



Financial Statements

Alzheimer Society of B.C.

March 31, 2019

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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, 2019, 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, 2019, 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 consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated 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
June 26, 2019

Grant Thornton LLP

Chartered Professional Accountants

Alzheimer Society of B.C.

Statement of Revenues and Expenses

Year ended March 31, 2019

	2019			2018		
	Operating	Research	Total	Operating	Research	Total
Revenues						
Corporate / pharmaceutical	\$ 17,421	\$ -	\$ 17,421	\$ 29,862	\$ -	\$ 29,862
Individual giving	685,266	9,309	694,575	628,756	70,480	699,236
Employee / organizations	158,198	6,599	164,797	173,554	5,604	179,158
Gaming - direct access	250,000	-	250,000	250,000	-	250,000
Grants and foundations	3,324,969	157,358	3,482,327	3,488,911	188,632	3,677,543
Bequests	1,843,608	1,139,634	2,983,242	1,695,684	1,674	1,697,358
Major gifts	887,675	52,814	940,489	262,086	75,636	337,722
Special events (Note 10)	2,397,347	146,224	2,543,571	2,002,890	121,737	2,124,627
Investment income	186,601	-	186,601	110,362	-	110,362
National revenue (Note 12)	625,295	137,648	762,943	473,608	77,392	551,000
Miscellaneous	26,887	-	26,887	27,953	-	27,953
	10,403,267	1,649,586	12,052,853	9,143,666	541,155	9,684,821
Expenses						
Advocacy and education (Note 9)	710,209	-	710,209	612,420	-	612,420
Marketing and communication (Note 9)	710,774	-	710,774	598,401	-	598,401
Resource development (Note 9)	1,340,753	-	1,340,753	1,359,771	-	1,359,771
Special events (Note 10)	345,127	-	345,127	331,914	-	331,914
National operation assessment (Note 12)	261,478	-	261,478	236,593	-	236,593
Provincial operations (Note 9)	1,284,057	-	1,284,057	1,226,481	-	1,226,481
Research (Note 9)	-	787,953	787,953	-	778,422	778,422
Programs and services (Note 9)	4,256,277	-	4,256,277	3,888,853	-	3,888,853
	8,908,675	787,953	9,696,628	8,254,433	778,422	9,032,855
Excess (deficiency) of revenues over expenses before amortization	1,494,592	861,633	2,356,225	889,233	(237,267)	651,966
Amortization of deferred capital contributions	47,070	-	47,070	42,330	-	42,330
Amortization of equipment and leasehold improvements	(236,534)	-	(236,534)	(222,309)	-	(222,309)
Excess (deficiency) of revenues over expenses	\$ 1,305,128	\$ 861,633	\$ 2,166,761	\$ 709,254	\$ (237,267)	\$ 471,987

See accompanying notes to the financial statements.

Alzheimer Society of B.C.

Statement of Financial Position

March 31

2019

2018

Assets

Current

Cash	\$ 1,324,471	\$ 3,781,916
Investments (Note 3)	8,737,974	7,207,037
Receivables (Note 4)	49,046	90,985
Prepaid expenditures	116,202	97,199

	10,227,693	11,177,137
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Equipment and leasehold improvements (Note 5)	1,193,992	1,093,689
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	\$ 11,421,685	\$ 12,270,826
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Liabilities

Current

Payables and accruals (Note 12)	\$ 448,855	\$ 714,187
Deferred lease charges	9,913	10,551
Deferred revenue (Note 6)	3,188,065	3,240,924

	3,646,833	3,965,662
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Deferred capital contributions (Note 7)	244,267	236,376
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Deferred lease charges	47,743	57,655
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Deferred revenue (Note 6)	-	2,700,000
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	3,938,843	6,959,693
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Net assets

