



Financial Statements

Alzheimer Society of B.C.

March 31, 2023

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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, 2023, 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 the Alzheimer Society of B.C. as at March 31, 2023, 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  
June 26, 2023

*Grant Thornton LLP*

Chartered Professional Accountants

# Alzheimer Society of B.C.

## Statement of Revenues and Expenses

Year ended March 31, 2023

	2023			2022		
	Operating	Research	Total	Operating	Research	Total
Revenues						
Bequests	\$ 1,833,066	\$ 2,184,301	\$ 4,017,367	\$ 1,357,437	\$ 1,130,679	\$ 2,488,116
Donations	2,220,246	210,949	2,431,195	2,414,348	205,802	2,620,150
Gaming	261,250	-	261,250	263,705	-	263,705
Government	2,821,032	-	2,821,032	2,821,032	-	2,821,032
National revenue (Note 12)	1,382,434	-	1,382,434	1,235,580	325,065	1,560,645
Special events (Note 10)	2,276,581	119,048	2,395,629	1,854,003	65,496	1,919,499
Investment income	470,993	-	470,993	169,906	-	169,906
	<b>11,265,602</b>	<b>2,514,298</b>	<b>13,779,900</b>	10,116,011	1,727,042	11,843,053
Expenses						
Advocacy and education (Note 9)	983,951	-	983,951	605,125	-	605,125
Marketing and communication (Note 9)	1,130,194	-	1,130,194	1,043,565	-	1,043,565
National operation assessment (Note 12)	298,643	-	298,643	277,777	-	277,777
Operations (Note 9)	658,415	-	658,415	523,865	-	523,865
Programs and services (Note 9)	4,700,290	-	4,700,290	4,288,612	-	4,288,612
Provincial operations (Note 9)	1,280,420	-	1,280,420	1,101,419	-	1,101,419
Research (Note 9)	-	585,020	585,020	-	1,045,653	1,045,653
Resource development (Note 9)	1,818,996	-	1,818,996	1,491,107	-	1,491,107
Special events (Note 10)	428,521	-	428,521	195,496	-	195,496
	<b>11,299,430</b>	<b>585,020</b>	<b>11,884,450</b>	9,526,966	1,045,653	10,572,619
Excess (deficiency) of revenues over expenses before amortization and other revenue	(33,828)	1,929,278	1,895,450	589,045	681,389	1,270,434
Canadian Emergency Subsidies	-	-	-	919,439	-	919,439
Amortization of deferred capital contributions	63,363	-	63,363	59,214	-	59,214
Amortization of equipment and leasehold improvements	(245,636)	-	(245,636)	(286,928)	-	(286,928)
Excess (deficiency) of revenues over expenses	<b>\$ (216,101)</b>	<b>\$ 1,929,278</b>	<b>\$ 1,713,177</b>	<b>\$ 1,280,770</b>	<b>\$ 681,389</b>	<b>\$ 1,962,159</b>

See accompanying notes to the financial statements.

# Alzheimer Society of B.C.

## Statement of Financial Position

March 31

2023

2022

### Assets

#### Current

Cash	\$ 2,261,496	\$ 1,667,159
Investments (Note 3)	16,246,632	10,555,860
Receivables (Note 4, Note 12)	406,183	220,524
Prepaid expenditures	229,437	244,640

**19,143,748** 12,688,183

Equipment and leasehold improvements (Note 5)

326,821 519,591

Investments (Note 3)

3,642,990 10,680,088

**\$ 23,113,559** **\$ 23,887,862**

### Liabilities

#### Current

Payables and accruals (Note 12)	\$ 579,702	\$ 529,078
Deferred lease charges	9,913	9,913
Deferred revenue (Note 6)	3,324,165	3,017,242

**3,913,780** 3,556,233

Deferred capital contributions (Note 7)

40,603 103,966

Deferred lease charges

8,091 18,004

Deferred revenue - First Link® (Note 6)

2,700,000 5,400,000

**6,662,474** **9,078,203**

### Net assets

#### Internally restricted

Entity reserve 1,902,751 1,832,250

Operating and contingency reserve 1,141,651 1,099,350

Strategic opportunity reserve 8,386,540 8,586,036

Invested in property and equipment

286,218 415,625

Research

3,809,049 1,879,771

Endowment funds (Note 8)

924,876 996,627

**16,451,085** **14,809,659**

**\$ 23,113,559** **\$ 23,887,862**

Commitments (Note 13)

-

Impact of COVID-19 (Note 18)

On behalf of the Board



Director



Director

See accompanying notes to the financial statements.

