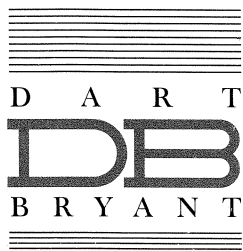


ALZHEIMER SOCIETY OF CALGARY

FINANCIAL STATEMENTS

MARCH 31, 2010



DART BRYANT
CHARTERED ACCOUNTANTS
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Calgary, Alberta T2E 1C2

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AUDITORS' REPORT

TO: The members of the
Alzheimer Society of Calgary

We have audited the balance sheet of the Alzheimer Society of Calgary as at March 31, 2010 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

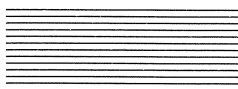
In common with many charitable organizations, the organization derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these sources of revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donations, excess of revenues over expenses, current assets and fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2010 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink, appearing to read 'Edwin L. Bryant', is written over a light blue circular stamp.

May 13, 2010

Chartered Accountants



**ALZHEIMER SOCIETY OF CALGARY
BALANCE SHEET
MARCH 31, 2010**

	2010	2009
	\$	\$
ASSETS		
CURRENT		
Cash and cash equivalents	304,952	94,432
Accounts receivable	15,344	26,340
Prepaid expenses	41,441	31,570
	361,737	152,342
LONG-TERM INVESTMENTS (Note 3)	1,716,541	1,433,322
PROPERTY AND EQUIPMENT (Note 4)	116,584	59,108
	2,194,862	1,644,772
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	168,224	55,285
Deferred contributions (Note 5)	60,874	18,650
	229,098	73,935
DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT (Note 6)	96,447	30,355
DEFERRED REVENUE (Note 3)	1	1
	325,546	104,291
NET ASSETS		
Growth and Sustainability fund	449,179	86,728
Appropriated surplus (Note 7)	1,400,000	1,400,000
Net investment in property and equipment	20,137	53,753
	1,869,316	1,540,481
	2,194,862	1,644,772
COMMITMENTS (Note 13)		

Approved on behalf of the board:

Director

Director

Please see Notes

**ALZHEIMER SOCIETY OF CALGARY
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2010**

	2010	2009
	\$	\$
UNRESTRICTED REVENUE		
Contributions		
General	305,650	165,609
Bequests	100	10,031
Fundraising activities (<i>Schedule 1</i>)	508,829	533,114
Investment income (Note 3)	312,627	(8,876)
Endowment income (Note 9)	-	5,224
Dementia Care Training Centre - fees for service	17,154	24,054
Membership fees	860	650
Earned capital contributions (Note 6)	3,508	6,544
	1,148,728	736,350
RESTRICTED REVENUE		
Club 36 Day Programs (<i>Schedule 2</i>)		
Contracted services – <i>Alberta Health Services</i>	453,865	452,643
Fees for service and contributions	35,529	33,124
Dementia Care Training Centre	126,731	65,022
Public Awareness	10,000	15,000
Grants	-	37,500
	626,125	603,289
TOTAL REVENUE (Note 8)	1,774,853	1,339,639
EXPENSES (Note 11)		
Programs		
Club 36 Day Programs (<i>Schedule 2</i>)	497,547	480,041
Dementia Care Training Centre	324,235	290,802
Volunteer program	44,984	47,447
Public awareness and communications	127,218	122,378
Research	100,000	100,000
Fundraising events (<i>Schedule 1</i>)	47,633	60,843
Fund development department	188,759	183,260
Program support	115,642	103,692
	1,446,018	1,388,463
EXCESS OF REVENUES OVER EXPENSES	328,835	(48,824)

Please see Notes

**ALZHEIMER SOCIETY OF CALGARY
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2010**

	2010			2009	
	Investment in Property and Equipment	Appropriated Surplus	Growth and Sustainability Fund	Total	Total
	\$	\$	\$	\$	\$
Net assets, beginning of year	28,753	1,400,000	111,728	1,540,481	1,589,305
Excess of revenue	-		328,835	328,835	(48,824)
Amortization	(23,343)		23,343	-	-
Earned capital contributions	3,508		(3,508)	-	-
Equipment purchased	45,219		(45,219)	-	-
Deferred capital contributions	(34,000)		34,000	-	
	<u>20,137</u>	<u>1,400,000</u>	<u>449,179</u>	<u>1,869,316</u>	<u>1,540,481</u>

