

Alzheimer Society of Toronto
Financial Statements
For the year ended March 31, 2018

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Revenue and Expenses	4
Statement of Financial Position	5
Statement of Changes in Fund Balances	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 14



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Independent Auditor's Report

To the Members of Alzheimer Society of Toronto

We have audited the statement of financial position of Alzheimer Society of Toronto as at March 31, 2018 and the statements of revenue and expenses, changes in fund balances and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 charitable organizations, the Society derives revenue from fundraising events, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were unable to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenses and cash flows from operations for the year ended March 31, 2018, current assets as at March 31, 2018 and fund balances as at April 1, 2017 and March 31, 2018. The predecessor auditor's opinion on the financial statements for the year ended March 31, 2017 was modified because of the possible effects of a similar limitation in scope.



Independent Auditor's Report (continued)

Qualified Opinion

In our opinion, except for the 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 Toronto as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matters

The financial statements of Alzheimer Society of Toronto for the year ended March 31, 2017 were audited by another auditor who expressed a qualified audit opinion on those statements on June 12, 2017, for the reasons described in the Basis for Qualified Opinion paragraph.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Mississauga, Ontario
June 11, 2018

Alzheimer Society of Toronto Statement of Revenue and Expenses

For the year ended March 31	2018	2017
Revenue		
Support from the public		
Events	\$ 1,468,132	\$ 1,495,480
Corporate giving and foundation giving	1,166,260	1,038,877
Individual giving and direct marketing	867,994	688,974
Bequests	303,753	452,523
	3,806,139	3,675,854
Total support from the public		
Government health programs	1,561,942	1,334,113
Partner charities (Note 6)	307,198	300,000
Literature and seminars	43,240	416,519
Investment and other income	21,885	22,831
Amortization of deferred capital contributions (Note 5)	15,000	15,000
	5,755,404	5,764,317
Total revenue		
Expenses		
Programs		
Services	3,771,514	3,765,315
Research	67,729	50,000
	3,839,243	3,815,315
Total program expenses		
Support		
Fundraising	1,607,314	1,358,064
Administration (Note 9)	656,190	554,793
	2,263,504	1,912,857
Total support expenses		
Total expenses	6,102,747	5,728,172
Excess (deficiency) of revenue over expenses	\$ (347,343)	\$ 36,145

The accompanying notes are an integral part of these financial statements.

Alzheimer Society of Toronto
Statement of Financial Position

March 31 **2018** **2017**

Assets

Current

Cash	\$ 229,900	\$ 14,911
Short-term investments (Note 2)	2,987,568	3,133,808
Accounts receivable	194,610	141,403
Prepaid expenses	55,000	43,606
	3,467,078	3,333,728

Property and equipment and intangible assets (Note 3) 176,295 104,943

\$ 3,643,373 **\$ 3,438,671**

Liabilities and Fund Balances

Current

Accounts payable and accrued liabilities	\$ 372,401	\$ 431,335
Deferred revenue (Note 4a)	247,839	533,268
Current portion of tenant lease inducements	23,415	35,124
Current portion of deferred capital contributions (Note 5)	10,000	15,000
	653,655	1,014,727

Deferred revenue (Note 4b) 1,194,580 248,048

Deferred capital contributions (Note 5) - 10,000

Tenant lease inducements - 23,415

1,848,235 **1,296,190**

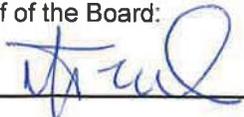
Fund balances

Invested in property and equipment and intangible assets	166,295	79,943
Unrestricted fund	1,628,843	2,062,538

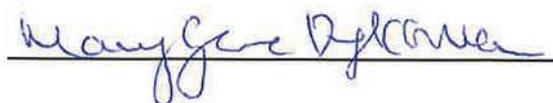
1,795,138 **2,142,481**

\$ 3,643,373 **\$ 3,438,671**

On behalf of the Board:



Director



Director

Alzheimer Society of Toronto
Statement of Changes in Fund Balances

For the year ended March 31

	Invested in Property and Equipment and Intangible Assets	Unrestricted Fund	2018	2017
Fund balance , beginning of year	\$ 79,943	\$ 2,062,538	\$ 2,142,481	\$ 2,106,336
Excess (deficiency) of revenue over expenses for the year	(45,542)	(301,801)	(347,343)	36,145
Purchase of property and equipment and intangible assets	131,894	(131,894)	-	-
Fund balance , end of year	\$ 166,295	\$ 1,628,843	\$ 1,795,138	\$ 2,142,481

The accompanying notes are an integral part of these financial statements.

