



Financial Statements

Alzheimer Society of B.C.

March 31, 2018

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Independent Auditor's Report

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To the Members of
Alzheimer Society of B.C.

We have audited the accompanying financial statements of Alzheimer Society of B.C. (the "Society"), which comprise the statement of financial position as at March 31, 2018 and the statements of revenues and expenses, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

In common with many not-for-profit organizations, the Society derives revenue from special events, the completeness of which is not always susceptible to satisfactory audit verification. We were not able to determine whether any adjustments might be necessary to certain special events revenues, excess of revenues over expenses, and cash flows from operating activities, current assets, and unrestricted net assets. Our audit opinion on the financial statements was modified accordingly because of the possible effects of this limitation in scope.

Qualified opinion

In our opinion, except for possible effects of the matter described in the *Basis for qualified opinion* paragraph, the financial statements present fairly, in all material respects, the financial position of Alzheimer Society of B.C. as at March 31, 2018 and the results of its operations and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

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 19, 2018



Chartered Professional Accountants

Alzheimer Society of B.C.

Statement of Revenues and Expenses

Year ended March 31, 2018

	2018			2017		
	Operating	Research	Total	Operating	Research	Total
Revenues						
Corporate / pharmaceutical	\$ 29,862	\$ -	\$ 29,862	\$ 25,617	\$ -	\$ 25,617
Individual giving	628,756	70,480	699,236	518,333	9,895	528,228
Employee / organizations	173,554	5,604	179,158	134,756	5,082	139,838
Gaming - direct access	250,000	-	250,000	250,000	-	250,000
Grants and foundations	3,488,911	188,632	3,677,543	3,236,762	114,117	3,350,879
Bequests	1,695,684	1,674	1,697,358	1,696,881	-	1,696,881
Major gifts	262,086	75,636	337,722	445,898	154,207	600,105
Special events (Note 10)	2,002,890	121,737	2,124,627	2,079,210	124,614	2,203,824
Investment income	110,362	-	110,362	105,557	-	105,557
National revenue (Note 12)	473,608	77,392	551,000	534,269	75,504	609,773
Miscellaneous	27,953	-	27,953	27,166	-	27,166
	9,143,666	541,155	9,684,821	9,054,449	483,419	9,537,868
Expenses						
Advocacy and education (Note 9)	612,420	-	612,420	586,404	-	586,404
Marketing and communication (Note 9)	598,401	-	598,401	485,221	-	485,221
Resource development (Note 9)	1,359,771	-	1,359,771	1,428,121	-	1,428,121
Special events (Note 10)	331,914	-	331,914	340,866	-	340,866
National operation assessment (Note 12)	236,593	-	236,593	278,878	-	278,878
Provincial operations (Note 9)	1,226,481	-	1,226,481	1,246,394	-	1,246,394
Research (Note 9)	-	778,422	778,422	-	875,997	875,997
Programs and services (Note 9)	3,888,853	-	3,888,853	3,786,819	-	3,786,819
	8,254,433	778,422	9,032,855	8,152,703	875,997	9,028,700
Excess (deficiency) of revenues over expenses before amortization	889,233	(237,267)	651,966	901,746	(392,578)	509,168
Amortization of deferred capital contributions	42,330	-	42,330	41,485	-	41,485
Amortization of property and equipment	(222,309)	-	(222,309)	(223,585)	-	(223,585)
Excess (deficiency) of revenues over expenses	\$ 709,254	\$ (237,267)	\$ 471,987	\$ 719,646	\$ (392,578)	\$ 327,068

See accompanying notes to the financial statements.

Alzheimer Society of B.C.

