

Alzheimer Society of Manitoba Inc.
Financial Statements
March 31, 2017

Independent Auditors' Report

To the Members of Alzheimer Society of Manitoba Inc.:

We have audited the accompanying financial statements of Alzheimer Society of Manitoba Inc., which comprise the statement of financial position as at March 31, 2017, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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.

Auditors' Responsibility

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

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

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

Basis for Qualified Opinion

In common with many non-profit organizations, the Alzheimer Society of Manitoba Inc. derives revenue from campaigns, direct marketing and donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly our verification of the revenue was limited to the amounts recorded in the records of the Alzheimer Society of Manitoba Inc., and we were unable to determine whether any adjustments for unrecorded revenues may be necessary to revenue, excess of revenue over expenses for the year and net assets.

Qualified Opinion

In our opinion, except for the 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 Manitoba Inc. as at March 31, 2017 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

The prior years financial statements were audited by another firm of Chartered Professional Accountants who issued a report dated May 26, 2016.

Winnipeg, Manitoba

May 24, 2017

MNP LLP

Chartered Professional Accountants

Alzheimer Society of Manitoba Inc.

Statement of Financial Position

As at March 31, 2017

	2017	2016
Assets		
Current		
Cash	35,189	70,496
Accounts receivable (Note 3)	28,422	40,689
Portfolio investments (Note 4)	1,317,941	1,130,100
Prepaid expenses	20,311	28,907
	1,401,863	1,270,192
Capital assets (Note 5)	38,502	54,175
Nathan Stall Endowment Fund investment (Note 4)	11,715	11,715
	1,452,080	1,336,082
Liabilities		
Current		
Accounts payable and accruals	155,359	135,624
Deferred contributions (Note 6)	93,300	-
	248,659	135,624
Net Assets		
Nathan Stall Endowment Fund	11,715	11,715
Service stabilization reserve	1,106,713	1,093,687
Invested in capital assets	38,502	54,175
General reserve	46,491	40,881
	1,203,421	1,200,458
	1,452,080	1,336,082

Approved on behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements

Alzheimer Society of Manitoba Inc.
Statement of Operations
For the year ended March 31, 2017

	2017	2016
Revenue		
Campaigns <i>(Note 11)</i>	922,964	901,135
Donations <i>(Note 11)</i>	1,121,846	974,180
Grants	398,473	428,085
Interest and other income	10,700	9,037
Program	176,112	106,515
	2,630,095	2,418,952
Expenses		
Client services	439,572	506,228
Community development	300,906	245,653
Education <i>(Note 9)</i>	807,223	729,732
Organizational development	88,314	50,686
Program and office administration	211,757	206,639
Research <i>(Note 9)</i>	132,632	133,534
Revenue development	620,754	589,302
	2,601,158	2,461,774
Excess (deficiency) of revenue over expenses before amortization	28,937	(42,822)
Amortization	(25,974)	(27,348)
Excess (deficiency) of revenue over expenses	2,963	(70,170)

The accompanying notes are an integral part of these financial statements

Alzheimer Society of Manitoba Inc.
Statement of Changes in Net Assets

For the year ended March 31, 2017

	<i>Nathan Stall Endowment Fund</i>	<i>Service stabilization reserve</i>	<i>Invested in capital assets</i>	<i>General reserve</i>	<i>Unrestricted</i>	<i>2017</i>	<i>2016</i>
Net assets, beginning of year	11,715	1,093,687	54,175	40,881	-	1,200,458	1,270,628
Excess (deficiency) of revenue over expenses	-	-	(25,974)	-	28,937	2,963	(70,170)
Investment in capital assets	-	-	10,301	-	(10,301)	-	-
Transfers (Note 7)	-	13,026	-	5,610	(18,636)	-	-
Net assets, end of year	11,715	1,106,713	38,502	46,491	-	1,203,421	1,200,458

The accompanying notes are an integral part of these financial statements

Alzheimer Society of Manitoba Inc.
Statement of Cash Flows
For the year ended March 31, 2017

	2017	2016
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	2,963	(70,170)
Amortization	25,974	27,348
Deferred contributions recognized	(25,000)	(33,065)
	3,937	(75,887)
Changes in working capital accounts		
Accounts receivable	12,267	(20,935)
Prepaid expenses	8,596	4,069
Accounts payable and accruals	19,735	(41,366)
Deferred contributions	118,300	-
	162,835	(134,119)
Investing		
Purchase of capital assets	(10,301)	(5,876)
Change in investments, net	(187,841)	155,206
	(198,142)	149,330
Increase (decrease) in cash resources	(35,307)	15,211
Cash resources, beginning of year	70,496	55,285
Cash resources, end of year	35,189	70,496

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Alzheimer Society of Manitoba Inc. (the "Society") was incorporated without share capital and is a registered charity; and thus is exempt from income taxes under the Income Tax Act (the "Act"). In order to maintain its status as a registered not-for-profit organization under the Act, the Society must meet certain requirements within the Act. In the opinion of management these requirements have been met.

The Society exists so that all Manitobans affected by dementia receive the help they need today and have hope for the future.

The provincial and national Alzheimer Societies across Canada are partners of the Society. Although the Societies work together to achieve the common goal of alleviating the consequences of Alzheimer disease, common control and ownership does not exist.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles, and include the following significant accounting policies:

Cash

Cash includes balances with banks and short-term investments with original maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Portfolio investments

Portfolio investments with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment. Changes in fair value are recorded immediately in the excess (deficiency) of revenues over expenses.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Office furniture and equipment	5 years

Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Contributed materials and services

Contributions of materials are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Society's operations and would otherwise have been purchased. Total in-kind donations recorded in the financial statements is \$20,340 (2016 - 4,879)

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

2. Significant accounting policies *(Continued from previous page)*

Allocation of expenses

The Society engages in fundraising programs to support client, education, and community awareness programs. The costs of each program include the costs of personnel and other expenses that are directly related to providing the program. The Society also incurs a number of general support expenses that are common to the administration of the Society and each of its programs.

