

Alzheimer Society of Toronto
Financial Statements
For the year ended March 31, 2024

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



Independent Auditor's Report

To the Board of Directors of Alzheimer Society of Toronto

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, 2024, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2024, 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 Opinion

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 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 18, 2024

Alzheimer Society of Toronto Statement of Revenue and Expenses

For the year ended March 31	2024	2023
Revenue		
Support from the public		
Fundraising events	\$ 843,477	\$ 1,129,620
Corporate giving and foundation giving	1,287,922	1,075,882
Individual giving and direct marketing	1,092,503	878,259
Bequests	558,665	1,075,946
	3,782,567	4,159,707
Total support from the public		
Government health programs	2,896,185	2,294,398
Partner charities (Note 6)	104,743	408,424
Literature and seminars	94,968	75,315
Investment and other income	236,641	147,108
	7,115,104	7,084,952
Total revenue		
Expenses		
Programs		
Services	4,992,733	4,584,031
Research	255,219	153,497
	5,247,952	4,737,528
Total program expenses		
Support		
Fundraising	853,588	932,587
Administration (Note 8)	748,445	623,499
	1,602,033	1,556,086
Total support expenses		
Total expenses	6,849,985	6,293,614
Excess of revenue over expenses	\$ 265,119	\$ 791,338

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

Alzheimer Society of Toronto
Statement of Financial Position

March 31 **2024** **2023**

Assets

Current

Cash	\$ 2,330,674	\$ 3,186,354
Short-term investments (Note 2)	1,500,000	1,500,000
Accounts receivable	677,248	186,398
Prepaid expenses	137,252	80,199
Tenant lease inducements	21,180	27,476

4,666,354 **4,980,427**

Property and equipment (Note 3)

226,712 **214,775**

\$ 4,893,066 **\$ 5,195,202**

Liabilities and Fund Balances

Current

Accounts payable and accrued liabilities	\$ 532,356	\$ 381,165
Deferred revenue (Note 4a)	460,865	885,614

993,221 **1,266,779**

Deferred revenue (Note 4b)

14,136 **382,833**

Deferred capital contributions (Note 5)

75,000 **-**

1,082,357 **1,649,612**

Fund balances

Invested in property and equipment assets	151,712	214,775
Unrestricted fund	3,658,997	3,330,815

3,810,709 **3,545,590**

\$ 4,893,066 **\$ 5,195,202**

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 Assets	Unrestricted Fund	2024	2023
Fund balance , beginning of year	\$ 214,775	\$ 3,330,815	\$ 3,545,590	\$ 2,754,252
Excess (deficiency) of revenue over expenses for the year	(62,573)	327,692	265,119	791,338
Purchase of property and equipment assets	74,510	(74,510)	-	-
Capital contributions	(75,000)	75,000	-	-
Fund balance , end of year	\$ 151,712	\$ 3,658,997	\$ 3,810,709	\$ 3,545,590

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	2024	2023
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	\$ 265,119	\$ 791,338
Adjustments required to reconcile excess of revenue over expenses with net cash provided by operating activities		
Amortization of property and equipment assets	62,573	48,536
Tenant lease inducements	6,296	(31,479)
Changes in non-cash working capital balances		
Accounts receivable	(490,850)	40,723
Prepaid expenses	(57,053)	(50,127)
Accounts payable and accrued liabilities	151,191	40,955
Deferred revenue	(793,446)	(340,661)
	(856,170)	499,285
Investing activities		
Purchase of short-term investments, net	-	(500,000)
Purchase of property and equipment assets	(74,510)	(125,590)
	(74,510)	(625,590)
Financing activity		
Deferred capital contributions	75,000	-
	(856,680)	(126,305)
Decrease in cash during the year		
Cash, beginning of year	3,186,354	3,312,659
Cash, end of year	\$ 2,330,674	\$ 3,186,354

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

Alzheimer Society of Toronto

Notes to Financial Statements

March 31, 2024

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

The Society follows the deferral method of accounting for contributions. Contributions, including public support, fundraising events, donations, bequests, government health programs, literature and seminars and partner charities, 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.

Deferred capital contributions related to capital assets represent the summarized and unallocated amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of revenue and expenses.

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, 2024

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 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

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.

2. Short-term Investments

Short-term investments consist of Guaranteed Investment Certificates which have maturities within the next 12 months and interest rates between 5.34% and 5.77% (2023 - 4.66% and 5.30%).

