

**Alzheimer Society of Toronto**  
**Financial Statements**  
For the year ended March 31, 2020

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## Independent Auditor's Report

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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, 2020, 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, 2020, 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 not-for-profit organizations, the Society derives revenue from fundraising events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess (deficiency) of revenues over expenses, and cash flows from operations for the years ended March 31, 2020 and 2019, current assets as at March 31, 2020 and 2019, and fund balances as at April 1 and March 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

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.

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## Independent Auditor's Report (continued)

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### 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  
Mississauga, Ontario  
June 22, 2020

## Alzheimer Society of Toronto Statement of Revenue and Expenses

For the year ended March 31	2020	2019
<b>Revenue</b>		
Support from the public		
Events	\$ 1,872,126	\$ 1,622,673
Corporate giving and foundation giving	879,555	645,221
Individual giving and direct marketing	1,086,795	951,642
Bequests	81,221	445,638
	3,919,697	3,665,174
Total support from the public		
Government health programs	2,156,987	2,057,338
Partner charities (Note 5)	242,442	250,857
Literature and seminars	68,683	61,932
Investment and other income	68,817	61,592
Amortization of deferred capital contributions	-	10,000
	6,456,626	6,106,893
<b>Total revenue</b>		
<b>Expenses</b>		
Programs		
Services	4,155,573	3,896,005
Research	45,902	52,688
	4,201,475	3,948,693
Total program expenses		
Support		
Fundraising	1,638,988	1,790,183
Administration (Note 8)	566,294	567,260
	2,205,282	2,357,443
Total support expenses		
<b>Total expenses</b>	<b>6,406,757</b>	<b>6,306,136</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 49,869</b>	<b>\$ (199,243)</b>

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

**Alzheimer Society of Toronto**  
**Statement of Financial Position**

**March 31** **2020** **2019**

**Assets**

**Current**

Cash	\$ 1,981,329	\$ 295,516
Short-term investments (Note 2)	1,236,799	2,628,067
Accounts receivable	376,664	266,537
Prepaid expenses	56,707	84,478
Tenant lease inducements	1,375	-

**3,652,874** **3,274,598**

**Property and equipment and intangible assets (Note 3)**

**166,550** **169,558**

**\$ 3,819,424** **\$ 3,444,156**

**Liabilities and Fund Balances**

**Current**

Accounts payable and accrued liabilities	\$ 580,429	\$ 336,223
Deferred revenue (Note 4a)	1,198,914	387,254
Tenant lease inducements	-	45,506

**1,779,343** **768,983**

**Deferred revenue (Note 4b)**

**394,317** **1,079,278**

**2,173,660** **1,848,261**

**Fund balances**

Invested in property and equipment and intangible assets	166,550	169,558
Unrestricted fund	1,479,214	1,426,337

**1,645,764** **1,595,895**

**\$ 3,819,424** **\$ 3,444,156**

On behalf of the Board:

*Mary Jane Dykstra*

Director



Director

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**Alzheimer Society of Toronto**  
**Statement of Changes in Fund Balances**

**For the year ended March 31**

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	Invested in Property and Equipment and Intangible Assets	Unrestricted Fund	2020	2019
<b>Fund balance</b> , beginning of year	<b>\$ 169,558</b>	<b>\$ 1,426,337</b>	<b>\$ 1,595,895</b>	<b>\$ 1,795,138</b>
Excess (deficiency) of revenue over expenses for the year	(56,394)	106,263	49,869	(199,243)
Purchase of property and equipment and intangible assets	53,386	(53,386)	-	-
<b>Fund balance</b> , end of year	<b>\$ 166,550</b>	<b>\$ 1,479,214</b>	<b>\$ 1,645,764</b>	<b>\$ 1,595,895</b>

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	2020	2019
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses	\$ 49,869	\$ (199,243)
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	56,394	66,879
Amortization of deferred capital contributions	-	(10,000)
Tenant lease inducements	(46,881)	22,091
Changes in non-cash working capital balances		
Accounts receivable	(110,127)	(71,927)
Prepaid expenses	27,771	(29,478)
Accounts payable and accrued liabilities	244,206	(36,177)
Deferred revenue	126,699	24,112
	<b>347,931</b>	<b>(233,743)</b>
<b>Investing activities</b>		
Redemption of short-term investments, net	1,391,268	359,501
Purchase of property and equipment and intangible assets	(53,386)	(60,142)
	<b>1,337,882</b>	<b>299,359</b>
<b>Increase in cash during the year</b>	<b>1,685,813</b>	<b>65,616</b>
<b>Cash, beginning of year</b>	<b>295,516</b>	<b>229,900</b>
<b>Cash, end of year</b>	<b>\$ 1,981,329</b>	<b>\$ 295,516</b>

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

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# Alzheimer Society of Toronto

## Notes to Financial Statements

March 31, 2020

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### 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.



