

**Alzheimer Society of Ontario  
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 Ontario

### Opinion

We have audited the financial statements of Alzheimer Society of Ontario (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, 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 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 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.



## Independent Auditor's Report (continued)

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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 10, 2020

## Alzheimer Society of Ontario Statement of Revenue and Expenses

For the year ended March 31	2020	2019
<b>Revenue</b>		
Support from the public		
Individual giving and direct marketing	\$ 9,273,219	\$ 7,200,235
Bequests	1,629,163	2,037,388
Corporate giving	181,294	209,976
	11,083,676	9,447,599
Total support from the public		
Government		
Government health programs	595,000	784,129
Partner charities (Note 10)	1,989,226	2,189,022
Literature and seminars	361,146	448,658
Investment and other income	202,039	277,603
	14,231,087	13,147,011
<b>Total revenue</b>		
<b>Expenses</b>		
Programs		
Services	2,547,466	3,610,632
Research	1,805,820	1,757,245
Partner charities (Note 10)	3,630,352	2,933,593
Government health programs	595,000	784,129
	8,578,638	9,085,599
Total program expenses		
Support		
Fundraising	3,041,822	3,149,025
Administration (Note 13)	999,023	1,215,492
	4,040,845	4,364,517
Total support expenses		
<b>Total expenses</b>	<b>12,619,483</b>	<b>13,450,116</b>
<b>Excess (deficiency) of revenue over expenses before unrealized losses on long-term investments</b>	<b>1,611,604</b>	<b>(303,105)</b>
Unrealized losses on long-term investments	(352,988)	(44,580)
	<b>\$ 1,258,616</b>	<b>\$ (347,685)</b>
<b>Excess (deficiency) of revenue over expenses</b>		

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

**Alzheimer Society of Ontario**  
**Statement of Financial Position**

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

**Assets**

**Current**

Cash	\$ 2,821,529	\$ 785,903
Short-term investments (Note 3a)	407,160	-
Accounts receivable (Note 2)	582,143	832,049
Prepaid expenses	63,507	76,819

**3,874,339** **1,694,771**

**Long-term investments** (Note 3b)

**3,015,452** **3,276,942**

**Property and equipment** (Note 4)

**123,917** **123,269**

**Intangible assets** (Note 5)

**688,338** **787,147**

**\$ 7,702,046** **\$ 5,882,129**

**Liabilities and Fund Balances**

**Current**

Accounts payable and accrued liabilities (Note 7)	\$ 1,203,310	\$ 475,366
Deferred revenue (Note 8)	380,838	357,481
Current portion of long-term debt (Note 9)	190,000	190,000

**1,774,148** **1,022,847**

**Long-term debt** (Note 9)

**1,425,000** **1,615,000**

**3,199,148** **2,637,847**

**Fund balances**

Internally restricted funds	2,260,933	1,538,547
Invested in property and equipment fund	123,917	123,269
Invested in intangible assets fund	688,338	787,147
Unrestricted fund	1,429,710	795,319

**4,502,898** **3,244,282**

**\$ 7,702,046** **\$ 5,882,129**

On behalf of the Board:



Director



Director

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

**For the year ended March 31**

	<u>Internally Restricted Funds</u>		Invested In Property and Equipment Fund	Invested in Intangible Assets Fund	Unrestricted Fund	2020	2019
	Fiscal Strength Fund	Strategic Investment Fund					
<b>Fund balance</b> , beginning of year	\$ 1,400,000	\$ 138,547	\$ 123,269	\$ 787,147	\$ 795,319	\$ 3,244,282	\$ 3,591,967
Excess (deficiency) of revenue over expenses for the year	-	-	(43,808)	(99,119)	1,401,543	1,258,616	(347,685)
Purchase of property and equipment	-	-	44,456	-	(44,456)	-	-
Development of intangible assets	-	-	-	310	(310)	-	-
Transfer to Strategic Investment Fund	-	722,386	-	-	(722,386)	-	-
<b>Fund balance</b> , end of year	\$ 1,400,000	\$ 860,933	\$ 123,917	\$ 688,338	\$ 1,429,710	\$ 4,502,898	\$ 3,244,282