Please see Notes

**ALZHEIMER SOCIETY OF CALGARY
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2010**

	<u>2010</u>	<u>2009</u>
	\$	\$
CASH WAS PROVIDED FROM (USED IN)		
OPERATIONS		
Excess (deficiency) of revenue over expenses	328,835	(48,824)
Add (deduct) non-cash items		
Amortization	23,343	18,553
Earned capital contribution	(3,508)	(6,544)
(Gain) loss on investments	<u>(230,816)</u>	<u>71,882</u>
	117,854	35,067
Changes in non-cash operating working capital (Note 10)	<u>156,288</u>	<u>31,612</u>
	<u>274,142</u>	<u>66,679</u>
FINANCING		
Purchase of property and equipment	(45,219)	(49,018)
Increase in deferred contributions related to property and equipment	<u>34,000</u>	<u>25,000</u>
	<u>(11,219)</u>	<u>(24,018)</u>
INVESTING		
Purchase of long-term investments	(650,140)	(561,678)
Proceeds on sale of long-term investments	<u>597,737</u>	<u>288,636</u>
	<u>(52,403)</u>	<u>(273,042)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	210,520	(230,381)
CASH AND CASH EQUIVALENTS, beginning of year	<u>94,432</u>	<u>324,813</u>
CASH AND CASH EQUIVALENTS, end of year	<u>304,952</u>	<u>94,432</u>

Please see Notes

**ALZHEIMER SOCIETY OF CALGARY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010**

1. PURPOSE OF THE ORGANIZATION

The Alzheimer Society of Calgary (the Society) is a charitable organization incorporated under the Societies Act of Alberta whose mission is to alleviate the personal and social consequences of Alzheimer's disease and other related dementias, and promote the search for a cause and cure. This is accomplished through the provision of education and support services through the Dementia Care Training Centre to those in the Calgary region, including individuals, families and professionals working in related fields, whose lives are affected by Alzheimer's disease and other related dementias.

One of the ways in which the mission of the Society is accomplished is through the operation of Club 36 Day Programs. These Programs provide meaningful activities in a day program environment for persons with dementia, as well as respite for their care givers. Alberta Health Services contracts for these services from the Society (2010: \$453,865; 2009: \$452,643). These fees cover a portion of the costs of the Club 36 Day Programs.

As income from contracted services and fees for service is insufficient to cover the costs of all programs undertaken, the ongoing operations of the Society are dependent on donations and fundraising from those interested.

The Society is a registered charitable organization and is therefore exempt from the payment of income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

Financial statements are prepared on the assumption that the entity is a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Management is required to assess whether there are any events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. Management is not aware of any such material uncertainties; accordingly these financial statements have been prepared using the going concern assumption.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are:

Financial Instruments

Financial instruments reported in these financial statements include cash, term deposits, accounts receivable, accounts payable and investments. All these financial instruments are classified as held-for-trading and initially recorded at their fair value. Any change between their fair value at the fiscal year-end and the initially recorded cost is recorded as an unrealized gain or loss in the year in the statement of operations.

Fair value for accounts receivable and accounts payable is considered to be the same as their cost due to the short terms to maturity. Fair value for investments is determined by reference to closing stock market prices at the year end.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Cash and cash equivalents

Cash and cash equivalents include cash in banks and brokerage accounts, and short term deposits capable of liquidation within three months or less.

**ALZHEIMER SOCIETY OF CALGARY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Property and Equipment

Property and equipment purchased are recorded at cost. Donated property and equipment are recorded at fair value when a fair value can be reasonably determined.

Office equipment and vehicles are amortized on a straight-line basis over their estimated useful lives of four to five years. Donated artwork is not amortized.

Investments

- (a) Investments for which there is an active trading market are classified as held-for-trading and reported at fair value at the year end. Investments donated to the Society are recorded at fair value at the time of the donation. Changes in the fair value of investments are included in investment income and are reported in the statement of operations.
- (b) The Society is the irrevocable beneficiary of a life insurance policy. The Society records the investment in this policy at the cash surrender value of the policy at the time of the donation. The carrying value of the policy is reviewed annually to determine whether an adjustment in the cash surrender value is required. Any changes in the cash surrender value of the policy prior to the death of the insured individual is adjusted to long term investments and related deferred revenue (Note 3).