Alzheimer Society of Toronto
Notes to Financial Statements

March 31, 2024

3. Property and Equipment and Intangible Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and fixtures	\$ 140,685	\$ 62,767	\$ 140,685	\$ 34,630
Computer equipment	82,259	59,966	78,361	37,507
Leasehold improvements	190,355	63,854	119,743	51,877
	\$ 413,299	\$ 186,587	\$ 338,789	\$ 124,014
Net book value		\$ 226,712		\$ 214,775

Included in leasehold improvements are kitchen renovation costs of \$70,612 (2023 - \$Nil) that are not being amortized as the renovation is not complete at March 31, 2024.

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 (ii)	\$ 483,981	\$ 200,000	\$ 105,453	\$ 595,352	\$ 194,082
George C. Hunt Family Foundation Matching Gift Campaign (iii)	132,858	26,640	-	159,498	-
Davos Alzheimer's Collaborative	76,623	77,276	-	153,899	-
Ontario Trillium Foundation	42,566	11,300	-	53,866	-
U-First Program Training Support	-	107,100	75,000	75,000	107,100
The Emily & Bernice Early Counselling Support Program	-	-	188,244	51,875	136,369
Other	149,586	23,315	-	149,587	23,314
	\$ 885,614	\$ 445,631	\$ 368,697	\$1,239,077	\$ 460,865

Alzheimer Society of Toronto Notes to Financial Statements

March 31, 2024

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)	\$ 263,244	\$ -	\$ (263,244)	\$ -	-
The George C. Hunt Family Foundation (ii)	119,589	-	(105,453)	-	14,136
	\$ 382,833	\$ -	\$ (368,697)	\$ -	\$ 14,136

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

(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. At the Gala held in September 2023, the Bertoldi family announced that these funds would be spent on U-First program and Counselling services over the course of the subsequent 18 months ending March 31, 2025.

(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 December 11, 2023 the Society entered into a new three year gift agreement in which the George C. Hunt Family Foundation pledged to pay \$200,000 per year (commencing Dec 2023), half of which is to go towards the Counselling and Financial Support Program and remaining \$100,000 towards the Active Living program which is run out of the Mid-Scarborough Hub.

(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 were restricted for the same purpose as the Hunt Foundation gift and spent during the year.

Alzheimer Society of Toronto Notes to Financial Statements

March 31, 2024

5. Deferred Capital Contributions

During the year, the Society received \$70,000 from the George C. Hunt Family Foundation and \$5,000 from Alzheimer Society of Canada for a one-time gift in support of leasehold improvement for space commonly used for client service and events. The related asset is not complete and in use at the end of fiscal year and therefore no amortization has been recorded for the year ending March 31, 2024 (Note 3).

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"). This agreement was amended July 7, 2023. Under the amended agreement, ASO will distribute to the Local Societies \$500,000 annually. The Society's portion of the \$500,000 is determined by the ratio of the respective Local Societies' percentage of the population over 60 years of age (based on latest Census data available). Partner charities on the statement of revenue and expenses includes payments from ASO made to the Society of \$104,743 (2023 - \$408,424).

7. 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 is as follows:

2025	\$ 104,333
2026	105,244
2027	105,700
2028	106,611
2029	<u>71,074</u>
	<u>\$ 492,962</u>

Alzheimer Society of Toronto Notes to Financial Statements

March 31, 2024

7. Commitments (continued)

(b) License Agreement

The Society entered into a license agreement for shared space with Scarborough Centre for Healthy Communities, commencing on August 1, 2022 and ending on February 29, 2032.

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

2025	\$	123,132
2026		123,132
2027		123,132
2028		126,748
2029		128,556
Thereafter		<u>374,955</u>
	\$	<u>999,655</u>

8. Allocation of Expenses

The Society incurred certain management and administrative salaries and overhead expenses in the aggregate amount of \$505,301 (2023 - \$464,356) which are allocated based on proration of payroll costs among the various cost centres. These general and administrative expenses are allocated as follows:

	<u>2024</u>	<u>2023</u>
Services	\$ 427,481	\$ 382,401
Fundraising	<u>77,820</u>	<u>81,955</u>
	\$ 505,301	\$ 464,356

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, HR and IT 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 \$565,700 (2023 - \$465,193) and is included in administration on the statement of revenue and expenses. During fiscal 2025 the shared services agreement will be dissolved. Management estimates there will be no material impact to the Society.

Alzheimer Society of Toronto
Notes to Financial Statements

March 31, 2024

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. Life Insurance Policy

The Society has been given a life insurance policy under which it is the owner and beneficiary. The total coverage provided under the policy owned by the Society is approximately \$354,000 (2023 - \$354,000).