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

## Alzheimer Society of Ontario 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	\$ 1,258,616	\$ (347,685)
Adjustments required to reconcile excess (deficiency) of revenue over expenses with net cash provided by operating activities		
Amortization of property and equipment	43,808	64,714
Amortization of intangible assets	99,119	97,651
Unrealized losses on long-term investments	352,988	44,580
Changes in non-cash working capital balances		
Accounts receivable	249,906	(212,943)
Prepaid expenses	13,312	1,716
Accounts payable and accrued liabilities	727,944	(214,049)
Deferred revenue	23,357	(62,860)
Amounts held in trust	-	(1,976)
	<b>2,769,050</b>	<b>(630,852)</b>
<b>Investing activities</b>		
Purchase of long-term investments	(91,498)	(112,248)
Maturity (purchase) of short-term investments	(407,160)	400,000
Purchase of property and equipment	(44,456)	(8,389)
Development of intangible assets	(310)	(22,442)
	<b>(543,424)</b>	<b>256,921</b>
<b>Financing activity</b>		
Repayment of long-term debt	(190,000)	(95,000)
	<b>2,035,626</b>	<b>(468,931)</b>
<b>Increase (decrease) in cash during the year</b>	<b>2,035,626</b>	<b>(468,931)</b>
<b>Cash, beginning of year</b>	<b>785,903</b>	<b>1,254,834</b>
<b>Cash, end of year</b>	<b>\$ 2,821,529</b>	<b>\$ 785,903</b>

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

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# Alzheimer Society of Ontario

## Notes to Financial Statements

March 31, 2020

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### 1. Summary of Significant Accounting Policies

#### **Purpose of the Organization**

Alzheimer Society of Ontario is an association of individually incorporated Member Local Societies whose mission is to alleviate the personal and social consequences of Alzheimer's Disease and related disorders and to promote research. The role of the Society is to collaborate with all levels of the Alzheimer's community in order to foster excellence in services, education and research.

The Society was incorporated on January 10, 1983 without share capital, under the relevant provisions of the Ontario Corporations Act. Under the Income Tax Act, the Society is classified as a registered charity and is therefore exempt from income taxes.

#### **Basis of Accounting**

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

#### **Financial Statement Presentation**

These financial statements reflect only the assets, liabilities, and operations under the administration of the Society. The assets, liabilities and operations of the various separately incorporated Ontario Member Local Societies of the Alzheimer Society of Ontario are not included in these financial statements.

#### **Revenue Recognition**

Contributions, including public support, bequest and memoriams, and amounts received from corporations and foundations, 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 includes interest, dividends and realized and unrealized gains or losses on investments, and is reported net of fees, commissions and interest expense. Interest income is recorded using the accrual method and dividends are recorded when declared.

#### **Internally Restricted Funds**

##### *Fiscal Strength Fund*

The purpose of the Fiscal Strength Fund is to manage the financial risk of the Society and its Member Local Societies and promote financial stability. The fund balance represents 50% of normalized operating and fund development expenses and is adjusted periodically to reflect changing expense levels. Additions to the fund and expenditures from the fund require Board approval.

##### *Strategic Investment Fund*

The purpose of the Strategic Investment Fund is to support province wide strategic initiatives where greater effectiveness, efficiency, and/or economy can be realized through coordination at the Society level. Additions to the fund and expenditures from the fund require Board approval.



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# Alzheimer Society of Ontario

## Notes to Financial Statements

March 31, 2020

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### 1. Summary of Significant Accounting Policies (continued)

#### 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 amortized cost less impairment, except for those equities quoted in an active market, which are measured at fair value. The Society has also irrevocably elected to measure its fixed income investments at fair value. All changes in fair value of the Society's investments in equities quoted in an active market and in fixed income investments are recorded in the statement of revenue and expenses and disclosed in Note 3.

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.

#### 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 revenue 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

Purchased property and equipment are recorded at cost. The Society provides for amortization using the straight-line method at rates designed to amortize the cost of the property and equipment 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 lease

When a property or equipment no longer has any long-term service potential to the Society, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of revenue and expenses. Any write-downs recognized are not reversed.