The Society defers the recognition of revenue from these policies until the death benefit is realized, at which time the death benefit is reported in income.

Revenue recognition

The Society follows the deferral method of accounting for contributions. 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. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Gifts in kind for which an independent valuation is available and which have been receipted for income tax purposes are recorded at the receipted amount in unrestricted contributions. Gifts in kind not receipted for income tax purposes have not been recorded in the financial statements (Note 8).

Restricted contributions received for the purchase of property and equipment are deferred and amortized to income on the same basis as the amortization of the cost of property and equipment acquired.

Investment income includes dividends, interest, and realized and unrealized gains and losses. Unrealized gains and losses on financial assets held for trading are included in investment income and recognized as revenue in the statement of operations (Note 3).

Donated Services

During the year volunteers contributed approximately 2,250 (2009: 1,600) hours to assist the Society in carrying out its mission. Because of the difficulty of determining their number and fair value, donated services are not recognized in the financial statements.

**ALZHEIMER SOCIETY OF CALGARY
NOTES TO FINANCIAL STATEMENTS (CONTD.)
MARCH 31, 2010**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Allocation of General Support expenses to other functions

The Society presents expenses in the statement of operations on the basis of function performed which includes programs, research, fundraising events, fund development and program support.

Expenses which are directly attributable to a function are recorded as expenses of that function. Expenses which are not directly attributable to any specific function are allocated between functions on various bases determined by management.

Research and fundraising event expenses are all directly attributable to those functions. Programs and fund development expense include both expenses which are directly attributable to those functions as well as an allocation of program support expenses which are not directly attributable to any particular function. Program support expenses allocated to programs and fund development include staff development, equipment leases and maintenance, courier, postage and telecommunications, and professional fees. These expenses have been allocated 65% to programs, 15% to fund development and 20% to program support which is management's estimate based on the relative size of the various functions performed.

Use of estimates

In preparing the Society's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

These financial statements include estimates for valuation of long term investments, amortization of property and equipment, amortization of deferred contributions related to property and equipment, and allocation of administration salaries and costs between departments.

3. LONG-TERM INVESTMENTS

	2010	2009
	\$	\$
Common and preferred shares	27,282	19,847
Fixed income bonds	1,689,258	1,413,474
Cash surrender value of life insurance policies	1	1
	1,716,541	1,433,322

Marketable Securities

Investments consist of bonds with maturities between 2011 and 2108 bearing interest rates between 4.35% and 9.976%. The Society is exposed to interest rate risk on the fixed income bonds to the extent that interest rates fluctuate. As these bonds are openly traded on the market, changes in interest rates will affect the fair value of the investments.

Life Insurance Policies

The Society has been appointed as irrevocable beneficiary on a term life insurance policy having a face value of approximately \$100,000 (2009: \$100,000). As there is no cash surrender value in this policy it has been recorded at a nominal value.

ALZHEIMER SOCIETY OF CALGARY
NOTES TO FINANCIAL STATEMENTS (CONTD.)
MARCH 31, 2010

3. LONG-TERM INVESTMENTS (CONTD.)

Investment Income (Loss)

	2010	2009
	\$	\$
Investment income consists of:		
Interest income	81,811	63,006
Unrealized gain (loss) on investments	201,611	(72,923)
Realized gain (loss) on investments	29,205	1,041
	312,627	(8,876)

All investment income is available for use in general operations.

4. PROPERTY AND EQUIPMENT

	2010		2009	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Office equipment	219,478	106,694	112,784	55,308
Donated artwork	3,800	-	3,800	3,800
Vehicles	80,512	80,512	-	-
	303,790	187,206	116,584	59,108

Office equipment with a fair value of \$35,600 was donated to the Society during the year.