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# Alzheimer Society of Toronto

## Notes to Financial Statements

March 31, 2020

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### 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, 2020**

### 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 2.00% and 2.09% (2019 - 2.08% and 2.36%).

### 3. Property and Equipment and Intangible Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and fixtures	\$ 212,299	\$ 177,569	\$ 176,716	\$ 170,513
Computer equipment	185,824	148,683	171,306	124,379
Leasehold improvements	470,684	392,337	467,399	383,634
Intangible assets	60,939	44,607	60,939	28,276
	<b>\$ 929,746</b>	<b>\$ 763,196</b>	<b>\$ 876,360</b>	<b>\$ 706,802</b>
Net book value		<b>\$ 166,550</b>		<b>\$ 169,558</b>

### 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	Transferred from Long-term	Program Expenses	Closing Balance
George C. Hunt Family Foundation	\$ 215,783	\$ 535,000	\$ -	\$ 179,397	\$ 571,386
Community Connection Enriches Grant	-	249,008	-	249,008	-
Temerty Family Foundation	159,736	200,000	-	208,075	151,661
The Burton Gift Program	-	-	416,295	-	416,295
Other	11,735	71,400	-	23,563	59,572
	<b>\$ 387,254</b>	<b>\$ 1,055,408</b>	<b>\$ 416,295</b>	<b>\$ 660,043</b>	<b>\$ 1,198,914</b>

## Alzheimer Society of Toronto Notes to Financial Statements

**March 31, 2020**

### 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.

	<b>Opening Balance</b>	<b>Amounts Transferred Received</b>	<b>to Current</b>	<b>Program Expenses</b>	<b>Closing Balance</b>
The Emily Bertoldi-Bernice Bogart Fund for Dementia Counselling (i)	\$ 242,499	\$ 7,337	\$ -	\$ -	\$ 249,836
The Burton Gift Program (ii)	836,779	-	416,295	276,003	144,481
	<b>\$1,079,278</b>	<b>\$ 7,337</b>	<b>\$ 416,295</b>	<b>\$ 276,003</b>	<b>\$ 394,317</b>

#### (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 Burton Gift Program

The Society received a gift of shares that were redeemed in fiscal 2018 for \$976,090. This gift is expected to be utilized over the next two years, focusing on transforming dementia care through training and education initiatives.

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## Alzheimer Society of Toronto Notes to Financial Statements

**March 31, 2020**

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### 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 \$242,442 (2019 - \$250,857).

Partner charities revenue:

	2020	2019
ASiO revenue distribution	\$ 215,904	\$ 249,589
Other	26,538	1,268
	\$ 242,442	\$ 250,857

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### 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:

2021	\$ 114,618
2022	115,646
2023	116,160
2024	117,188
2025	117,702
Thereafter	438,428
	\$ 1,019,742

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## Alzheimer Society of Toronto Notes to Financial Statements

**March 31, 2020**

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### 6. Commitments (continued)

#### (b) Subscription Fees

The Society is committed to subscription fees related to the Customer Relationship Management System (CRM) for the next three years as follows:

2021	\$	102,642
2022		96,059
2023		40,025
		<hr/>
	\$	<u>238,726</u>

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### 7. Allocation of Expenses

The Society incurred certain management and administrative salaries and overhead expenses in the aggregate amount of \$602,801 (2019 - \$533,665) which are allocated based on proration of payroll costs among the various cost centres. These general and administrative expenses are allocated as follows:

	<u>2020</u>	<u>2019</u>
Services	\$ 408,657	\$ 410,691
Fundraising	194,144	122,974
	<hr/>	<hr/>
	\$ 602,801	\$ 533,665

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### 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 \$478,822 (2019 - \$481,461) and is included in administration on the statement of revenue and expenses.

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## Alzheimer Society of Toronto Notes to Financial Statements

March 31, 2020

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### 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.

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### 10. Comparative Figures

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

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### 11. Subsequent Event

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the Society, its funders and donors. Management is actively monitoring the affect on its financial condition, liquidity, operations, suppliers, sector, and workforce. As a result, management anticipates a temporary decline in donation revenue and has postponed a number of its programs. 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.