Unrestricted	3,640,582	2,427,866
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Invested in property and equipment	949,725	857,313
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Research	2,044,192	1,182,559
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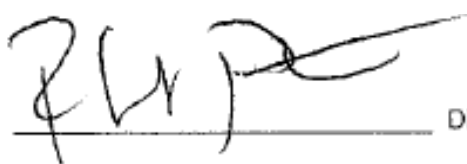
Endowment funds (Note 8)	848,343	843,395
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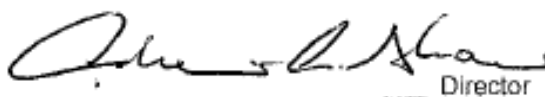
	7,482,842	5,311,133
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	\$ 11,421,685	\$ 12,270,826
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Commitments (Note 13)

On behalf of the Board


 _____ Director


 _____ Director

Alzheimer Society of B.C.

Statement of Changes in Net Assets

Year ended March 31, 2019

					2019	2018
	<u>Unrestricted</u>	<u>Invested in property and equipment</u>	<u>Research</u>	<u>Endowment funds (Note 8)</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 2,427,866	\$ 857,313	\$ 1,182,559	\$ 843,395	\$ 5,311,133	\$ 4,859,096
Excess (deficiency) of revenues over expenses	1,494,592	(189,464)	861,633	-	2,166,761	471,987
Transfer	(281,876)	281,876	-	-	-	-
Change in fair value of investments held in endowment funds	-	-	-	20,762	20,762	(5,107)
Investment income on endowment funds	-	-	-	12,479	12,479	14,144
Endowment distributions	-	-	-	(28,293)	(28,293)	(28,987)
Balance, end of year	\$ 3,640,582	\$ 949,725	\$ 2,044,192	\$ 848,343	\$ 7,482,842	\$ 5,311,133

See accompanying notes to the financial statements.

Alzheimer Society of B.C.

Statement of Cash Flows

Year ended March 31

2019

2018

Cash flows provided by (used in)

Operating

Excess of revenues over expenses	\$ 2,166,761	\$ 471,987
Adjustments to determine cash flows		
Amortization of deferred capital contributions	(47,070)	(42,330)
Amortization of equipment and leasehold improvements	236,534	222,309
Unrealized (gain) loss on investments	(16,974)	12,447

	2,339,251	664,413
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Change in non-cash working capital items

Receivables	41,939	48,443
Prepaid expenditures	(19,003)	9,118
Payables and accruals	(265,332)	(36,275)
Deferred lease charges	(10,550)	(12,537)
Deferred revenue	(2,752,859)	(206,232)

	(666,554)	466,930
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Financing

Endowment distributions	(28,293)	(28,987)
Increase in deferred capital contributions	54,961	39,343

	26,668	10,356
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Investing

Purchase of equipment and leasehold improvements	(336,837)	(133,924)
Proceeds from sale of equipment and leasehold improvements	-	480
Increase in investments	(1,480,722)	(647,450)

	(1,817,559)	(780,894)
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Decrease in cash

	(2,457,445)	(303,608)
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Cash, beginning of year

	3,781,916	4,085,524
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Cash, end of year

	\$ 1,324,471	\$ 3,781,916
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Alzheimer Society of B.C.

Notes to the Financial Statements

March 31, 2019

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.

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.

Alzheimer Society of B.C.

Notes to the Financial Statements

March 31, 2019

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 \$800 (2018 - \$1,670). 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 (2018 – \$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	10 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, 2019

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	2019		2018	
	Market value	Cost	Market value	Cost
Fixed income investments	\$ 5,662,959	\$ 5,555,834	\$ 6,606,328	\$ 6,454,000
Equity funds	562,402	273,428	580,757	456,707
Money market funds/other	2,512,613	2,678,594	19,952	19,952
	<u>\$ 8,737,974</u>	<u>\$ 8,507,856</u>	<u>\$ 7,207,037</u>	<u>\$ 6,930,659</u>

4. Receivables	2019	2018
Breakfast to Remember	\$ 1,600	\$ 35,208
Credit card transactions	21,775	20,885
GST receivable	22,308	14,944
Alzheimer Society of Canada (Note 12)	418	13,124
Other receivables	2,945	6,824
	<u>\$ 49,046</u>	<u>\$ 90,985</u>

Alzheimer Society of B.C.

