

Alzheimer Society of Toronto
Financial Statements
For the year ended March 31, 2022

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Independent Auditor's Report

To the Board of Directors of Alzheimer Society of Toronto

Qualified Opinion

We have audited the financial statements of Alzheimer Society of Toronto (the "Society"), which comprise the statement of financial position as at March 31, 2022, and the statements of revenue and expenses, changes in fund balances 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, 2022, 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 charitable organizations, the Society derives revenue from fundraising events. For the year ended March 31, 2021, we were not able to verify the completeness of these sources of revenue. Our verification of this revenue was limited to the amounts recorded in the records of the Society and our audit opinion on the financial statements for the year ended March 31, 2021 was modified accordingly. In the current year, we were able to obtain sufficient, appropriate audit evidence regarding the completeness of revenue from fundraising events. As a result, our opinion on the current year's financial statements is modified because of the possible effects of this matter on the comparability of the current year's figures and the comparative information.

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 audit opinion.

Responsibilities of Management and Those Charged with Governance 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.

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
June 21, 2022

Alzheimer Society of Toronto Statement of Revenue and Expenses

For the year ended March 31	2022	2021
Revenue		
Support from the public		
Fundraising events	\$ 925,039	\$ 1,122,194
Corporate giving and foundation giving	600,840	511,578
Individual giving and direct marketing	913,503	890,856
Bequests	429,761	51,850
	2,869,143	2,576,478
Total support from the public		
Government health programs	2,307,846	2,238,487
Partner charities (Note 5)	371,331	382,476
Literature and seminars	73,166	74,915
Investment and other income	142,918	75,960
Government subsidies (Note 10)	380,410	722,250
	6,144,814	6,070,566
Total revenue		
Expenses		
Programs		
Services	3,890,480	4,036,356
Research	137,034	20,091
	4,027,514	4,056,447
Total program expenses		
Support		
Fundraising	921,769	935,546
Administration (Note 8)	632,185	533,431
	1,553,954	1,468,977
Total support expenses		
Total expenses	5,581,468	5,525,424
Excess of revenue over expenses	\$ 563,346	\$ 545,142

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

Alzheimer Society of Toronto
Statement of Financial Position

March 31 **2022** **2021**

Assets

Current

Cash	\$ 3,312,659	\$ 2,857,480
Short-term investments (Note 2)	1,000,000	1,000,000
Accounts receivable	227,121	321,246
Prepaid expenses	30,072	27,160
	4,569,852	4,205,886

Property and equipment and intangible assets (Note 3) 137,721 134,603

\$ 4,707,573 \$ 4,340,489

Liabilities and Fund Balances

Current

Accounts payable and accrued liabilities	\$ 340,210	\$ 489,055
Deferred revenue (Note 4a)	951,549	853,983
Tenant lease inducements	4,003	1,828
	1,295,762	1,344,866

Deferred revenue (Note 4b) 657,559 804,717

1,953,321 2,149,583

Fund balances

Invested in property and equipment and intangible assets	137,721	134,603
Unrestricted fund	2,616,531	2,056,303
	2,754,252	2,190,906

\$ 4,707,573 \$ 4,340,489

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, Equipment and Intangible Assets	Unrestricted Fund	2022	2021
	\$				
Fund balance , beginning of year	\$ 134,603	\$ 2,056,303	\$ 2,190,906	\$ 1,645,764	
Excess (deficiency) of revenue over expenses for the year	(37,110)	600,456	563,346	545,142	
Purchase of property, equipment and intangible assets	40,228	(40,228)	-	-	
Fund balance , end of year	\$ 137,721	\$ 2,616,531	\$ 2,754,252	\$ 2,190,906	

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 **2022** **2021**

Cash provided by (used in)

Operating activities

Excess of revenue over expenses	\$ 563,346	\$ 545,142
Adjustments required to reconcile excess of revenue over expenses with net cash provided by operating activities		
Amortization of property, equipment and intangible assets	37,110	59,600
Tenant lease inducements	2,175	3,203
Changes in non-cash working capital balances		
Accounts receivable	94,125	55,418
Prepaid expenses	(2,912)	29,547
Accounts payable and accrued liabilities	(148,845)	(91,374)
Deferred revenue	(49,592)	65,469
	495,407	667,005

Investing activities

Redemption of short-term investments, net	-	236,799
Purchase of property, equipment and intangible assets	(40,228)	(27,653)
	(40,228)	209,146

Increase in cash during the year

455,179 **876,151**

Cash, beginning of year

2,857,480 **1,981,329**

Cash, end of year

\$ 3,312,659 **\$ 2,857,480**

Alzheimer Society of Toronto

Notes to Financial Statements

March 31, 2022

1. Summary of Significant Accounting Policies

Purpose of the Organization

The Alzheimer Society of Toronto 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 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, 2022

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 7).

