

Alzheimer Society of Ontario
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 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, 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, 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 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.



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 28, 2022

Alzheimer Society of Ontario Statement of Revenue and Expenses

For the year ended March 31	2022	2021
Revenue		
Support from the public		
Individual giving and direct marketing	\$ 14,109,191	\$ 8,428,522
Bequests	1,021,692	1,965,659
Corporate giving	384,547	281,286
Total support from the public	15,515,430	10,675,467
Government		
Government health programs	819,046	560,000
Partner charities (Note 9)	1,783,861	1,449,846
Literature and seminars	467,057	315,854
Investment and other income	276,935	111,184
Government subsidy (Note 14)	863,555	1,230,516
Total revenue	19,725,884	14,342,867
Expenses		
Programs		
Services (Note 5)	3,907,828	3,802,221
Research	1,833,286	1,789,383
Partner charities (Note 9)	4,937,243	3,769,903
Government health programs	819,046	560,000
Total program expenses	11,497,403	9,921,507
Support		
Fundraising	3,565,759	2,882,849
Administration (Note 12)	1,201,884	895,172
Total support expenses	4,767,643	3,778,021
Total expenses	16,265,046	13,699,528
Excess of revenue over expenses before unrealized gains (losses) on long-term investments	3,460,838	643,339
Unrealized gains (losses) on long-term investments	(26,843)	585,292
Excess of revenue over expenses	\$ 3,433,995	\$ 1,228,631

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

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

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

Assets

Current

Cash	\$ 6,084,901	\$ 1,309,918
Short-term investments	-	416,154
Accounts receivable (Note 2 and 14)	1,915,725	1,723,384
Prepaid expenses	96,887	104,849

8,097,513 **3,554,305**

Long-term investments (Note 3)

3,764,237 **3,613,616**

Property and equipment (Note 4)

138,800 **140,220**

Intangible assets (Note 5)

206,581 **172,868**

\$ 12,207,131 **\$ 7,481,009**

Liabilities and Fund Balances

Current

Accounts payable and accrued liabilities (Note 7)	\$ 2,265,711	\$ 1,353,906
Deferred revenue (Note 8)	775,896	395,574

3,041,607 **1,749,480**

Fund balances


Internally restricted funds	6,081,029	2,631,632
Invested in property and equipment fund	138,800	140,220
Invested in intangible assets fund	206,581	172,868
Unrestricted fund	2,739,114	2,786,809

9,165,524 **5,731,529**

\$ 12,207,131 **\$ 7,481,009**

On behalf of the Board:


_____ Director


_____ Director

Alzheimer Society of Ontario
Statement of Changes in Fund Balances

For the year ended March 31

	Internally Restricted Funds			Invested in Property and Equipment Fund	Invested in Intangible Assets Fund	Unrestricted Fund	2022	2021
	Fiscal Strength Fund	Strategic Investment Fund	Ottawa Fund					
Fund balance , beginning of year	\$ 1,400,000	\$ 1,231,632	\$ -	\$ 140,220	\$ 172,868	\$ 2,786,809	\$ 5,731,529	\$ 4,502,898
Excess (deficiency) of revenue over expenses for the year	-	(609,074)	-	(43,896)	(39,581)	4,126,546	3,433,995	1,228,631
Purchase of property and equipment	-	-	-	42,476	-	(42,476)	-	-
Development of intangible assets	-	(51,570)	-	-	73,294	(21,724)	-	-
Transfer to Strategic Investment Fund	-	3,685,406	-	-	-	(3,685,406)	-	-
Transfers to other funds	284,322	-	140,313	-	-	(424,635)	-	-
Fund balance , end of year	\$ 1,684,322	\$ 4,256,394	\$ 140,313	\$ 138,800	\$ 206,581	\$ 2,739,114	\$ 9,165,524	\$ 5,731,529

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 **2022** **2021**

Cash provided by (used in)

