



Financial statements

Alzheimer Society of B.C.

March 31, 2011

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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, 2011, the statement of revenues and expenses, the statement of changes in net assets and the statement of 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 generally accepted accounting principles, 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 the public in the form of donations, bequests and special events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to donations, bequests and special events revenues.

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, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Vancouver, Canada

June 24, 2011

Chartered accountants

Alzheimer Society of B.C.

Statement of revenues and expenses

Year ended March 31, 2011

	2011				2010			
	Operating	Restricted		Total	Operating	Restricted		Total
		Research	Other			Research	Other	
Revenues								
Special events (Note 13)	\$ 1,248,199	\$ 245,115	\$ -	\$ 1,493,314	\$ 1,300,051	\$ 207,311	\$ -	\$ 1,507,362
Individual giving	343,995	16,378	-	360,373	265,826	93,936	-	359,762
National (Note 15)	434,856	43,134	-	477,990	710,283	21,965	-	732,248
Bequests	686,346	-	-	686,346	700,398	1,644	-	702,042
Donated asset (Note 5)	-	-	-	-	550,000	-	-	550,000
Grants and special projects	986,653	85,756	-	1,072,409	340,301	5,100	-	345,401
Gaming	240,499	-	-	240,499	332,228	-	-	332,228
Corporate and organizational giving	266,235	8,185	-	274,420	267,482	12,078	-	279,560
Memorial donations	175,237	503	-	175,740	174,016	850	-	174,866
Gain on disposal of donated asset (Note 5)	86,936	-	-	86,936	-	-	-	-
Investment and other	54,687	-	-	54,687	44,892	-	-	44,892
	<u>4,523,643</u>	<u>399,071</u>	<u>-</u>	<u>4,922,714</u>	<u>4,685,477</u>	<u>342,884</u>	<u>-</u>	<u>5,028,361</u>
Expenses								
Advocacy	159,887	-	-	159,887	162,417	-	-	162,417
Communication	258,460	-	-	258,460	205,869	-	-	205,869
Fund development (Note 11)	495,525	-	-	495,525	494,651	-	-	494,651
Improving B.C. Dementia Care National operation	699,818	-	-	699,818	109,566	-	-	109,566
assessment (Note 15)	233,307	-	-	233,307	192,837	-	-	192,837
Provincial operations	566,717	-	-	566,717	491,353	-	-	491,353
Research	-	227,390	-	227,390	-	365,718	-	365,718
Special events (Note 13)	160,022	-	-	160,022	149,715	-	-	149,715
Support, education and regional services	1,872,468	-	-	1,872,468	1,929,730	-	10,150	1,939,880
	<u>4,446,204</u>	<u>227,390</u>	<u>-</u>	<u>4,673,594</u>	<u>3,736,138</u>	<u>365,718</u>	<u>10,150</u>	<u>4,112,006</u>
Excess (deficiency) of revenues over expenses before other items	77,439	171,681	-	249,120	949,339	(22,834)	(10,150)	916,355
Amortization of deferred capital contributions	13,279	-	-	13,279	-	-	-	-
Amortization of property and equipment	(78,588)	-	-	(78,588)	(45,477)	-	-	(45,477)
Excess (deficiency) of revenues over expenses	<u>\$ 12,130</u>	<u>\$ 171,681</u>	<u>\$ -</u>	<u>\$ 183,811</u>	<u>\$ 903,862</u>	<u>\$ (22,834)</u>	<u>\$ (10,150)</u>	<u>\$ 870,878</u>

See accompanying notes to the financial statements.

Alzheimer Society of B.C.