# Alzheimer Society of B.C.

## Statement of Changes in Net Assets

Year ended March 31, 2023

								2023	2022
	Unrestricted	Entity Reserve	Operations Operating and Contingency Reserve	Strategic Opportunity Reserve	Invested in property and equipment	Research	Endowment funds (Note 8)	Total	Total
Balance, beginning of year	\$ -	1,832,250	\$ 1,099,350	\$ 8,586,036	\$ 415,625	\$ 1,879,771	\$ 996,627	\$ 14,809,659	\$ 12,756,417
Excess (deficiency) of revenues over expenses	-	70,501	42,301	(146,630)	(182,273)	1,929,278	-	1,713,177	1,962,159
Transfer	-	-	-	(52,866)	52,866	-	-	-	-
Change in fair value of investments held in endowment funds	-	-	-	-	-	-	(82,591)	(82,591)	103,005
Investment income on endowment funds	-	-	-	-	-	-	44,028	44,028	18,338
Endowment distributions	-	-	-	-	-	-	(33,188)	(33,188)	(30,260)
<b>Balance, end of year</b>	<b>\$ -</b>	<b>\$ 1,902,751</b>	<b>\$ 1,141,651</b>	<b>\$ 8,386,540</b>	<b>\$ 286,218</b>	<b>\$ 3,809,049</b>	<b>\$ 924,876</b>	<b>\$ 16,451,085</b>	<b>\$ 14,809,659</b>

See accompanying notes to the financial statements.



# Alzheimer Society of B.C.

## Statement of Cash Flows

Year ended March 31

2023

2022

Cash flows provided by (used in)

### Operating

Excess of revenues over expenses	\$ 1,713,177	\$ 1,962,159
Adjustments to determine cash flows		
Amortization of deferred capital contributions	(63,363)	(59,214)
Amortization of equipment and leasehold improvements	245,636	286,928
Unrealized loss on investments	97,289	71,298
Loss on disposal of equipment	-	14,796

1,992,739                      2,275,967

Change in non-cash working capital items

Receivables	(185,659)	57,386
Prepaid expenditures	15,206	(43,686)
Payables and accruals	50,624	(84,393)
Deferred lease charges	(9,913)	(9,913)
Deferred revenue	(2,393,077)	(2,648,621)

(530,080)                      (453,260)

### Financing

Endowment distributions	(33,188)	(30,260)
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### Investing

Purchase of equipment and leasehold improvements	(52,866)	(47,541)
Decrease in investments	1,210,471	480,962

1,157,605                      433,421

Increase (decrease) in cash

594,337                      (50,099)

Cash, beginning of year

1,667,159                      1,717,259

Cash, end of year

\$ 2,261,496                      \$ 1,667,159

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# Alzheimer Society of B.C.

## Notes to the Financial Statements

March 31, 2023

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### 1. Purpose of the Society

The Alzheimer Society of B.C. (the "Society") exists to ensure people affected by dementia are not alone, by educating and mobilizing a broader community of care around them and supporting valuable research into the disease and people living with it.

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.

The Society is the named beneficiary in an annuity policy. The Society has made a change to the way it recognizes interest. While, previously, interest was recognized when payment was received, interest is now accrued as it is earned, in alignment with the policy for recognizing other investment interest.

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

Unrestricted revenues and expenses relating to program delivery, administration and special projects are reported in the operating fund and allocated to internally restricted reserve funds based on a percentage of normalized operating costs of prior year.

The Society allocates funds to three internally restricted reserves:

#### (i) Entity reserve

This reserve represents funds that are protected for the sole purpose in the unexpected event of a wind up of the Society.

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# Alzheimer Society of B.C.

## Notes to the Financial Statements

March 31, 2023

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

#### *(ii) Operating and contingency reserve*

This reserve will provide an internal source of funds for circumstances such as highly volatile funding streams, in particular: planned giving, sudden increases of unavoidable expenses, one-time unbudgeted/unanticipated expenses, unanticipated loss in funding, uninsured losses, extraordinary unanticipated events, changes in laws or regulations, and potential catastrophic events.

#### *(iii) Strategic opportunity reserve*

This reserve is an internally restricted fund to provide funds to meet special targets, to further strategic goals and ongoing needs in support of the Society's mission.