Alzheimer Society of Toronto Statement of Cash Flows

For the year ended March 31	2018	2017
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses	\$ (347,343)	\$ 36,145
Adjustments required to reconcile excess (deficiency) of revenue over expenses with net cash provided by operating activities		
Amortization of property and equipment and intangible assets	60,542	55,994
Amortization of deferred capital contributions	(15,000)	(15,000)
Tenant lease inducements	(35,124)	(35,124)
Changes in non-cash working capital balances		
Accounts receivable	(53,207)	58,372
Prepaid expenses	(11,394)	(29,294)
Accounts payable and accrued liabilities	(58,934)	(147,650)
Deferred revenue	661,103	(17,730)
	200,643	(94,287)
Investing activities		
Redemption of short-term investments	146,240	35,443
Purchase of property and equipment and intangible assets	(131,894)	(29,167)
Decrease in Charitable Remainder Trust	-	66,822
	14,346	73,098
Increase (decrease) in cash during the year	214,989	(21,189)
Cash, beginning of year	14,911	36,100
Cash, end of year	\$ 229,900	\$ 14,911

The accompanying notes are an integral part of these financial statements.

Alzheimer Society of Toronto

Notes to Financial Statements

March 31, 2018

1. Summary of Significant Accounting Policies

Purpose of the Organization

The Alzheimer Society of Toronto (the "Society") was established as a charitable organization in 1981. The role of the Society is to offer support, information and education to persons with dementia, their families and their caregivers, to increase public awareness of dementia, to promote research, and to advocate for services that respect the dignity of the individual.

The Society was incorporated in 1981 without share capital, under the relevant provisions of the Ontario Corporations Act. The Society is a registered charity under the Income Tax Act (Canada) and as such, is exempt from income taxes and is able to issue tax-deductible receipts to donors.

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue Recognition

Contributions, including public support, fundraising events, donations, bequests, government health programs and literature and seminars, are recognized as revenue when the amount can be reasonably estimated and collection is reasonably assured. Restricted contributions are initially recorded as deferred revenue and are recognized as revenue in the year in which the related expenses are incurred.

Investment income consists of interest, which is recognized as revenue in the period in which it is earned

Financial Instruments

Initial measurement

Financial instruments are measured at fair value when issued or acquired. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement

The Society subsequently measures its financial assets and liabilities at cost or amortized cost, less impairment.

For financial assets measured at cost or amortized cost, the Society regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Society determines that there is a significant adverse change in the expected timing or amount of future cash flows from the asset, it recognizes an impairment loss in the statement of revenue and expenses. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Alzheimer Society of Toronto

Notes to Financial Statements

March 31, 2018

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Property and Equipment and Intangible Assets

Property and equipment and intangible assets are recorded at cost. The Society provides for amortization using the straight-line method at rates designed to amortize the cost of the assets over their estimated useful lives. The annual amortization rates are as follows:

Furniture and equipment	- 5 years
Computer equipment	- 3 years
Leasehold improvements	- over term of the lease
Intangible assets	- 2 years

Donated Services

The operation of the Society is dependent on services provided by volunteers. Since these services are not normally purchased by the Society and due to the difficulty of determining their fair market value, donated services are not recorded in the accounts.

Operating and Overhead Expenses

Certain operating and overhead expenses are allocated to other expense categories based upon reasonable estimates of staff time or costs incurred (Note 8).

Remuneration of the Board

Members of the Board of Directors are volunteers who serve without remuneration.

Alzheimer Society of Toronto Notes to Financial Statements

March 31, 2018

2. Short-term Investments

Short-term investments consist of Guaranteed Investment Certificates which have maturities within the next 12 months and interest rates ranging between 1.63% and 2.04% (2017 - 0.4% and 1.22%).

3. Property and Equipment and Intangible Assets

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and fixtures	\$ 176,716	\$ 163,321	\$ 176,244	\$ 154,671
Computer equipment	144,381	100,001	105,643	88,597
Leasehold improvements	466,845	349,822	374,161	311,226
Intangible assets	28,276	26,779	28,276	24,887
	\$ 816,218	\$ 639,923	\$ 684,324	\$ 579,381
Net book value		\$ 176,295		\$ 104,943

4. Deferred Revenue

(a) Short-term deferred revenue

Short-term deferred revenue consists of contributions received in advance which are designated by the donor to fund future expenses. These expenses are anticipated to occur within one year

	2018			2018
	Opening Balance	Amounts Received	Program Expenses	Closing Balance
George C. Hunt Family Foundation	\$ 256,604	\$ 315,000	\$ 427,190	\$ 144,414
Trillium Foundation - Dementia Friendly Communities	59,670	7,100	66,770	-
Ontario Trillium Minds in Motion	35,072	34,200	69,272	-
Community Connection Enriches Grant	24,357	107,675	113,379	18,653
Temerty Family Foundation	7,322	200,000	195,824	11,498
Other	150,243	129,064	206,032	73,275
	\$ 533,268	\$ 793,039	\$1,078,467	\$ 247,840

Alzheimer Society of Toronto Notes to Financial Statements

March 31, 2018

4. Deferred Revenue (continued)

(b) Long-term deferred revenue

Long-term deferred revenue represents donations received that cannot be recognized in income until certain conditions are met. These conditions are anticipated to be met over a period of greater than one year.