Statement of financial position

March 31 2011 2010

Assets

Current

Cash	\$ 1,020,471	\$ 575,753
Short-term investments (Note 3)	1,541,421	1,445,985
Receivables (Note 4)	481,804	193,887
Prepaid expenditures	<u>55,675</u>	<u>49,451</u>

3,099,371 2,265,076

Donated asset (Note 5) - 550,000

Property and equipment (Note 6) 342,950 123,892

Endowment funds (Notes 3 and 10) 621,011 262,100

\$ 4,063,332 **\$ 3,201,068**

Liabilities

Current

Payables and accruals (Note 7)	\$ 132,908	\$ 108,403
Tenant inducements	6,353	12,706
Deferred revenue (Note 8)	<u>633,110</u>	<u>483,611</u>

772,371 604,720

Deferred capital contributions (Note 9) 152,019 -

924,390 604,720

Fund balances

Unrestricted 1,676,177 1,181,214

Invested in property and equipment 190,931 673,892

Research 650,823 479,142

Endowment funds (Note 10) 621,011 262,100


3,138,942 2,596,348

\$ 4,063,332 **\$ 3,201,068**

Externally held endowment funds (Note 12)

Commitments (Note 16)

On behalf of the board

 Director

 Director

See accompanying notes to the financial statements.

Alzheimer Society of B.C.

Statement of changes in net assets

Year ended March 31, 2011

	2011					2010
	Operating		Research	Endowment funds	Total	Total
	Unrestricted	Invested in property and equipment				
Fund balance, beginning of year	\$ 1,181,214	\$ 673,892	\$ 479,142	\$ 262,100	\$ 2,596,348	\$ 1,617,710
Excess (deficiency) of revenues over expenses	77,439	(65,309)	171,681	-	183,811	870,878
Change in fair value of investments classified as available-for-sale	(128)	-	-	15,628	15,500	35,658
Transfer	417,652	(417,652)	-	-	-	-
Endowment contributions and investment income (Note 10)	-	-	-	352,467	352,467	79,742
Endowment distributions (Note 10)	-	-	-	(9,184)	(9,184)	(7,640)
Fund balance, end of year	\$ 1,676,177	\$ 190,931	\$ 650,823	\$ 621,011	\$ 3,138,942	\$ 2,596,348

See accompanying notes to the financial statements.

Alzheimer Society of B.C.

Statement of cash flows

Year ended March 31, 2011

	2011			2010
	<u>Operating</u>	<u>Research</u>	<u>Total</u>	<u>Total</u>
Cash flows provided by (used in)				
Operating activities				
Excess (deficiency) of revenues over expenses	\$ 12,130	\$ 171,681	\$ 183,811	\$ 870,878
Adjustments to determine cash flows				
Amortization of deferred capital contributions	(13,279)	-	(13,279)	-
Amortization of property and equipment	78,588	-	78,588	45,477
Amortization of tenant inducements	(6,353)	-	(6,353)	(6,354)
Donated asset	-	-	-	(550,000)
Gain on disposal of donated asset	(86,936)	-	(86,936)	-
Change in non-cash operating working capital	(120,137)	-	(120,137)	(133,328)
	<u>(135,987)</u>	<u>171,681</u>	<u>35,694</u>	<u>226,673</u>
Financing and investing activities				
Purchase of property and equipment	(297,646)	-	(297,646)	(41,967)
Proceeds on disposal of donated asset	636,936	-	636,936	-
Endowment contributions and investment income	352,467	-	352,467	79,742
Endowment distributions	(9,184)	-	(9,184)	(7,640)
Deferred capital contributions	165,298	-	165,298	-
Short-term investments reinvested in non-cash equivalents				
Decrease (increase) in short-term investments	76,117	(171,681)	(95,564)	(120,483)
Increase in endowment funds	(343,283)	-	(343,283)	(72,102)
	<u>580,705</u>	<u>(171,681)</u>	<u>409,024</u>	<u>(162,450)</u>
Increase in cash and cash equivalents	444,718	-	444,718	64,223
Cash and cash equivalents, beginning of year	575,753	-	575,753	511,530
Cash and cash equivalents, end of year	<u>\$ 1,020,471</u>	<u>\$ -</u>	<u>\$ 1,020,471</u>	<u>\$ 575,753</u>
Change in non-cash operating working capital				
Receivables			\$ (287,917)	\$ 16,615
Prepaid expenditures			(6,224)	(26,053)
Payables and accruals			24,505	(12,261)
Deferred revenue			149,499	(2,063)
Deferred contributions			-	(109,566)
			<u>\$ (120,137)</u>	<u>\$ (133,328)</u>

See accompanying notes to the financial statements.