#### *(b) Research fund*

Revenues and expenses relating to research program 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.

#### *(c) Endowment fund*

Endowments consist of externally restricted amounts where the endowment principle is to be maintained intact. Endowment contributions and interest are recognized as direct increases in net assets.

### **Canadian emergency subsidies**

The Society follows the income approach for government assistance received, wherein funds received are included in the determination of net income for the period. These funds can be presented as expenses net of assistance received, or shown as a deduction from aggregate expenses, or as revenue. The Society has elected to present the assistance received as revenue.

### **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.

### **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 \$Nil (2022 - \$359). The donations have not been recognized in the statement of revenues and expenses.

### **Cash and cash equivalents**

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

The Society has a business line of credit of \$135,000 (2022 – \$135,000) with its banking institution.

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# Alzheimer Society of B.C.

## Notes to the Financial Statements

March 31, 2023

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

#### Deferred lease charges

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

#### 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	4 – 10 years
Leasehold improvements	lease period plus one renewal period, if any (5-10 years)
Computer software	7 years
Skype for Business	8 years

#### 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.

For some general support expenditures, an appropriate basis of allocating each component expense is identified and applied 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 proportionately on the basis of estimated time spent supporting each program.

# Alzheimer Society of B.C.

## Notes to the Financial Statements

March 31, 2023

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

#### 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	2023		2022	
	Market value	Cost	Market value	Cost
Fixed income investments	\$ 16,737,249	16,473,762	\$ 13,860,767	\$ 13,740,846
Equity funds	643,469	456,765	699,460	440,989
Money market funds/other	1,040,567	1,029,331	5,153,885	5,161,039
Annuity	1,468,337	1,468,337	1,521,836	1,521,836
	<u>\$ 19,889,622</u>	<u>\$ 19,428,195</u>	<u>\$ 21,235,948</u>	<u>\$ 20,864,710</u>
Less: current portion	16,246,632	16,023,623	10,555,860	10,559,439
	<u>\$ 3,642,990</u>	<u>\$ 3,404,572</u>	<u>\$ 10,680,088</u>	<u>\$ 10,305,271</u>

In March 2021, the Society received a bequest in the form of an annuity. The annuity premium of \$1,623,963 was not subject to restrictions and will be received from the insurer through twenty equal annual instalments of \$102,127. In April 2021, the Society received its first payment of \$102,127, which was principal returned.

The market value of the equity funds includes USD equities in the amount of USD \$178,743 (2022 - \$207,562). The market value of the money market funds/other includes cash equivalents of USD \$2,582 (2022 - \$691).

4. Receivables	2023	2022
Alzheimer Society of Canada	\$ 193,803	\$ -
Public Health Agency of Canada	136,083	124,988
Other receivables	24,095	8,031
GST receivable	21,709	74,598
Breakfast to Remember sponsorships	16,000	-
Credit card transactions	14,494	12,907
	<u>\$ 406,183</u>	<u>\$ 220,524</u>

# Alzheimer Society of B.C.

## Notes to the Financial Statements

March 31, 2023

				<u>2023</u>	<u>2022</u>
				<u>Net book value</u>	<u>Net book value</u>
5. Equipment and leasehold improvements		Cost	Accumulated amortization		
Computer equipment	\$	640,479	541,444	\$ 99,035	\$ 155,343
Computer software		213,839	211,853	1,986	31,157
Office equipment		428,208	346,098	82,110	121,253
Leasehold improvements		942,572	815,218	127,354	187,643
Skype for Business		65,933	49,597	16,336	24,195
	\$	<u>2,291,031</u>	<u>\$ 1,964,210</u>	<u>\$ 326,821</u>	<u>\$ 519,591</u>

		<u>2023</u>	<u>2022</u>
		6. Deferred revenue	
Grant for First Link® - Ministry of Health	\$	5,400,000	\$ 8,100,000
Projects funded by Direct Access grant		250,000	250,000
Forget Me Not Golf Tournament		226,500	50,000
Community Capital Gaming Grant		128,900	-
Other		18,765	17,242
	\$	<u>6,024,165</u>	<u>\$ 8,417,242</u>
Less: current portion		<u>3,324,165</u>	<u>3,017,242</u>
	\$	<u>2,700,000</u>	<u>\$ 5,400,000</u>

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

		<u>2023</u>	<u>2022</u>
		Balance, beginning of year	\$
Recognized as revenue		<u>(2,700,000)</u>	<u>(2,700,000)</u>
Balance, end of year	\$	<u>5,400,000</u>	<u>\$ 8,100,000</u>

The Society and the Ministry of Health act in partnership, each providing funding for First Link® operating costs. This funding partnership is reviewed on an annual basis. Ministry of Health grants must be used by March 31, 2025.