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# Alzheimer Society of Ontario

## Notes to Financial Statements

March 31, 2020

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### 1. Summary of Significant Accounting Policies (continued)

#### **Intangible Assets**

Intangible assets consists of a customer relationship management system (CRM), is recorded at cost and is amortized over its estimated useful life. This intangible asset is being amortized on a straight-line basis over 10 years. The balance also includes HRIS software which is being amortized on a straight-line basis over 3 years.

#### **Development Costs**

All research costs relating to internal projects are charged to operations in the year of the expenditure. Development costs are only capitalized if they meet the criteria for capitalization and are amortized over the expected useful life of the intangible asset. Development costs are written off when there is no longer an expectation of future benefits.

#### **Interfund Transfers and Allocations**

The excess of revenue over expenses for the year is allocated in accordance with the Society's financial policy statements. Any residual excess is allocated to the Unrestricted Fund. Interfund transfers are made in accordance with policies and guidelines approved by the Board of Directors.

#### **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 12).

#### **Foreign Currency**

The Society's results of operations denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at that date. At the transaction date, each asset is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the period end date, monetary assets and investments carried at fair value are translated into Canadian dollars by using the exchange rate in effect at that date. Exchange gains and losses arising from these transactions are reflected in income or expense in the period.

#### **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.

#### **Remuneration of the Board**

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

## Alzheimer Society of Ontario Notes to Financial Statements

March 31, 2020

### 2. Accounts Receivable

	2020	2019
Alzheimer Society of Canada	\$ 181,084	\$ 538,741
Member Local Societies	222,011	68,236
Government	131,434	160,825
Other	47,614	64,247
	<b>\$ 582,143</b>	<b>\$ 832,049</b>

### 3. Investments

(a) In current year, short-term investments consisted of a cashable Guaranteed Investment Certificate with a maturity date of June 2020 bearing interest at 2.00%.

(b) The fair value of long-term investments is as follows:

	2020	2019
Cash	\$ 288,132	\$ 143,556
Fixed income	441,441	502,709
Equities - Canadian	236,619	396,874
Equities - Foreign	534,088	713,762
Pooled funds - Canadian	827,872	835,274
Pooled funds - Foreign	687,300	684,767
	<b>\$ 3,015,452</b>	<b>\$ 3,276,942</b>

The fixed income investments mature from April 2020 to November 2024 (2019 - April 2019 to October 2024) and earn interest at rates of 1.15% to 9.95% (2019 - 1.15% to 9.95%).

The equities are invested in Canadian and internationally publicly traded securities.

### 4. Property and Equipment

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and equipment	\$ 221,933	\$ 136,005	\$ 186,350	\$ 130,800
Computer equipment	436,974	423,514	431,386	400,298
Leasehold improvements	194,972	170,443	191,687	155,056
	<b>\$ 853,879</b>	<b>\$ 729,962</b>	<b>\$ 809,423</b>	<b>\$ 686,154</b>
Net book value		<b>\$ 123,917</b>		<b>\$ 123,269</b>

## Alzheimer Society of Ontario Notes to Financial Statements

**March 31, 2020**

### 5. Intangible Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Customer Relationship Management (CRM) system	\$ 915,776	\$ 236,576	\$ 915,776	144,998
HRIS system	<b>22,752</b>	<b>13,614</b>	22,442	6,073
	<b>\$ 938,528</b>	<b>\$ 250,190</b>	\$ 938,218	\$ 151,071
Net book value		<b>\$ 688,338</b>		\$ 787,147

### 6. Credit Facility

The Society has an unused demand operating credit facility (2019 - unused) of \$1,000,000 available which bears interest at the bank's prime rate and is due on demand. The facility is secured by a general security agreement providing a first-priority security interest on all present and future property of the Society and an assignment of fire and other perils insurance on the property and assets.