Alzheimer Society of B.C.

Notes to the financial statements

March 31, 2011

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 Society 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 generally accepted accounting principles.

Fund accounting

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 follows the deferral method of accounting for contributions in the operating fund. Contributions are recorded as revenue when received or receivable except when the donor has specified that they are intended for a specific use or for use in 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 to be received can be reasonably estimated and collection is reasonably assured.

The Society is the named beneficiary in life insurance policies and charitable remainder trusts. Proceeds will be 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.

The Society follows the restricted fund method of accounting for contributions in the research fund. Contributions for research are recorded as revenue when received or when receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Alzheimer Society of B.C.

Notes to the financial statements

March 31, 2011

2. Summary of significant accounting policies (continued)

Fund accounting (continued)

c *Other restricted funds*

Revenues and expenses related to "A New Landscape - A New Journey" campaign are reported as other restricted funds. The purpose of this campaign was to raise funds to develop specific programs and services aimed at early intervention for those impacted by dementia and to raise awareness of the Society. The campaign funded one-time projects and helped establish the development of First Link™, an on-going referral program. The campaign was completed in 2010.

The Society follows the restricted fund method of accounting for contributions in other restricted funds. Contributions are recorded as revenue when received or when receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

d *Endowment funds*

Endowment contributions are recognized as direct increases in net assets.

Contributed services

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

Non-cash donations

As part of its fund development, the Society receives non-cash donations consisting mainly of items for auctions. These donations, totalling approximately \$55,971 (2010: \$61,635), have been recognized as both an in-kind revenue and an in-kind expense, at the fair market value of the gifts.

Cash and cash equivalents

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

Property and equipment

Property and equipment 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 years
Leasehold improvements	5 - 10 years

Alzheimer Society of B.C.

Notes to the financial statements

March 31, 2011

2. Summary of significant accounting policies (continued)

Tenant inducements

Tenant inducements are amortized on a straight-line basis over the lease term of 10 years.

Financial instruments

All financial assets are classified into one of the following four categories: held-for-trading ("HFT"), available-for-sale ("AFS"), held-to-maturity ("HTM"), or loans and receivables ("L&R"). All financial liabilities are classified as HFT or other financial liabilities ("OFL"). All financial instruments, including derivatives, are included on the statement of financial position and are initially measured at fair market value. Subsequent measurement and recognition of changes in fair value of financial instruments depends on their initial classification. HFT financial assets are measured at fair value and all gains and losses are included in excess of revenue over expenses in the period in which they arise. AFS financial assets are measured at fair value with revaluation gains and losses included as changes in net asset balances until the asset is removed from the statement of financial position. HTM and L&R financial assets and HTM and OFL financial liabilities are measured at amortized cost using the effective interest method.

The Society classifies its financial instruments as follows:

- a Cash as HFT
- b Short-term investments as AFS
- c Receivables as L&R
- d Endowment funds as AFS
- e Payables as OFL

Purchases and sales of investments are recorded on a trade date basis.

Program costs

The Society engages in support and education, advocacy, research and fundraising 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.

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.

Alzheimer Society of B.C.

Notes to the financial statements

March 31, 2011

2. Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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. Short-term investments and endowment funds	2011	2010
Short-term investments	\$ 1,541,421	\$ 1,445,985
Endowment funds	<u>621,011</u>	<u>262,100</u>
	<u>\$ 2,162,432</u>	<u>\$ 1,708,085</u>

The investment portfolio is made up of the following:

	2011	2010
Fixed income investments	\$ 1,478,055	\$ 770,303
Money market funds	565,302	830,567
Equity funds	119,075	105,007
Preferred shares	<u>-</u>	<u>2,208</u>
	<u>\$ 2,162,432</u>	<u>\$ 1,708,085</u>

4. Receivables

Receivables include \$30,454 (2010: \$132,618) receivable from Alzheimer Society of Canada ("ASC").