		<u>2023</u>	<u>2022</u>
		7. Deferred capital contributions	
Balance, beginning of year	\$	103,966	\$ 163,180
Amortization		<u>(63,363)</u>	<u>(59,214)</u>
Balance, end of year	\$	<u>40,603</u>	<u>\$ 103,966</u>

# Alzheimer Society of B.C.

## Notes to the Financial Statements

March 31, 2023

### 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 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 young onset Alzheimer's 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);
- supporting the Society in providing programs and services for caregivers (Theodore and Helen Bourque); and
- areas of most need including, when possible, young onset dementia education (John F. Bramble).

Endowments are as follows:

	2023							2022	
	David Macaree Memorial	H. Clark Bentall	Nell Brown	Grace Bowden	Steve and Eva Floris	Theodore and Helen Bourque	John F. Bramble	Total	Total
Balance, beginning of year	\$ 68,411	\$ 62,546	\$ 53,040	\$ 64,793	\$ 220,025	\$ 500,337	\$ 27,475	\$ 996,627	\$ 905,544
Contributions	-	-	-	-	-	-	-	-	-
Realized / unrealized gain (loss)	(5,669)	(5,183)	(4,396)	(5,369)	(18,234)	(41,463)	(2,277)	(82,591)	103,005
Investment income	3,022	2,763	2,343	2,862	9,720	22,104	1,214	44,028	18,338
Distributions	(700)	(2,189)	(1,856)	(2,268)	(7,701)	(17,512)	(962)	(33,188)	(30,260)
Balance, end of year	\$ 65,064	\$ 57,937	\$ 49,131	\$ 60,018	\$ 203,810	\$ 463,466	\$ 25,450	\$ 924,876	\$ 996,627

# Alzheimer Society of B.C.

## Notes to the Financial Statements

March 31, 2023

### 9. Allocation of expenses

Resource development expenses reported in the statement of revenues and expenses of \$1,818,996 (2022 - \$1,491,107) are reported after an allocation of \$40,231 (2022 - \$37,417) 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 other dementias.

Executive management, information technology and general support expenses of \$1,003,733 (2022 - \$959,939) have been allocated as follows:

	<u>2023</u>	<u>2022</u>
Advocacy and education	\$ 135,692	\$ 108,785
Marketing and communication	129,567	114,973
Operations	78,200	59,383
Programs and services	315,887	309,327
Provincial operations	121,195	134,737
Research	46,439	56,309
Resource development	<u>176,753</u>	<u>176,425</u>
	<u>\$ 1,003,733</u>	<u>\$ 959,939</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>2023</u>			<u>2022</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	\$ 990,107	\$ 147,279	\$ 842,828	\$ 834,188	\$ 83,235	\$ 750,953
Forget Me Not						
Golf Tournament	593,288	120,546	472,742	321,482	77	321,405
Breakfast to						
Remember	264,949	72,435	192,514	246,576	65,744	180,832
Climb for Alzheimer's	116,307	46,628	69,679	95,344	17,902	77,442
Telethon						
(Chinese Community)	227,206	40,627	186,579	161,166	27,386	133,780
Other events	<u>203,772</u>	<u>1,006</u>	<u>202,766</u>	<u>260,743</u>	<u>1,152</u>	<u>259,591</u>
	<u>\$ 2,395,629</u>	<u>\$ 428,521</u>	<u>\$ 1,967,108</u>	<u>\$ 1,919,499</u>	<u>\$ 195,496</u>	<u>\$ 1,724,003</u>

A total of \$119,048 (2022 - \$65,496) of the funds raised by special events has been designated for research purposes; \$118,658 (2022 - \$64,296) is the net proceeds of the Forget Me Not Golf Tournament.



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# Alzheimer Society of B.C.

## Notes to the Financial Statements

March 31, 2023

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### 11. Service club gaming revenues

The Society received donations of gaming revenues from various community service clubs of \$11,250 (2022 - \$13,705). These amounts are included in operating fund revenues.