Statement of Financial Position

March 31

2018

2017

Assets

Current

Cash	\$ 3,781,916	\$ 4,085,524
Investments (Note 3)	7,207,037	6,562,997
Receivables (Note 4)	90,985	139,428
Prepaid expenditures	97,199	106,317

	11,177,137	10,894,266
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Equipment and leasehold improvements (Note 5)	1,093,689	1,182,554
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	\$ 12,270,826	\$ 12,076,820
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Liabilities

Current

Payables and accruals	\$ 714,187	\$ 750,462
Deferred lease charges	10,551	12,546
Deferred revenue (Note 6)	3,240,924	3,447,156

	3,965,662	4,210,164
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Deferred capital contributions (Note 7)	236,376	239,363
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Deferred lease charges	57,655	68,197
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Deferred revenue (Note 6)	2,700,000	2,700,000
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	6,959,693	7,217,724
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Net assets

Unrestricted	2,427,866	1,632,734
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Invested in property and equipment	857,313	943,191
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Research	1,182,559	1,419,826
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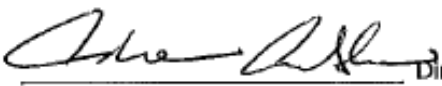
Endowment funds (Note 8)	843,395	863,345
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	5,311,133	4,859,096
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	\$ 12,270,826	\$ 12,076,820
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Commitments (Note 13)

On behalf of the Board

 _____ Director	 _____ Director
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Alzheimer Society of B.C.

Statement of Changes in Net Assets

Year ended March 31, 2018

					2018	2017
	Unrestricted	Invested in Property and Equipment	Research	Endowment Funds (Note 8)	Total	Total
Balance, beginning of year	\$ 1,632,734	\$ 943,191	\$ 1,419,826	\$ 863,345	\$ 4,859,096	\$ 4,443,411
Excess (deficiency) of revenues over expenses	889,233	(179,979)	(237,267)	-	471,987	327,068
Transfer	(94,101)	94,101	-	-	-	-
Change in fair value of investments held in endowment funds	-	-	-	(5,107)	(5,107)	95,896
Investment income on endowment funds	-	-	-	14,144	14,144	18,833
Endowment distributions	-	-	-	(28,987)	(28,987)	(26,112)
Balance, end of year	\$ 2,427,866	\$ 857,313	\$ 1,182,559	\$ 843,395	\$ 5,311,133	\$ 4,859,096

See accompanying notes to the financial statements.

Alzheimer Society of B.C.

Statement of Cash Flows

Year ended March 31

2018

2017

Cash flows provided by (used in)

Operating

Excess of revenues over expenses	\$ 471,987	\$ 327,068
Adjustments to determine cash flows		
Amortization of deferred capital contributions	(42,330)	(41,485)
Amortization of equipment and leasehold improvements	222,309	223,585

	651,966	509,168
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Change in non-cash working capital items

Receivables	48,443	(10,237)
Prepaid expenditures	9,118	52,652
Payables and accruals	(36,275)	405,162
Deferred lease charges	(12,537)	(15,742)
Deferred revenue	(206,232)	30,097

	454,483	971,100
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Financing

Endowment distributions	(28,987)	(26,112)
Increase in deferred capital contributions	39,343	861

	10,356	(25,251)
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Investing

Purchase of property and equipment	(133,924)	(85,889)
Proceeds from sale of property and equipment	480	-
Increase in investments	(635,003)	(20,708)

	(768,447)	(106,597)
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(Decrease) increase in cash

	(303,608)	839,252
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Cash, beginning of year

	4,085,524	3,246,272
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Cash, end of year

	\$ 3,781,916	\$ 4,085,524
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Alzheimer Society of B.C.

Notes to the Financial Statements

March 31, 2018

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, 2018

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 \$1,670 (2017 - \$1,520). 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 (2017 – \$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, 2018

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	2018		2017	
	Market Value	Cost	Market Value	Cost
Fixed income investments	\$ 6,606,328	\$ 6,454,000	\$ 5,946,738	\$ 5,881,605
Equity funds	580,757	456,707	610,246	466,536
Money market funds/other	19,952	19,952	6,013	6,013
	<u>\$ 7,207,037</u>	<u>\$ 6,930,659</u>	<u>\$ 6,562,997</u>	<u>\$ 6,354,154</u>

4. Receivables	2018	2017
Breakfast to Remember	\$ 35,208	\$ 19,400
Credit card transactions	20,885	27,813
GST receivable	14,944	12,322
Alzheimer Society of Canada (Note 12)	13,124	23,075
Other receivables	6,824	10,029
Pledges	-	46,789
	<u>\$ 90,985</u>	<u>\$ 139,428</u>

Alzheimer Society of B.C.