Operating activities

Excess of revenue over expenses	\$ 3,433,995	\$ 1,228,631
Adjustments required to reconcile excess of revenue over expenses with net cash provided by operating activities		
Amortization of property and equipment	43,896	39,373
Amortization of intangible assets	39,581	26,619
Impairment of intangible assets (Note 5)	-	679,200
Unrealized (gains) losses on long-term investments	26,843	(585,292)
Changes in non-cash working capital balances		
Accounts receivable	(192,341)	(1,141,241)
Prepaid expenses	7,962	(41,342)
Accounts payable and accrued liabilities	911,805	150,596
Deferred revenue	380,322	14,736
	4,652,063	371,280

Investing activities

Purchase of long-term investments	(177,464)	(12,872)
Redemption (purchase) of short-term investments	416,154	(8,994)
Purchase of property and equipment	(42,476)	(55,676)
Purchase of intangible assets	(73,294)	(190,349)
	122,920	(267,891)

Financing activity

Repayment of long-term debt	-	(1,615,000)
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Increase (decrease) in cash during the year **4,774,983** **(1,511,611)**

Cash, beginning of year **1,309,918** **2,821,529**

Cash, end of year **\$ 6,084,901** **\$ 1,309,918**

Alzheimer Society of Ontario

Notes to Financial Statements

March 31, 2022

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.

Alzheimer Society of Ontario

Notes to Financial Statements

March 31, 2022

1. Summary of Significant Accounting Policies (continued)

Internally Restricted Funds (continued)

Strategic Investment Fund

The purpose of the Strategic Investment Fund is to support Alzheimer's Societies in Ontario (ASiO) in innovation projects, test projects at the Local level prior to province-wide implementation, and strategic initiatives where capacity, effectiveness and efficiency can be realized through coordination at the Provincial level. Local Societies in Ontario can also apply to the ASO Board for short-term funding from the Strategic Investment Fund. Additions to the Strategic Investment fund are typically generated through the allocation of ASO's Net Surplus, as defined in the ASiO Federation Agreement. Additions and expenditures from the fund require Board approval. The balance of the Strategic Investment fund on March 31, 2022 (\$4,296,394), has been restricted to cover Local Society costs associated with the Fund Development Engine (Donor CRM) and the implementation of a province-wide unified client database (Client CRM).

Ottawa Fund

The purpose of the Ottawa Fund is to deliver programs and services in the Ottawa area. Additions to the fund and expenditures from the fund require Board approval.

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.

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 Ontario

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 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.

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 5 years. The balance also includes Shared Services Centre systems which is being amortized on a straight-line basis over 3 years. The Client Relationship Management System (CRM) - Programs will be amortized when in use.

Intangible assets with finite useful lives are tested for impairment when events or circumstances indicate that their carrying amount may not be recoverable. As the original customer relationship management (CRM) system is no longer being utilized by the Society it was written down during fiscal 2021 to its estimated fair value (Note 5).

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.

Alzheimer Society of Ontario Notes to Financial Statements

March 31, 2022

1. Summary of Significant Accounting Policies (continued)

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 11).

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.

2. Accounts Receivable

	<u>2022</u>	<u>2021</u>
Alzheimer Society of Canada	\$ 1,118,571	\$ 1,018,441
Member Local Societies	53,569	246,050
Government (Note 14)	525,953	287,803
Other	217,632	171,090
	<u>\$ 1,915,725</u>	<u>\$ 1,723,384</u>

Alzheimer Society of Ontario Notes to Financial Statements

March 31, 2022

3. Investments

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

	2022	2021
Cash	\$ 240,126	\$ 32,494
Fixed income	441,568	654,914
Equities - Canadian	269,959	309,946
Equities - Foreign	606,594	519,389
Pooled funds - Canadian	1,222,310	1,083,607
Pooled funds - Foreign	983,680	1,013,266
	\$ 3,764,237	\$ 3,613,616

The fixed income investments mature from May 2022 to December 2064 (2021 - May 2021 to December 2064) and earn interest at rates of 0.968% to 8% (2021 - 0.583% to 9.95%).