The Society allocates certain general support expenses by allocating each component expense proportionately based on the same percentage of salaries and applies that basis consistently each year.

Employee future benefits

The Society's employee future benefit program consist of a multiemployer defined benefit plan.

The Society is a member of Healthcare Employee Pension Plan (the "Plan" or "HEPP") which is a multiemployer defined benefit plan for which there is insufficient information to apply defined benefit plan accounting because the actuary does not attribute portions of the surplus (deficit) to individual employers. Accordingly, the Society is not able to identify its share of the plan assets and liabilities, and therefore, the Society uses defined contribution plan accounting for this plan. The Society's liability is limited to the contribution required during the year under the funding agreement.

Employee and employer contributions were made at a rate of 8.9% (2016 - 8.9%) each on the first \$54,900 of earnings, and at a rate of 10.5% (2016 - 10.5%) on earnings in excess of this amount. This resulted in employer contributions made to the Plan during the year by the Society of \$95,620 (2016 - \$82,391). The most recent actuarial valuation of the Plan was as of December 31, 2013, which disclosed a going concern deficit of \$203,558,000.

Financial instruments

The Society recognizes its financial instruments when the Society becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions* (refer to Note 9).

At initial recognition, the Society may irrevocably elect to subsequently measure any financial instrument at fair value. The Society has not made such an election during the year.

The Society subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Society's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Measurement uncertainty (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 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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Alzheimer Society of Manitoba Inc.
Notes to the Financial Statements
For the year ended March 31, 2017

3. Accounts receivable

	2017	2016
Accounts receivable	17,300	30,894
Goods and Services Tax receivable	11,122	9,795
	28,422	40,689

4. Portfolio investments

	2017 <i>Market value</i>	2016 <i>Market value</i>
Money market fund	46,093	45,992
Corporate bond fund	721,694	715,324
Guaranteed investment certificates (maturing within one year, interest rates between 0.40%-1.28%)	550,154	368,784
	1,317,941	1,130,100
Nathan Stall Endowment Fund guaranteed investment certificate (maturing within one year, interest rates between 0.40%-1.28%)	11,715	11,715
	1,329,656	1,141,815

5. Capital assets

	Cost	Accumulated amortization	2017 Net book value
Office furniture and equipment	409,009	370,507	38,502

	Cost	Accumulated amortization	2016 Net book value
Office furniture and equipment	398,708	344,533	54,175

6. Deferred contributions

Deferred contributions consist of unspent contributions externally restricted for specific program expenses that have not occurred at year-end. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	2017	2016
Balance, beginning of year	-	33,065
Amount received during the year	118,300	-
Less: Amount recognized as revenue during the year	(25,000)	(33,065)
Balance, end of year	93,300	-

Alzheimer Society of Manitoba Inc.
Notes to the Financial Statements
For the year ended March 31, 2017

7. Interfund transactions

During the year, the Society transferred \$13,026 from unrestricted net assets to the Society's service stabilization reserve. The service stabilization reserve is intended to maintain current expenditure levels of the Society in the event of interrupted revenue.

During the year the Society also transferred \$5,610 from the unrestricted net assets to the Society's general reserve. The general reserve is intended for special projects and unanticipated expenditures.

8. Allocation of expenses

Rent, maintenance, telephone, office supplies, IT costs and insurance of \$197,598 (2016 – \$196,940) have been allocated as follows:

	2017	2016
Revenue development	39,832	39,699
Client services	54,414	54,233
Community development	24,525	24,443
Education	59,095	58,898
Organizational development	918	915
Program and office administration	18,814	18,752
	197,598	196,940

9. Assessments from the Alzheimer Society of Canada

In 2017, the Society paid assessments of \$150,321 (2016 - \$152,999) to the Alzheimer Society of Canada. Of this amount, \$75,915 (2016 - \$77,065) related to development of education support is recorded in education expense. The remaining \$74,406 (2016 - \$75,534) related to research assessment is recorded in research expense. As at March 31, 2017, the amount payable to Alzheimer Society of Canada included in accounts payable and accruals was \$37,220 (2016 - \$38,672).

10. Commitments

The Society has entered into various operating lease agreements for its premises and office equipment with estimated minimum annual payments as follows:

2018	121,993
2019	116,893
2020	108,893
2021	108,002
2022	105,293
	561,074

Additionally the Society has committed to the Alzheimer Society of Canada to provide funding in the amount of \$146,232 for the 2018 fiscal year.

The Society has committed to provide funding for student fellowship awards in the amount of \$8,000 for the 2018 fiscal year.

The Society has also partnered with Research Manitoba to provide the Manitoba Dementia Research Chair grant, splitting the \$500,000 outlay equally. The resulting \$250,000 commitment the Society will provide will be paid in \$50,000 annually across five years. The third installment is committed for 2018.

11. Flow-through revenue from Alzheimer Society of Canada

Included in campaigns and donations revenue are amounts received by the Alzheimer Society of Canada on behalf of the Alzheimer Society of Manitoba in the amount of \$11,634 (2016 - \$10,113) and \$51,023 (2016 - \$48,156) respectively.

12. Financial instruments

The Society, as part of its operations, carries a number of financial instruments. It is management's opinion that the Society is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Market risk

The Society is exposed to interest rate risk with respect to its investments in fixed income investments and a pooled fund that holds fixed income securities because the fair value will fluctuate due to changes in market interest rate.