5. Donated asset

In 2010, the Society received a gift of real property located in Maple Ridge, B.C. and was granted a life estate on the property. This gift was valued at \$550,000 at the time of contribution. In 2011, the property became available for sale in accordance with the terms of the life estate and was sold for net proceeds of \$636,936. A gain of \$86,936 is recognized in the statement of revenues and expenses.

Alzheimer Society of B.C.

Notes to the financial statements

March 31, 2011

	2011			2010		
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>
Computer equipment	\$ 320,352	\$ 80,355	\$ 239,997	\$ 167,221	\$ 106,108	\$ 61,113
Office equipment	107,262	46,093	61,169	110,309	85,397	24,912
Leasehold improvements	122,441	80,657	41,784	105,409	67,542	37,867
	<u>\$ 550,055</u>	<u>\$ 207,105</u>	<u>\$ 342,950</u>	<u>\$ 382,939</u>	<u>\$ 259,047</u>	<u>\$ 123,892</u>

7. Payables and accruals

Payables and accruals includes \$Nil (2010: \$19,824) payable to ASC.

	2011	2010
Forget Me Not Golf Tournament	\$ 279,571	\$ 144,076
Projects funded by Direct Access grant	250,000	190,499
Ascent for Alzheimer's	68,539	55,436
Grant for First Link project	35,000	55,600
Bequest	-	20,000
Dementia Series and other programs	-	18,000
	<u>\$ 633,110</u>	<u>\$ 483,611</u>

Deferred revenue consists of funds received in the year ended March 31, 2011 and designated for use after March 31, 2011.

	2011	2010
Balance, beginning of year	\$ -	\$ -
Contributions received	165,298	-
Amortization	<u>(13,279)</u>	<u>-</u>
Balance, end of year	<u>\$ 152,019</u>	<u>\$ -</u>

Alzheimer Society of B.C.

Notes to the financial statements

March 31, 2011

10. 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 realized 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 research of 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 & Eva Floris)
- supporting the Society in providing programs and services for caregivers (Theodore & Helen Bourque)

Endowments are as follows:

	<u>David Macaree Memorial</u>	<u>H. Clark Bentall</u>	<u>Nell Brown</u>	<u>Grace Bowden</u>	<u>Steve & Eva Floris</u>	<u>Theodore & Helen Bourque</u>	<u>2011 Total</u>
Balance, beginning of year	\$ 42,600	\$ 46,558	\$ 40,273	\$ 49,654	\$ 83,015	\$ -	\$ 262,100
Contributions	-	-	-	-	50,000	300,000	350,000
Change in fair value of investments classified as available for sale	1,088	1,189	1,028	1,268	3,396	7,659	15,628
Investment income	172	188	162	200	536	1,209	2,467
Distributions	(1,500)	(1,630)	(1,410)	(1,738)	(2,906)	-	(9,184)
Balance, end of year	\$ 42,360	\$ 46,305	\$ 40,053	\$ 49,384	\$ 134,041	\$ 308,868	\$ 621,011

11. Allocation of expenses

Fundraising expenses

Fundraising expenses reported in the statement of revenues and expenses of \$495,525 (2010: \$494,651) are reported after an allocation of \$16,671 (2010: \$15,611) 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.

Alzheimer Society of B.C.

Notes to the financial statements

March 31, 2011

11. Allocation of expenses (continued)

General support expenses

Executive management, information technology and general support expenses of \$453,996 (2010: \$392,811) have been allocated as follows:

	2011	2010
Advocacy	\$ 69,279	\$ 64,465
Communication	43,733	34,104
Fund development	90,736	83,440
Provincial operations	88,419	71,579
Research	16,665	16,004
Support, education and regional services	<u>145,164</u>	<u>123,219</u>
	<u>\$ 453,996</u>	<u>\$ 392,811</u>

12. 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 at March 31, 2011 are \$681,924 (2010: \$663,151) and \$8,750 (2010: \$7,321), respectively. During the year, the Society received interest of \$27,456 (2010: \$7,696) from the Vancouver Foundation.

13. Special events

During the year, the Society received funds by hosting special fundraising events.