### 7. Accounts Payable and Accrued Liabilities

	2020	2019
Alzheimer Societies in Ontario ("ASiO") Shared Services Centre (Note 10(i))	<b>\$ 805,368</b>	\$ 23,163
Alzheimer Society of Canada	<b>54,134</b>	24,741
Other	<b>343,808</b>	427,462
	<b>\$ 1,203,310</b>	\$ 475,366

## Alzheimer Society of Ontario Notes to Financial Statements

**March 31, 2020**

### 8. Deferred Revenue

	Opening Balance	Amounts Received	Program Expenses	Closing Balance
brainXchange grant (a)	\$ 189,988	\$ 184,307	\$ 217,676	\$ 156,619
Finding Your Way Program (b)	-	595,000	595,000	-
Scholarship Fund (c)	100,886	16,085	45,744	71,227
Dementia Strategy Program (d)	-	249,000	249,000	-
Burton Project (e)	-	101,516	101,516	-
Other general programs	66,607	150,000	63,615	152,992
	<b>\$ 357,481</b>	<b>\$ 1,295,908</b>	<b>\$ 1,272,551</b>	<b>\$ 380,838</b>

(a) The brainXchange program (formally known as the Alzheimer Knowledge Exchange program) is supported by income earned by brainXchange. The brainXchange program facilitates the exchange of information, innovation and expertise among caregivers, educators, research and policy makers by connecting people to knowledge and dementia expertise.

(b) The Society received \$595,000 (2019 - \$784,000) from the Ontario Seniors' Secretariat for the Finding Your Way program (previously named Wandering Prevention program) in various targeted cultural communities. The purpose of the program is to reduce the incidents of missing people with dementia and to increase the likelihood of their safe return home. The program will increase public awareness, education and resources, and strengthen relationships with local organizations. All funds received were spent during the year.

(c) The Scholarship Fund was established in fiscal 2012 through a donation from an anonymous donor and will be disbursed for qualified expenditures.

(d) The Ministry of Health and Long Term Care granted money to the Alzheimer Society of Toronto ("AST") to provide support and services to clients through the First Link Program by hiring new First Link Navigators, including \$249,000 (2019 - \$249,000) for AST to provide to the Alzheimer Society of Ontario for training, knowledge transfer/exchange, project coordination, monitoring and evaluation. All funds received during the year were fully spent in accordance with the agreement.

(e) U-First is a dementia education and training program in Ontario for healthcare professionals. The Burton Project is a new program associated with U-First with the goal of building skills for paid and unpaid caregivers of people with responsive behaviour. The development of the plan is divided into 3 years for curriculum development, materials and training and implementation. In the current year, the funds were used for program materials design and production, educating training specialists and developing an evaluation criteria.

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## Alzheimer Society of Ontario Notes to Financial Statements

**March 31, 2020**

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### 9. Long-term Debt

The Society completed the purchase and implementation of its CRM system and converted the related non-revolving installment loan to a non-revolving amortizing loan, in the amount of \$1,900,000. The Society will make monthly interest only payments of \$5,415 until October 2018, at which time the loan becomes repayable in monthly principal repayments of \$15,833 plus interest, until maturity in September 2022. The loan bears interest at 3.42% and is secured by a general security agreement providing a first-priority security interest on all present and future personal property of the Society and an assignment of fire and other perils insurance on the property and assets of the Society that the lender has security over.

	<u>2020</u>	2019
Loan payable	<b>\$ 1,615,000</b>	\$ 1,805,000
Less: current portion	<u>(190,000)</u>	(190,000)
	<b><u>\$ 1,425,000</u></b>	<b>\$ 1,615,000</b>

The principal payments for the next three years are as follows:

2021	\$ 190,000
2022	190,000
2023	<u>1,235,000</u>
	<b><u>\$ 1,615,000</u></b>

During the year, the Society paid interest in the amount of \$58,753 (2019 - \$64,303).

## Alzheimer Society of Ontario Notes to Financial Statements

**March 31, 2020**

### 10. Federation Agreements

In April 2009, the Society entered into a Federation Agreement ("FA") with the Alzheimer Society of Canada ("ASC") which replaced the existing agreement between ASC and the provincial Member Local Societies. All funds received by ASC (except Safely Home registrations, investment income, national foundation and corporation revenue and federal government grants for centrally coordinated national programs) are distributed to the province from which it originated. Direct mail revenue is flowed to the Society on a net basis. The Society pays ASC member assessments based on their percentage of total revenue across the federation in order to support ASC's expense budget. Partner charities on the statement of revenue and expenses includes payments made to ASC of \$1,682,084 (2019 - \$1,680,923).