Notes to the Financial Statements

March 31, 2019

5. Equipment and leasehold improvements			<u>2019</u>	<u>2018</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Computer equipment	\$ 436,033	\$ 307,392	\$ 128,641	\$ 86,545
Computer software	213,839	30,549	183,290	183,334
Office equipment	394,873	153,874	240,999	229,017
Leasehold improvements	917,103	363,900	553,203	506,196
Skype for Business	97,621	9,762	87,859	88,597
	<u>\$ 2,059,469</u>	<u>\$ 865,477</u>	<u>\$ 1,193,992</u>	<u>\$ 1,093,689</u>

6. Deferred revenue			<u>2019</u>	<u>2018</u>
Grant for First Link® - Ministry of Health	\$ 2,700,000	\$ 5,400,000		
Forget Me Not Golf Tournament	164,000	289,000		
Projects funded by Direct Access grant	250,000	250,000		
Projects funded by Direct Access grant-unspent capital	42,399	-		
Other	31,666	1,924		
	<u>3,188,065</u>	5,940,924		
Less current portion	<u>3,188,065</u>	3,240,924		
	<u>\$ -</u>	<u>\$ 2,700,000</u>		

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

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 5,400,000	\$ 5,562,535
Grants received	-	2,700,000
Recognized as revenue	<u>(2,700,000)</u>	<u>(2,862,535)</u>
Balance, end of year	<u>\$ 2,700,000</u>	<u>\$ 5,400,000</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, 2019, the Society received a grant of \$2,700,000 for First Link® from the Ministry of Health. This grant will be deferred until the 2020-21 fiscal year.

Alzheimer Society of B.C.

Notes to the Financial Statements

March 31, 2019

7. Deferred capital contributions	2019	2018
Balance, beginning of year	\$ 236,376	\$ 239,363
Contributions	54,961	39,343
Amortization	(47,070)	(42,330)
Balance, end of year	\$ 244,267	\$ 236,376

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:

	2019						2018	
	David Macaree Memorial	H. Clark Bentall	Nell Brown	Grace Bowden	Steve and Eva Floris	Theodore and Helen Bourque	Total	Total
Balance, beginning of year	\$ 55,031	\$ 53,279	\$ 46,516	\$ 56,821	\$ 192,959	\$ 438,789	\$ 843,395	\$ 863,345
Realized / unrealized (loss) gain	1,355	1,312	1,145	1,399	4,750	10,801	20,762	(5,107)
Investment income	813	788	688	842	2,855	6,493	12,479	14,144
Distributions	(700)	(1,865)	(1,628)	(1,989)	(6,753)	(15,358)	(28,293)	(28,987)
Balance, end of year	\$ 56,499	\$ 53,514	\$ 46,721	\$ 57,073	\$ 193,811	\$ 440,725	\$ 848,343	\$ 843,395

Alzheimer Society of B.C.

Notes to the Financial Statements

March 31, 2019

9. Allocation of expenses

Resource development expenses reported in the statement of revenues and expenses of \$1,350,445 (2018 - \$1,359,771) are reported after an allocation of \$4,846 (2018 - \$11,170) 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 \$844,703 (2018 - \$806,875) have been allocated as follows:

	<u>2019</u>	<u>2018</u>
Advocacy and education	\$ 107,680	\$ 107,697
Marketing and communication	92,162	101,197
Resource development	227,774	214,053
Provincial operations	191,949	169,587
Research	29,754	28,747
Programs and services	195,384	185,594
	<u>\$ 844,703</u>	<u>\$ 806,875</u>

Alzheimer Society of B.C.