Notes to the Financial Statements

March 31, 2018

5. Equipment and leasehold improvements			2018	2017
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 579,905	\$ 493,360	\$ 86,545	\$ 94,781
Computer software	213,839	30,505	183,334	181,567
Office equipment	418,187	189,170	229,017	222,067
Leasehold improvements	790,624	284,428	506,196	613,708
Skype for Business	97,621	9,024	88,597	70,431
	<u>\$ 2,100,176</u>	<u>\$ 1,006,487</u>	<u>\$ 1,093,689</u>	<u>\$ 1,182,554</u>

6. Deferred revenue			2018	2017
Grant for First Link® - Ministry of Health	\$ 5,400,000	\$ 5,562,535		
Forget Me Not Golf Tournament	289,000	214,212		
Projects funded by Direct Access grant	250,000	250,000		
Other	1,924	1,924		
<i>Investors Group Walk for Alzheimer's</i>	-	67,500		
Chinese Canadian Community Project	-	50,985		
	<u>5,940,924</u>	6,147,156		
Less current portion	<u>3,240,924</u>	3,447,156		
	<u>\$ 2,700,000</u>	<u>\$ 2,700,000</u>		

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

	2018	2017
Balance, beginning of year	\$ 5,562,535	\$ 5,657,365
Grants received	2,700,000	2,700,000
Recognized as revenue	(2,862,535)	(2,793,969)
Transferred to deferred capital contributions	-	(861)
Balance, end of year	<u>\$ 5,400,000</u>	<u>\$ 5,562,535</u>

Alzheimer Society of B.C.

Notes to the Financial Statements

March 31, 2018

6. Deferred revenue (continued)

As directed by the Ministry of Health, these non-recurring grants are to be used specifically to advance the expanded First Link program in BC and must be used in full by March 2021. Starting in 2016, the Society has been in discussion with the Ministry of Health to co-fund an expanded version of the First Link programs which includes all of Programs and Services, education and overhead. The funding model is based on \$2,700,000 from the Ministry with additional funds to be raised by the Society. Accordingly, the deferred grant is recognized as revenue based on expenses incurred in the First Link® program.

All deferred funds for the First Link program have been or will be invested in one to two year term investments.

7. Deferred capital contributions	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 239,363	\$ 279,987
Contributions	39,343	861
Amortization	<u>(42,330)</u>	<u>(41,485)</u>
Balance, end of year	<u>\$ 236,376</u>	<u>\$ 239,363</u>

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).

Alzheimer Society of B.C.

Notes to the Financial Statements

March 31, 2018

8. Endowment funds (continued)

Endowments are as follows:

	2018						2017	
	David Macaree Memorial	H. Clark Bentall	Nell Brown	Grace Bowden	Steve and Eva Floris	Theodore and Helen Bourque	Total	Total
Balance, beginning of year	\$ 55,153	\$ 54,619	\$ 47,686	\$ 58,251	\$ 197,811	\$ 449,825	\$ 863,345	\$ 774,728
Realized / unrealized (loss) gain	(326)	(323)	(282)	(345)	(1,170)	(2,661)	(5,107)	95,896
Investment income	904	895	781	954	3,241	7,369	14,144	18,833
Distributions	(700)	(1,912)	(1,669)	(2,039)	(6,923)	(15,744)	(28,987)	(26,112)
Balance, end of year	\$ 55,031	\$ 53,279	\$ 46,516	\$ 56,821	\$ 192,959	\$ 438,789	\$ 843,395	\$ 863,345

9. Allocation of expenses

Resource development expenses reported in the statement of revenues and expenses of \$1,359,771 (2017 - \$1,428,121) are reported after an allocation of \$11,170 (2017 - \$10,488) 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 \$806,875 (2017 - \$759,664) have been allocated as follows:

	2018	2017
Advocacy and education	\$ 107,697	\$ 145,877
Marketing and communication	101,197	108,235
Resource development	214,053	237,651
Provincial operations	169,587	122,759
Research	28,747	27,496
Programs and services	185,594	117,646
	\$ 806,875	\$ 759,664

Alzheimer Society of B.C.