Funds raised by the special events are as follows:

	2011			2010		
	<u>Revenues</u>	<u>Expenses</u>	<u>Total</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Total</u>
Forget Me Not						
Golf						
Tournament	\$ 548,094	\$ 62,708	\$ 485,386	\$ 456,238	\$ 41,617	\$ 414,621
Walk for Memories	660,434	74,408	586,026	628,214	78,710	549,504
Ascent for						
Alzheimer's	133,800	13,452	120,348	261,288	15,053	246,235
Coffee Break	36,492	123	36,369	47,490	1,774	45,716
Other events	<u>114,494</u>	<u>9,331</u>	<u>105,163</u>	<u>114,132</u>	<u>12,561</u>	<u>101,571</u>
	<u>\$ 1,493,314</u>	<u>\$ 160,022</u>	<u>\$ 1,333,292</u>	<u>\$ 1,507,362</u>	<u>\$ 149,715</u>	<u>\$ 1,357,647</u>

Alzheimer Society of B.C.

Notes to the financial statements

March 31, 2011

13. Special events (continued)

An amount of \$242,693 (2010: \$207,311), equal to 50% of the net proceeds of the Forget Me Not Golf Tournament and \$2,422 (2010: \$Nil) from Coffee Break, have been designated for research purposes.

14. Service club gaming revenues

The Society received donations of gaming revenues from various community service clubs of \$23,158 (2010: \$26,273). These amounts are included in operating fund revenues.

15. Related party transactions

All funds received by 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, is supported through provincial Alzheimer Society assessments.

During the year, the Society received net donations of \$477,990 (2010: \$732,248) from ASC as follows:

Direct mail	\$	609,575
Bequests		18,862
General donations		59,104
Memorial donations		55,485
Health partners		47,819
Major gifts		15,500
		<u>806,345</u>
Less: direct mail costs		<u>328,355</u>
	\$	<u>477,990</u>

During the year, the Society incurred expenditures of \$445,112 (2010: \$501,655) to ASC as follows:

	2011	2010
National operation assessment	\$ 233,307	\$ 192,837
Research	<u>211,805</u>	<u>308,818</u>
	<u>\$ 445,112</u>	<u>\$ 501,655</u>

Alzheimer Society of B.C.

Notes to the financial statements

March 31, 2011

16. Commitments

a Premises and equipment

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

Year ending March 31		
2012	\$	306,762
2013		107,849
2014		68,670
2015		31,561

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 \$205,930 and a national operating assessment of \$219,170 for the year ending March 31, 2012.

c B.C. Dementia Service Framework – First Link™ project

Pursuant to the Memorandum of Understanding with Vancouver Island Health Authority, the Society is committed to funding \$35,000 in grants relating to the First Link™ project.

17. 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 Canada Corporations Act 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, 2011, the Foundation contributed \$5,236 (2010: \$6,715) to the Society.

Alzheimer Society of B.C.

Notes to the financial statements

March 31, 2011

18. Financial instruments

The Society's financial instruments include cash, short-term investments, receivables, endowment funds, and payables and accruals. The carrying value of these financial instruments approximate their fair values.

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.

Market risk

The Society's short-term investments include equity funds that are exposed to future changes in market prices. Market prices are monitored to manage the risk.

19. Capital management

The capital structure of the Society consists of net assets invested in property and equipment, endowment funds, restricted funds and unrestricted net assets. The primary objective of the Society's capital management is to protect the assets of the Society while fulfilling its mandate.

Net assets invested in property and equipment represents the amount of net assets that are not available for other purposes because they have been invested.

Endowment funds represents donations received by the Society where the principal gift is required to be maintained intact in perpetuity to generate investment income to be used in accordance with purposes established by the donors.

Restricted funds represents general donations, bequests, memorial donations and grants from external sources, as well as funds that have been allocated internally for the purpose of searching for the causes and cures of Alzheimer's disease and developing specific programs and services aimed at early intervention for those impacted by dementia.

Unrestricted net assets are funds available for future operations and are preserved so the Society can have financial flexibility should opportunities arise in the future.

For the year ended March 31, 2011, the Society has complied with all externally imposed capital restrictions.



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