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, 2022

2. Short-term Investments

Short-term investments consist of Guaranteed Investment Certificates which have maturities within the next 12 months and interest rates of 0.53% and 0.56% (2021 - 0.48% and 0.54%).

3. Property and Equipment and Intangible Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and fixtures	\$ 212,299	\$ 195,045	\$ 212,299	\$ 186,553
Computer equipment	149,139	108,345	108,911	91,451
Leasehold improvements	493,905	414,232	493,905	402,508
Intangible assets	60,939	60,939	60,939	60,939
	\$ 916,282	\$ 778,561	\$ 876,054	\$ 741,451
Net book value		\$ 137,721		\$ 134,603

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.

	Opening Balance	Amounts Received	Transfers	Program Expenses	Closing Balance
George C. Hunt Family Foundation	\$ 399,326	\$ -	\$ 395,694	\$ 281,500	\$ 513,520
George C. Hunt Family Foundation Matching Gift Campaign (iii)	-	-	369,556	149,161	220,395
Temerty Family Foundation	209,650	-	-	139,516	70,134
The Burton Gift Program	190,319	-	(190,319)	-	-
United Way Teleconnect	35,291	-	-	35,291	-
Other	19,397	147,500	-	19,397	147,500
	\$ 853,983	\$ 147,500	\$ 574,931	\$ 624,865	\$ 951,549

Transfers are between programs and from long-term to short-term.

Alzheimer Society of Toronto Notes to Financial Statements

March 31, 2022

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.

	Opening Balance	Amounts Received	Transfers	Program Expenses	Closing Balance
The Emily Bertoldi-Bernice Bogart Fund for Dementia Counselling (i)	\$ 250,236	\$ -	\$ -	-	\$ 250,236
The George C. Hunt Family Foundation (ii)	410,000	300,000	(395,694)	-	314,306
The George C. Hunt Family Foundation Matching Gift Campaign (iii)	-	127,773	(34,756)	-	93,017
The Burton Gift Program (iii)	144,481	-	(144,481)	-	-
	\$ 804,717	\$ 427,773	\$ (574,931)	\$ -	\$ 657,559

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

On January 31, 2015, an 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 Innovation Accelerator Fund and Counselling and Financial Support Program

On November 30, 2020 an agreement was signed whereby \$200,000 per year is pledged for the next three years (commencing October 2020) towards the Innovation Accelerator Fund. On November 29, 2021, the Society received \$100,000 for a one-time gift in support of the Counselling and Financial Support program.

(iii) The George C. Hunt Family Foundation Innovation Accelerator Matching Campaign

A matching campaign for the Innovation Accelerator Fund began with the George C. Hunt Family Foundation agreement in November 2020. Funds raised for this program would be restricted for the same purpose as the Hunt Foundation gift. The prior year remaining balance of the Burton Gift Fund of \$334,800 was the initial contribution. The Society also received \$127,773 during the fiscal year for this campaign.

Alzheimer Society of Toronto Notes to Financial Statements

March 31, 2022

5. 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 \$371,331 (2021 - \$382,476).

6. Commitments

(a) 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:

2023	\$ 116,160
2024	117,188
2025	117,702
2026	118,730
2027	119,244
Thereafter	<u>200,453</u>
	<u>\$ 789,477</u>

(b) Subscription Fees

The Society is committed to subscription fees related to the Customer Relationship Management System (CRM) for the next year of \$40,025.

Alzheimer Society of Toronto Notes to Financial Statements

March 31, 2022

7. Allocation of Expenses

The Society incurred certain management and administrative salaries and overhead expenses in the aggregate amount of \$501,417 (2021 - \$561,392) which are allocated based on proration of payroll costs among the various cost centres. These general and administrative expenses are allocated as follows:

	<u>2022</u>	<u>2021</u>
Services	\$ 383,584	\$ 447,315
Fundraising	117,833	114,077
	<u>\$ 501,417</u>	<u>\$ 561,392</u>

8. 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 \$439,799 (2021 - \$283,896) and is included in administration on the statement of revenue and expenses.

9. 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.

Alzheimer Society of Toronto Notes to Financial Statements

March 31, 2022

10. COVID-19

As the impacts of COVID-19 continue, there could be further impacts on the Society, its funders and donors. Management is actively monitoring the impact on its financial condition, liquidity, operations, suppliers, sector, and workforce.

The Society qualified for the Canada Emergency Wage Subsidy ("CEWS") and the Canada Emergency Rent Subsidy ("CERS") from the Government of Canada during the year. Included in government subsidy revenue is \$316,968 (2021 - \$684,404) related to CEWS and \$63,442 (2021 - \$37,846) related to CERS. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Society is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.