Notes to the Financial Statements

March 31, 2018

10. Special events

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

	2018			2017		
	Revenues	Expenses	Total	Revenues	Expenses	Total
<i>Investors Group</i>						
<i>Walk for Alzheimer's</i>	\$ 792,165	\$ 165,807	\$ 626,358	\$ 764,071	\$ 160,548	\$ 603,523
Forget Me Not Golf Tournament	691,697	87,265	604,432	693,972	81,525	612,447
Breakfast to Remember	226,160	47,998	178,162	212,061	42,937	169,124
Climb for Alzheimer's	75,699	21,823	53,876	102,563	28,676	73,887
Coffee Break	50,915	3,932	46,983	23,343	2,826	20,517
Anything for Alzheimer's	287,991	5,089	282,902	407,814	24,354	383,460
	\$ 2,124,627	\$ 331,914	\$ 1,792,713	\$ 2,203,824	\$ 340,866	\$ 1,862,958

A total of \$121,737 (2017 - \$124,614) of the funds raised by special events has been designated for research purposes, including \$120,886 (2017 - \$122,489) 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 \$32,850 (2017 - \$27,836). These amounts are included in operating fund revenues.

Alzheimer Society of B.C.

Notes to the Financial Statements

March 31, 2018

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 \$551,000 (2017 - \$609,773) from ASC as follows:

	<u>2018</u>	<u>2017</u>
Direct mail	\$ 665,066	\$ 652,009
General donations	91,474	124,261
Research	77,392	75,503
Major gifts	40,419	-
Health partners	40,046	51,699
Memorial donations	37,096	60,764
Bequests	25,947	71,537
	<u>977,440</u>	<u>1,035,773</u>
Less direct mail expenses	<u>426,440</u>	<u>426,000</u>
	<u>\$ 551,000</u>	<u>\$ 609,773</u>

During the year, the Society incurred expenditures of \$836,593 (2017 - \$878,878) to ASC, including a national operation assessment of \$236,593 (2017 - \$278,878) and research grants and expenditures of \$600,000 (2017 - \$600,000).

Receivables include \$13,124 (2017 - \$23,075) due from ASC.

Payables and accruals include \$326,502 (2017 - \$291,454) due to ASC.

Alzheimer Society of B.C.

Notes to the Financial Statements

March 31, 2018

13. Commitments

(a) Premises

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

2019	\$	381,209
2020		299,265
2021		142,038
2022		129,852
2023		14,034
	\$	<u>966,398</u>

Subsequent to year end, the Society entered into a modified lease agreement. In aggregate the lease commitment for the premises is \$1,492,930 over the term of the lease from November 1, 2018 to October 31, 2028.

(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 \$270,945 and a national operating assessment of \$261,478 for the year ending March 31, 2019.

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, 2018, the Foundation contributed \$25,000 (2017 - \$13,000) 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, 2018 are \$887,889 (2017 - \$889,325) and \$13,098 (2017 - \$13,108), respectively. During the year, the Society received interest of \$16,403 (2017 - \$30,307) from the Vancouver Foundation.

Alzheimer Society of B.C.

Notes to the Financial Statements

March 31, 2018

16. Financial instruments

The carrying amount of financial assets measured at amortized cost that includes cash and receivables is \$3,857,957 as at March 31, 2018 (2017 - \$4,212,630).

The carrying amount of financial assets measured at fair value that includes investments is \$7,207,037 as at March 31, 2018 (2017 - \$6,562,997).

The carrying amount of financial liabilities measured at amortized cost is \$714,187 as at March 31, 2018 (2017 - \$750,462).

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 0.80% to 4.00% and mature between April 2018 and March 2022.

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 \$714,187 (2017 - \$750,462), which is due to be paid in full before March 31, 2019.

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, 2018

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 \$90,985 (2017 - \$139,428).

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.

During the year, the Society paid \$Nil (2017 - \$32,595) to a consulting firm of which a Society Board director is a principal. In addition, the Society paid \$1,060,102 (2017 - \$1,028,416) in remuneration to ten people who are employees, whose remuneration, during the applicable period, was at least \$75,000.