	2018 Opening Balance	Amounts Received	Expenses	2018 Closing Balance
The Emily Bertoldi-Bernice Bogart Fund for Dementia Counselling (i)	\$ 193,579	\$ 24,081	\$ -	\$ 217,660
The George C. Hunt Family Foundation Matching Gifts Campaign (ii)	54,469	-	53,639	830
The Burton Gift Program (iii)	-	976,090	-	976,090
	\$ 248,048	\$ 1,000,171	\$ 53,639	\$ 1,194,580

(i) The Emily Bertoldi-Bernice Bogart Fund for Dementia Counselling

On January 31, 2015, a new agreement was signed, whereby the two individuals pledged \$30,000 per year for five years (commencing December 2015). Of the \$30,000 pledge, \$15,000 will be unrestricted and can be spent for general purposes. The remaining \$15,000 (plus any additional donations designated to the Fund from these individuals or other third parties) will remain in the Fund. Interest will continue to compound on the Fund over the duration of the pledge.

(ii) The George C. Hunt Family Foundation Matching Gifts Campaign

On November 27, 2013, the Society received \$500,000 from the George C. Hunt Foundation. Access to these funds require matching of new donations/pledges of at least \$5,000 that are designated to either the Alzheimer's Counselling and Financial Support Program or the Memory and Music: ipod project.

(iii) The Burton Gift Program

The Society received a gift of shares that were redeemed during the year for \$976,090. This gift is expected to be utilized over the next three years, focusing on transforming dementia care through training and education initiatives.

Alzheimer Society of Toronto Notes to Financial Statements

March 31, 2018

5. Deferred Capital Contributions

Pursuant to an agreement dated June 26, 2008, the Society received a grant of \$150,000 from the Ontario Trillium Foundation. The purpose of the grant was to assist the Society with its co-location costs to achieve efficiency savings and increase access to coordinated services and resources for clients with dementia across Toronto. Since this grant was used to offset purchases of property and equipment, it is being amortized over the same term as the amortization of the related property and equipment.

	2018	2017
Balance, beginning of year	\$ 25,000	\$ 40,000
Amortization	(15,000)	(15,000)
Balance, end of year	10,000	25,000
Current portion	10,000	15,000
Long term portion	\$ -	\$ 10,000

6. Alzheimer Societies in Ontario Federation Agreement

On April 1, 2017, the Society entered into a new Alzheimer Societies in Ontario ("ASiO") Federation Agreement with the Alzheimer Society of Ontario ("ASO"). Under the terms of the agreement, ASO will distribute to the Local Societies \$1,000,000 annually, determined by the ratio of the respective Local Societies' fundraising revenue. Partner charities on the statement of revenue and expenses includes payments from ASO made to the Society of \$307,198 (2017 - \$300,000).

Partner charities revenue:

	2018	2017
ASiO revenue distribution	\$ 280,198	\$ 300,000
Other	27,000	-
	\$ 307,198	\$ 300,000

Alzheimer Society of Toronto Notes to Financial Statements

March 31, 2018

7. Commitments

Joint Lease Agreement

Pursuant to the co-tenancy agreement signed on April 1, 2008, the Alzheimer Societies of Canada, Ontario and Toronto co-located in new premises in order to benefit from efficiencies of scale. The lease was subsequently renewed until December 31, 2028. The co-tenancy agreement sets out the terms of the sharing of costs (based on the related cost drivers, which are primarily shared equally by each of the three co-tenants). Shared costs include leasehold improvements, furniture, equipment, rent, phones, and IT.

The Society's portion of the operating lease commitment for the next five years and thereafter is as follows:

2019	\$	80,138
2020		134,064
2021		134,667
2022		135,875
2023		136,479
Thereafter		<u>802,872</u>
	\$	<u>1,424,095</u>

8. Allocation of Expenses

The Society incurred certain management and administrative salaries and overhead expenses in the aggregate amount of \$507,608 (2017 - \$681,141) which are allocated based on proration of payroll costs among the various cost centres. These general and administrative expenses are allocated as follows:

		<u>2018</u>		<u>2017</u>
Services	\$	388,319	\$	510,855
Fundraising		119,289		170,286
	\$	507,608	\$	681,141

Alzheimer Society of Toronto Notes to Financial Statements

March 31, 2018

9. Shared Services

Effective April 1, 2016, the Society, in conjunction with Alzheimer Society of Ontario and Alzheimer Society of Canada, agreed to merge the finance operations of each organization into one shared services department. Under the terms of the shared services agreement, the Society's portion of costs is determined annually. The cost related to the shared services department for the current year was \$559,466 (2017 - \$531,127) and is included in administration on the statement of revenue and expenses.

10. Financial Instruments Risks

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Society is exposed to credit risk primarily with respect to its accounts receivable. The Society manages this risk through regular monitoring of balances and continuous communication with debtors. This risk has not changed from the prior year.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of its short-term investments. This risk has not changed from the prior year.

11. Comparative Figures

Certain comparative figures have been reclassified to conform with the method of presentation adopted for the current year.