Notes to the Financial Statements

March 31, 2019

10. Special events

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

	2019			2018		
	Revenues	Expenses	Total	Revenues	Expenses	Total
Investors Group Wealth Management Walk for Alzheimer's	\$ 1,021,926	\$ 148,631	\$ 873,295	\$ 792,165	\$ 165,807	\$ 626,358
Forget Me Not Golf Tournament	698,699	92,580	606,119	691,697	87,265	604,432
Breakfast to Remember	253,778	44,827	208,951	226,160	47,998	178,162
Climb for Alzheimer's	147,308	24,966	122,342	75,699	21,823	53,876
Coffee Break	40,747	3,139	37,608	50,915	3,932	46,983
Chinese Gala	102,085	21,941	80,144	-	-	-
Anything for Alzheimer's	279,028	9,043	269,985	287,991	5,089	282,902
	<u>\$ 2,543,571</u>	<u>\$ 345,127</u>	<u>\$ 2,198,444</u>	<u>\$ 2,124,627</u>	<u>\$ 331,914</u>	<u>\$ 1,792,713</u>

A total of \$146,224 (2018 - \$121,737) of the funds raised by special events has been designated for research purposes, including \$121,224 (2018 - \$120,886) of 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 \$21,772 (2018 - \$32,850). These amounts are included in operating fund revenues.

Alzheimer Society of B.C.

Notes to the Financial Statements

March 31, 2019

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 \$762,943 (2018 - \$551,000) from ASC as follows:

	<u>2019</u>	<u>2018</u>
Direct mail	\$ 689,935	\$ 665,066
General donations	55,110	91,474
Research	137,648	77,392
Major gifts	2,706	40,419
Health partners	29,750	40,046
Memorial donations	34,636	37,096
Bequests	291,514	25,947
	<u>1,241,299</u>	<u>977,440</u>
Less direct mail expenses	478,356	426,440
	<u>\$ 762,943</u>	<u>\$ 551,000</u>

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

During the year, the Society incurred expenditures of \$861,478 (2018 - \$836,593) to ASC, including a national operation assessment of \$261,478 (2018 - \$236,593) and research grants and expenditures of \$600,000 (2018 - \$600,000).

Receivables include \$418 (2018 - \$13,124) due from ASC.

Payables and accruals include \$73,690 (2018 - \$326,502) due to ASC.

Alzheimer Society of B.C.

Notes to the Financial Statements

March 31, 2019

13. Commitments

(a) Premises

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

2020	\$	356,811
2021		236,232
2022		226,436
2023		254,762
2024		230,191
	\$	<u>1,304,432</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 \$284,875 and a national operating assessment of \$272,252 for the year ending March 31, 2020.

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, 2019, the Foundation contributed \$10,000 (2018 - \$25,000) to the Society.

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, 2019 are \$904,705 (2018 - \$887,889) and \$13,277 (2018 - \$13,098), respectively. During the year, the Society received interest of \$33,245 (2018 - \$16,403) from the Vancouver Foundation.

Alzheimer Society of B.C.

Notes to the Financial Statements

March 31, 2019

16. Financial instruments

The carrying amount of financial assets measured at amortized cost that includes cash and receivables is \$1,351,209 as at March 31, 2019 (2018 - \$3,857,957).

The carrying amount of financial assets measured at fair value that includes investments is \$8,737,974 as at March 31, 2019 (2018 - \$7,207,037).

The carrying amount of financial liabilities measured at amortized cost is \$448,855 as at March 31, 2019 (2018 - \$714,187).

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.

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 1.25% to 4.0% and mature between April 2019 and December 2023.

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 \$448,855 (2018 - \$714,187), which is due to be paid in full before March 31, 2020.

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.

Alzheimer Society of B.C.

Notes to the Financial Statements

March 31, 2019

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 \$49,046 (2018 - \$90,985).

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

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 \$1,139,567 (2018 - \$1,060,102) in remuneration to the ten highest paid people who are employees, whose remuneration, during the applicable period, was at least \$75,000.