On April 1, 2017, the Society entered into a new Alzheimer Societies in Ontario ("ASiO") Federation Agreement with 30 Societies. Under the terms of the agreement, the Society 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 made to Local Societies of \$1,948,268 (2019 - \$1,252,671).

Partner charities revenue:

	<b>2020</b>	2019
ASiO shared services centre (i)	<b>\$ 463,845</b>	\$ 639,357
Chapter research	<b>97,035</b>	122,583
Ontario Government Dementia Strategy - First Link	<b>249,000</b>	249,000
Revenue from local societies	<b>214,702</b>	175,872
Shared services centre	<b>964,644</b>	1,002,210
	<b>\$ 1,989,226</b>	\$ 2,189,022

(i) ASiO shared services centre revenue is designated for the costs associated to operate shared services under the ASiO Federation Agreement. \$500,000 is the set amount collected from the ASiO on an annual basis for this purpose. During the year, \$463,845 was incurred (2019 - \$639,357). Included in accounts payable and accrued liabilities during the year is \$805,368 as of March 31, 2020 (2019 - \$23,163) (Note 7).

Partner charities expenses:

	<b>2020</b>	2019
ASC operating cost assessment	<b>\$ 1,682,084</b>	\$ 1,680,923
ASiO revenue distribution	<b>1,722,386</b>	1,000,000
Other	<b>225,882</b>	252,670
	<b>\$ 3,630,352</b>	\$ 2,933,593

## Alzheimer Society of Ontario Notes to Financial Statements

**March 31, 2020**

### 11. Commitments

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	\$	89,933
2022		90,740
2023		91,143
2024		91,949
2025		92,366
Thereafter		343,991
	<b>\$</b>	<b>800,122</b>

### 12. Operating, Overhead and Executive Expense Allocations

Certain operating, overhead and executive expenses are allocated to other expense categories based upon reasonable estimates of staff time or costs incurred.

	<b>2020</b>	2019
Summary of expenses:		
Facilities and office	<b>\$ 313,039</b>	\$ 288,453
Professional fees and consulting	<b>41,997</b>	48,097
Amortization	<b>29,278</b>	47,412
	<b>\$ 384,314</b>	\$ 383,962
Summary of allocations:		
Fundraising	<b>\$ 174,584</b>	\$ 87,264
Services	<b>209,730</b>	296,698
	<b>\$ 384,314</b>	\$ 383,962



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## Alzheimer Society of Ontario Notes to Financial Statements

March 31, 2020

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### 13. Shared Services

Effective April 1, 2016, the Society, in conjunction with Alzheimer Society of Canada and Alzheimer Society of Toronto, 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 \$481,155 (2019 - \$501,105) and is included in administration on the statement of revenue and expenses.

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### 14. 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 their accounts receivable. The Society manages this risk through regular monitoring of balances and continuous communication with debtors.

#### Market risk

Market risk is the risk of potential loss caused by fluctuations in fair value or future cash flows of financial instruments through changes in their underlying market value. The Society is exposed to this risk through its long-term investments. The Society manages its risk through its Statement of Investment Policies and Guidelines.

#### 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 investments. The Society manages its risk through its Statement of Investment Policies and Procedures.

#### Currency risk

Currency risk is the risk that arises from fluctuations in foreign exchange rates. The Society is exposed to currency risk with respect to its long-term investments denominated in U.S. dollars. \$665,760 (2019 - \$718,123) of investments are held in U.S. dollars.

These risks have not changed from the prior year.

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### 15. Comparative Figures

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

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## Alzheimer Society of Ontario Notes to Financial Statements

March 31, 2020

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### 16. 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.

COVID-19 has had a significant effect on the financial markets. The Society's investments (see Note 3) include a mix of debt and equity. The investments are reported in the financial statements at their fair values as at March 31, 2020. Volatility in the markets caused by COVID-19 resulted in the decline in the fair market value of the Society's investments, however management believes this decrease in fair market value is temporary and not a permanent impairment of the investments.

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.