5. DEFERRED CONTRIBUTIONS

	2010	2009
	\$	\$
Deferred contributions represent unspent resources received in the current year which have been restricted by the contributors to be used to fund specific programs to be conducted in the following year. Changes in the deferred contributions balance are as follows:		
Balance, beginning of year	18,650	16,855
Restricted contributions received during the year (net of repayments)	103,167	12,500
Recognized in revenue	(60,943)	(10,705)
Balance, end of year	60,874	18,650

ALZHEIMER SOCIETY OF CALGARY
NOTES TO FINANCIAL STATEMENTS (CONTD.)
MARCH 31, 2010

6. DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT

	2010	2009
	\$	\$
Deferred contributions related to property and equipment represent donated equipment and restricted contributions with which various capital assets have been purchased. The changes in deferred contributions for the year are as follows:		
Balance, beginning of year	30,355	11,899
Restricted contributions received in the year	34,000	25,000
Donated equipment	35,600	
Earned capital contribution	(3,508)	(6,544)
Balance, end of year	96,447	30,355

7. APPROPRIATED SURPLUS

	2010	2009
	\$	\$
The Society's Board of Directors has internally restricted net assets in order to provide a reserve to be used to ensure ongoing operation of the Society's programs and services, should there be an unanticipated interruption in revenue:		
Balance, beginning and end of year	1,400,000	1,400,000

8. REVENUE

	2010	2009
	\$	\$
Contributions	953,295	841,089
Fees for service	505,423	500,882
Investment income (Note 3)	312,627	(8,876)
Earned capital contributions	3,508	6,544
	1,774,853	1,339,639

Included in contributions of \$953,295 (2009: \$841,089) is \$7,977 (2009: \$10,012) of gifts in kind received in connection with annual fund-raising events.

Contributions in kind of \$204,000 (2009: \$215,000) were received from corporate sponsors to assist with various specific annual fund-raising events. As these contributions have not been receipted for income tax purposes, the \$204,000 (2009: \$215,000) has not been recorded in these financial statements.

ALZHEIMER SOCIETY OF CALGARY
NOTES TO FINANCIAL STATEMENTS (CONTD.)
MARCH 31, 2010

9. ENDOWMENT INCOME

In 1999, the Society established an endowment named Alzheimer Society of Calgary Fund, administered by The Calgary Foundation, with an initial contribution of \$100,000. The Calgary Foundation has ownership of the fund and will manage the fund for a minimum of 10 years, until June 2010. The Agreement provides for an annual distribution throughout the 10 years, to the Society equal to 5% of the estimated fair market value of the fund. The annual distribution (2009: \$5,224;) is intended to be used in the operations of the Society.

During the year, the Society received \$91,976 in grants from the Calgary Foundation which represents a full distribution of the balance managed by the Foundation. As there aren't any externally imposed restrictions on the use of the contribution, this grant has been included in general contributions.

10. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	<u>2010</u>	<u>2009</u>
	\$	\$
Accounts receivable	10,996	(2,256)
Prepaid expenses	(9,871)	2,264
Accounts payable	112,939	29,809
Deferred contributions, net	42,224	1,795
	<u>156,288</u>	<u>31,612</u>

11. CLASSIFICATION & ALLOCATION OF EXPENSES

Classification

	<u>2010</u>	<u>2009</u>
	\$	\$
Amortization	23,343	18,553
Brochures, newsletters and printing advertising	40,220	53,594
Conferences, education and training	25,617	35,157
Direct fund-raising expenses	46,611	37,296
Equipment rental and leasing	10,573	10,880
Life insurance premiums	2,039	2,039
Office support, materials, supplies & technology	61,480	103,792
Professional fees	30,293	23,329
Programming	62,475	47,026
Rent	125,024	105,004
Salaries and benefits	886,931	835,007
Strategic planning	16,854	
Support for National Research Program (Note 12)	100,000	100,000
Travel and vehicle repairs and maintenance	14,558	16,784
	<u>1,446,018</u>	<u>1,388,461</u>

Total salaries and benefits of \$886,931 include \$56,035 paid as remuneration to an employee whose principal duties involve fund-raising.

