foundation's board of directors and, according to the Foundation's bylaws, it is the intention of the Foundation to confine the Foundation's charitable activities to making gifts to "qualified donees" as defined in the Income Tax Act.

The Foundation has not been consolidated in the Society's financial statements. Financial statements of the Foundation are available on request. During the year ended March 31, 2020, the Foundation contributed \$Nil (2019 - \$10,000) to the Society.

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### 15. Externally-held endowment funds

Funds held by the Vancouver Foundation and Victoria Foundation are permanent externally-held endowments, only the interest income of which is available for the benefit of the Society. These endowments are not included in the financial statements.

The fair market value of funds held by the Vancouver Foundation and Victoria Foundation for the benefit of the Society as of March 31, 2020 are \$824,096 (2019 - \$904,705) and \$12,017 (2019 - \$13,277), respectively. During the year, the Society received interest of \$34,702 (2019 - \$33,245) from the Vancouver Foundation.

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# Alzheimer Society of B.C.

## Notes to the Financial Statements

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### 16. Financial instruments

The carrying amount of financial assets measured at amortized cost that includes cash and receivables is \$1,648,088 as at March 31, 2020 (2019 - \$1,351,209).

The carrying amount of financial assets measured at fair value that includes investments is \$9,701,753 as at March 31, 2020 (2019 - \$8,737,974).

The carrying amount of financial liabilities measured at amortized cost is \$787,205 as at March 31, 2020 (2019 - \$448,855).

#### Market risk

Market risk is the potential for financial loss to the Society from changes in the values of its financial instruments due to changes in interest rates, equity prices and other price risks. The investments of the Society are subject to normal market fluctuations and to the risk inherent in investment in capital markets. During the year, the value of the Society's investments has been impacted by the fluctuations in markets caused by the spread of COVID-19 (see Note 18).

#### *Interest rate risk*

The Society's short-term investments include fixed income investments and money market funds. Fixed income investments bear fixed interest rates which reduces the future effects on earnings should interest rates change materially, while money market funds are exposed to future changes in interest rates. Interest rates are monitored to manage the risk.

Fixed income investments bear interest from 1.85% to 4% and mature between April 2020 and June 2024.

#### *Equity price risk*

Equity price risk is the risk that the value of financial instruments will fluctuate due to changes in market prices. The Society is exposed to equity price risk on its investments in equity securities.

#### *Other price risk*

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices, other than those arising from interest rates. All investments represent a risk of loss of capital. Investments held by the Society are susceptible to other price risk arising from uncertainties about future prices of the investments. The maximum risk resulting from the investments is determined by the fair value of their total investments. The Society actively manages market risk through its investment policy that outlines the objectives, constraints, and parameters related to its investment activities. The Finance Committee and management regularly review investments to ensure all activities adhere to the investment policy.

#### Liquidity risk

Liquidity risk is the risk that the Society cannot meet a demand for cash or fund its obligations as they come due. Maximum exposure to liquidity risk is \$787,205 (2019 - \$448,855), which is due to be paid in full before March 31, 2021.

Liquidity risk is managed by investing the majority of the Society's assets in investments that are traded in an active market and can be readily liquidated. In addition, the Society retains sufficient cash positions to maintain liquidity.

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# **Alzheimer Society of B.C.**

## **Notes to the Financial Statements**

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### **16. Financial instruments (continued)**

#### **Credit risk**

The Society is exposed to the risk that the counterparty defaults or becomes insolvent. Financial instruments that potentially subject the Society to concentrations of credit risk are receivables. Investments in pooled funds that hold debt securities are also exposed to such risks. The Society limits the credit risk of investments in money market funds and bond funds by adhering to the investment policy in place which limits exposure to such investments. The maximum exposure to credit risk in terms of receivables is \$170,739 (2019 - \$49,046).

The Society manages credit risk on receivables by monitoring debtor balances on a month to month basis by the Finance Committee and management.

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### **17. Disclosure required under the Societies Act**

On November 28, 2016 the new British Columbia Societies Act came into force. Included in the new Act is a requirement to disclose the remuneration paid to all directors, the ten highest paid employees and all contractors who are paid at least \$75,000 annually. There were no amounts paid to directors during the year.

The Society paid \$1,198,026 (2019 - \$1,139,567) in remuneration to the ten highest paid people who are employees, and persons under a contract for services with the Society, whose remuneration, during the applicable period, was at least \$75,000.

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### **18. Subsequent events**

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. COVID-19 has had a significant effect on the financial markets. The Society's investments are reported in the financial statements at their fair values as at March 31, 2020. Volatility in the markets caused by COVID-19 resulted in the decline in the fair market value of the Society's investments, however management believes this decrease in fair market value is temporary.

The restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations, isolation/quarantine orders have had a significant impact on the public, businesses and not for profit/charities. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Society as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. While the extent of the impact is unknown, management anticipate this outbreak may cause reduced levels of charitable donations to the Society, and postponement/cancellation/reimagining of a number of the Society's programs, services and fundraising events.

COVID-19 is also providing new opportunities to engage with already existing donors and there is environmental evidence as well as already seen evidence, that many existing donors are still committed to supporting the sustainability of the Society.

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**19. Comparative figures**

Certain prior year amounts have been reclassified to conform with the financial statement presentation in the current year.