

Alzheimer Society of Manitoba Inc.
Financial Statements
March 31, 2019

Independent Auditor's Report

To the Members of Alzheimer Society of Manitoba Inc.:

Qualified Opinion

We have audited the financial statements of Alzheimer Society of Manitoba Inc. (the "Society"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society 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 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 to 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.

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 qualified opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 but 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.

Winnipeg, Manitoba

May 29, 2019

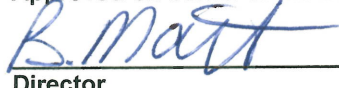
MNP LLP

Chartered Professional Accountants

Alzheimer Society of Manitoba Inc.
Statement of Financial Position
As at March 31, 2019

	2019	2018
Assets		
Current		
Cash	32,833	45,207
Accounts receivable	16,114	68,200
GST receivable	11,497	11,049
Portfolio investments (Note 3)	974,224	1,041,630
Prepaid expenses	18,210	24,658
	1,052,878	1,190,744
Capital assets (Note 4)	16,726	23,736
Long term investments (Note 3)	191,223	180,000
Nathan Stall Endowment Fund investment (Note 3)	12,745	12,250
	1,273,572	1,406,730
Liabilities		
Current		
Accounts payable and accruals (Note 7)	117,012	133,677
Deferred contributions (Note 5)	13,334	13,300
	130,346	146,977
Net Assets		
Nathan Stall Endowment Fund	12,745	12,250
Reserve Fund	1,112,816	1,103,682
Invested in capital assets	16,726	23,736
Operation Fund	939	120,085
	1,143,226	1,259,753
	1,273,572	1,406,730

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, 2019

	2019	2018
Revenue		
Campaigns (Note 10)	847,149	820,816
Donations (Note 10)	1,048,796	1,153,930
Grants	423,517	424,349
Interest and other income	33,421	34
Program	81,640	106,275
	2,434,523	2,505,404
Expenses		
Client services	474,926	454,638
Community development	261,307	266,818
Education (Note 7)	833,103	774,050
Organizational development	47,210	53,702
Program and office administration	252,457	215,403
Research (Note 7)	132,747	130,420
Revenue development	538,510	531,577
	2,540,260	2,426,608
Excess (deficiency) of revenue over expenses before amortization	(105,737)	78,796
Amortization	(11,285)	(22,999)
Excess (deficiency) of revenue over expenses	(117,022)	55,797

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, 2019

	<i>Nathan Stall Endowment Fund</i>	<i>Reserve Fund</i>	<i>Invested in capital assets</i>	<i>Operation Fund</i>	2019	2018
Net assets, beginning of year	12,250	1,103,682	23,736	120,085	1,259,753	1,203,421
Excess (deficiency) of revenue over expenses	-	-	(11,285)	(105,737)	(117,022)	55,797
Purchase of capital assets	-	-	4,275	(4,275)	-	-
Contribution to endowment fund	495	-	-	-	495	535
Transfers (Note 8)	-	9,134	-	(9,134)	-	-
Net assets, end of year	12,745	1,112,816	16,726	939	1,143,226	1,259,753

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, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	(117,022)	55,797
Amortization	11,285	22,999
Deferred contributions recognized	(39,966)	(80,000)
	(145,703)	(1,204)
Changes in working capital accounts		
Accounts receivable	52,086	(50,900)
GST receivable	(448)	73
Prepaid expenses	6,448	(4,347)
Accounts payable and accruals	(16,665)	(21,682)
Deferred contributions received	40,000	-
	(64,282)	(78,060)
Investing		
Purchase of capital assets	(4,275)	(8,233)
Change in investments, net	56,183	96,311
	51,908	88,078
Increase (decrease) in cash resources	(12,374)	10,018
Cash resources, beginning of year	45,207	35,189
Cash resources, end of year	32,833	45,207

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 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 \$7,809 (2018 - \$14,335)

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% (2018 - 8.9%) each on the first \$54,900 of earnings, and at a rate of 10.5% (2018 - 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 \$96,952 (2018 - \$96,066). The most recent actuarial valuation of the Plan was as of December 31, 2017, which disclosed a going concern surplus of \$417,187,000.

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 7).

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, 2019

3. Portfolio investments

	2019	2018
	Market value	Market value
Money market fund	46,893	46,321
Corporate bond fund	743,911	720,309
Guaranteed investment certificates, maturing within one year, interest rate of 1.90% (2018 - 1.45%-1.70%)	183,420	275,000
	974,224	1,041,630
Guaranteed investment certificate, maturing April 2020, interest rate of 2.28%	191,223	-
Guaranteed investment certificate, maturing May 2019, interest rate of 1.90%	-	180,000
	191,223	180,000
Nathan Stall Endowment Fund guaranteed investment certificate, maturing April 2020, interest rate of 2.28% (2018 - 1.75%)	12,745	12,250
	1,178,192	1,233,880

Included in the above is \$1,112,816 (2018 - \$1,103,682) which has been internally restricted for the Reserve Fund.

4. Capital assets

	Cost	Accumulated amortization	2019 Net book value
Office furniture and equipment	421,517	404,791	16,726

	Cost	Accumulated amortization	2018 Net book value
Office furniture and equipment	417,242	393,506	23,736

Alzheimer Society of Manitoba Inc.
Notes to the Financial Statements
For the year ended March 31, 2019

5. 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:

	2019	2018
Balance, beginning of year	13,300	93,300
Amount received during the year	40,000	-
Less: Amount recognized as revenue during the year	(39,966)	(80,000)
Balance, end of year	13,334	13,300

6. Allocation of expenses

Rent, maintenance, telephone, office supplies, IT costs and insurance of \$183,028 (2018 – \$183,930) have been allocated as follows:

	2019	2018
Client services	51,600	51,855
Community development	27,608	27,744
Education	53,428	53,691
Organizational development	870	875
Program and office administration	17,842	17,929
Revenue development	31,680	31,836
	183,028	183,930

7. Assessments from the Alzheimer Society of Canada

For the year ended March 31, 2019, the Society paid assessments of \$146,817 (2018 - \$146,233) to the Alzheimer Society of Canada. Of this amount, \$72,103 (2018 - \$73,850) related to development of education support is recorded in education expense. The remaining \$74,714 (2018 - \$72,383) related to research assessment is recorded in research expense. As at March 31, 2019, the amount payable to Alzheimer Society of Canada included in accounts payable and accruals was \$22,912 (2018 - \$27,706).

8. Interfund transactions

During the year, the Society transferred \$9,134 from the Operation Fund to the Reserve Fund. The Reserve Fund is intended for special projects and unanticipated expenditures.

9. Commitments

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

2020	144,300
2021	141,800
2022	133,600
2023	107,300
2024	21,100
	<hr/>
	548,100

Additionally the Society has committed to the Alzheimer Society of Canada to provide funding in the amount of \$144,125 for the 2020 fiscal year.

The Society has committed to provide funding for student fellowship awards in the amount of \$8,000 for the 2020 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 fifth installment is committed for 2020.

10. 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 \$96,520 (2018 - \$383) and \$42,922 (2018 - \$141,248) respectively.

11. 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.