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### 12. Related party transactions

The Alzheimer Society of B.C. and the Alzheimer Society of Canada (“ASC”) are named partners in an unincorporated federation referred to as the Alzheimer Society Federation, a network of partners committed to a common vision and shared brand, while remaining legally independent from one another. Funds received by ASC are distributed to the Alzheimer Society in the province and/or territory from which funds originate. In January 2022, a change was made whereby funds received by ASC that are designated for research will remain with ASC and not be distributed. Instead, each Society’s research assessment is reduced by the amount of research-designated funds received from the province and/or territory.

During the year, the Society received net donations of \$1,382,434 (2022 - \$1,560,645) from ASC as follows:

	<u>2023</u>	<u>2022</u>
Bequests	\$ 937,512	\$ 531,218
Direct mail	944,050	916,138
General donations	56,224	175,395
HealthPartners	30,303	32,820
Major gifts	33,522	21,184
Memorial donations	83,915	64,988
Research	-	424,181
	<u>2,085,526</u>	<u>2,165,924</u>
Less direct mail expenses	<u>703,092</u>	<u>605,279</u>
	<u>\$ 1,382,434</u>	<u>\$ 1,560,645</u>

In addition, the Society received donations from ASC for the IG Wealth Management Walk for Alzheimer’s Sponsorship of \$95,979 (2022 – \$117,369) which is included in special events revenue.

During the year, the Society incurred expenditures of \$478,991 (2022 - \$1,155,554) to ASC, including a national operation assessment of \$298,643 (2022 - \$277,777) and research grants and expenditures of \$180,348 (2022 - \$877,777). An additional \$164,171 in research-designated funds was received by ASC from donors located in B.C. which reduced research assessments by the same amount.

Receivables include \$193,803 (2022 - \$Nil) due from ASC. Payables and accruals include \$Nil (2022 - \$187,871) due to ASC.

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# Alzheimer Society of B.C.

## Notes to the Financial Statements

March 31, 2023

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### 13. Commitments

#### Premises

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

2024	\$	368,008
2025		283,908
2026		207,163
2027		210,644
2028 and thereafter		<u>122,876</u>
	\$	<u>1,192,599</u>

#### 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 \$291,929 and a national operating assessment of \$301,257 for the year ending March 31, 2024.

It is expected that research assessments will be fully paid by research-designated funds received by ASC from donors located in the province of B.C. However, if the amount received is lower than the research assessment amount, the Society would be responsible for paying the difference.

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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 dementia. 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.

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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, 2023 is \$954,249 (2022 - \$995,616) and \$14,433 (2022 - \$14,581), respectively. During the year, the Society received interest of \$22,341 (2022 - \$20,064) from the Vancouver Foundation.

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# Alzheimer Society of B.C.

## Notes to the Financial Statements

March 31, 2023

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### 16. Financial instruments

The carrying amount of financial assets measured at amortized cost that includes cash and receivables is \$2,645,971 as at March 31, 2023 (2022 - \$1,813,085).

The carrying amount of financial assets measured at fair value that includes investments is \$19,889,622 as at March 31, 2023 (2022 - \$21,235,948).

The carrying amount of financial liabilities measured at amortized cost is \$579,702 as at March 31, 2023 (2022 - \$529,078).

#### 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 0.6% to 4.6% and mature between April 2023 and June 2027.

##### *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 \$579,702 (2022 - \$529,078), which is due to be paid in full before March 31, 2024.

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

March 31, 2023

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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 \$384,474 (2022 - \$145,926).

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

#### Foreign currency risk

The Society holds equities and cash equivalents in USD exposing the Society to fluctuations in this currency. The Society does not use derivative instruments to reduce its exposure to foreign currency risk. Net exposure at March 31, 2023 was \$245,695 (2022 - \$260,837).

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### 17. Disclosure required under the Societies Act

There were no amounts paid to directors during the year. The Society paid \$1,450,543 (2022 - \$1,251,032) in remuneration to the ten highest paid employees whose remuneration, during the applicable period, was at least \$75,000. There were no persons under a contract for services with the Society whose remuneration was at least \$75,000.

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### 18. Subsequent event

On April 19, 2023, the Ministry of Health granted the Society \$490,000 to support the provision of culturally relevant and safe dementia care supports. The funds must be used by March 31, 2024.

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