ALZHEIMER SOCIETY OF CALGARY
NOTES TO FINANCIAL STATEMENTS (CONTD.)
MARCH 31, 2010

11. CLASSIFICATION & ALLOCATION OF EXPENSES (CONTD.)

Allocation of Program support expenses

Program support expenses have been allocated to the following functions as follows:

	<u>2010</u>	<u>2009</u>
	\$	\$
Increase in:		
Programs	71,305	75,059
Fund development	<u>16,039</u>	<u>18,405</u>
Decrease in Program support expense	<u>87,344</u>	<u>93,464</u>

12. RELATED PARTY TRANSACTIONS

The Society is related to the Alzheimer Society of Canada ("Canada"), and the Alzheimer Society of Alberta and Northwest Territories ("ASANT") by virtue of their common objectives. None of the organizations has control of or is controlled by one of the other organizations, nor is there joint control or significant influence exercised by Canada or Alberta over the Society.

The three levels of societies work closely together to accomplish the common objective of alleviating the personal and social consequences of Alzheimer's disease and other dementias and to promote the search for a cause and a cure.

In 2010, the Alzheimer Society of Calgary contributed \$100,000 (2009: \$100,000) to the National Research program of the Alzheimer Society of Canada. This was paid in April 2010 and included at March 31, 2010 in accounts payable.

13. COMMITMENTS

Premises

The Society entered into a lease for its office premises for the six years ended November 30, 2016. The lease requires annual base rent and additional common area costs estimated at \$45,000 annually.

The Society entered into lease agreements for space in which it conducts its Club 36 Southwood and Club 36 Harvest Hills programs. The Southwood lease was renewed in 2009 for three years to January 31, 2012, requiring annual rent of approximately \$17,000. The Harvest Hills lease is for three years to March 31, 2011, requiring annual rent of approximately \$18,000

The minimum annual lease payments for the next five years are:

	\$
2011	91,000
2012	69,000
2013	51,000
2014	53,000
2015	56,000

ALZHEIMER SOCIETY OF CALGARY
NOTES TO FINANCIAL STATEMENTS (CONTD.)
MARCH 31, 2010

14. COMPARATIVE FIGURES

Certain of the prior year's comparative figures have been reclassified to conform to the current year's presentation.

15. CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2009, the Society adopted the new accounting standards applicable to not-for-profit organizations as included in the CICA Handbook. The new standards:

1. require revenue and expense to be reported at their gross amounts when the organization is acting as a principal in the transactions. The disclosure of gross revenue and related expenses for fundraising events has previously been reported in Schedule 1; consequently no change is required as this basis of presentation had previously been adopted.
2. require disclosure of the basis of allocation of expenses between functions where the statement of operations reports expenses by function. As the Society has historically reported its expenses by function in the statement of operations, no changes other than Note disclosures are required
3. require the statement of cash flows to report activities from investing separate from financing activities. No change is required as this basis of presentation had previously been adopted..
4. permit an organization to present its investment in capital assets as a category of internally restricted net assets when it chooses to do so. No change is required as the Society did not opt to internally restrict assets.

**ALZHEIMER SOCIETY OF CALGARY
SCHEDULE OF FUNDRAISING EVENTS
YEAR ENDED MARCH 31, 2010**

Schedule 1

	2010		2009	
	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>	<u>Net</u>
	\$	\$	\$	\$
Donor renewal	202,765	14,261	188,504	239,584
Memory walk/run	126,084	33,372	92,712	108,002
Golf tournament, gala and other external events	85,456	-	85,456	93,315
Coffee break	21,908	-	21,908	31,370
Casino	72,616	-	72,616	-
	<u>508,829</u>	<u>47,633</u>	<u>461,196</u>	<u>472,271</u>

**ALZHEIMER SOCIETY OF CALGARY
SCHEDULE OF CLUB 36 DAY PROGRAMS
YEAR ENDED MARCH 31, 2010**

Schedule 2

	<u>2010</u>	<u>2009</u>
	\$	\$
REVENUE		
Restricted		
Contracted services		
Alberta Health Services	453,865	452,643
Fees for service	34,404	28,035
Contributions	1,125	5,089
Total Revenue	<u>489,394</u>	<u>485,767</u>
EXPENSES		
Salary and employee benefits	382,079	367,162
Program Support	27,375	25,597
Program and craft supplies	6,400	6,130
Food and kitchen supplies	24,612	26,143
Rent and cleaning	46,410	41,288
Vehicle repairs and maintenance	10,671	10,878
Special projects	-	2,843
	<u>497,547</u>	<u>480,041</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>(8,153)</u>	<u>5,727</u>