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

4. Property and Equipment

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and equipment	\$ 221,933	\$ 197,970	\$ 221,933	\$ 144,612
Computer equipment	184,020	126,719	141,544	109,553
Leasehold improvements	218,208	160,672	218,208	187,300
	\$ 624,161	\$ 485,361	\$ 581,685	\$ 441,465
Net book value		\$ 138,800		\$ 140,220

Alzheimer Society of Ontario
Notes to Financial Statements

March 31, 2022

5. Intangible Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Customer Relationship Management system - (CRM) - Fundraising	\$ 190,349	\$ 57,105	\$ 190,349	\$ -
Client Relationship Management system (CRM) - Programs	51,570	-	-	-
Shared Services Centre systems	44,476	22,709	22,752	21,198
	\$ 286,395	\$ 79,814	\$ 213,101	\$ 21,198
Net book value		\$ 206,581		\$ 191,903

In 2020, the Society's customer relationship management (CRM) system consisted of costs incurred for the purchase and implementation of a fundraising platform for the Society, Alzheimer Society of Canada ("ASC") and other local societies in Ontario that was completed in 2017. During 2021, it was determined that the fundraising platform purchased in 2017 was no longer viable for the Society and the local societies. The Society has instead transitioned to Alzheimer Society of Toronto's ("AST") instance of the CRM which is a more cost effective alternative, leaving the original fundraising platform solely for ASC's use. As the original instance of the fundraising platform was no longer being utilized by the Society, the net carrying amount of the asset was written down by \$679,200 to its fair value of \$Nil. The write down was included as a service expense in the statement of revenue and expenses for the year ended March 31, 2021.

The current CRM system relates to costs incurred by the Society to integrate AST's instance of CRM with the majority of local societies in Ontario.

The Client Relationship Management System (CRM) - Programs is not yet in use, therefore it has not been amortized.

Alzheimer Society of Ontario Notes to Financial Statements

March 31, 2022

6. Credit Facility

The Society has an unused demand operating credit facility (2021 - 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

	2022	2021
Alzheimer Societies in Ontario ("ASiO")		
Shared Services Centre (Note 9(i))	\$ 1,791,607	\$ 985,304
Alzheimer Society of Canada	54,924	46,142
Other	419,179	322,460
	\$ 2,265,710	\$ 1,353,906

8. Deferred Revenue

	Opening Balance	Amounts Received	Program Expenses	Closing Balance
brainXchange grant (a)	\$ 269,065	\$ 252,341	\$ 242,365	\$ 279,041
Scholarship Fund (b)	57,864	7,100	38,686	26,278
U-First Program (c)	35,000	90,000	35,000	90,000
OBI U-First for Care Partners (d)	11,153	46,775	57,928	-
Ottawa (e)	-	357,277	89,922	267,355
Other general programs	22,492	143,822	53,092	113,222
	\$ 395,574	\$ 897,315	\$ 516,993	\$ 775,896

(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.

Alzheimer Society of Ontario Notes to Financial Statements

March 31, 2022

8. Deferred Revenue (continued)

- (b) The Scholarship Fund was established in fiscal 2012 through a donation from an anonymous donor and will be disbursed for qualified expenditures.
- (c) U-First is a dementia education and training program in Ontario for healthcare professionals.
- (d) The Ontario Brain Institute (OBI) provided funding to the Society for the Growing Expertise in Evaluation and Knowledge Translation (GEEK) program. The program provides funding, evaluation expertise, and support to community-led programs and services for people living with brain disorders. Funds received during the year were spent in accordance with the agreement.
- (e) The Alzheimer's Society of Ontario provides services to the Ottawa and Renfrew County. Throughout the year, donations that are received which are restricted for the purpose of serving the Ottawa and Renfrew County, are recorded in this account.

9. 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 \$1,667,280 (2021 - \$1,425,442).

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 \$3,269,963 (2021 - \$2,344,461).

Partner charities revenue:

	2022	2021
ASiO shared services centre (i)	\$ 500,000	\$ 536,155
Chapter research	172,074	26,295
Ontario Government Dementia Strategy - First Link	249,000	249,000
Revenue from local societies	22,815	70,604
Shared services centre	839,972	567,792
	\$ 1,783,861	\$ 1,449,846

Alzheimer Society of Ontario Notes to Financial Statements

March 31, 2022

9 Federation Agreements (continued)

- (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, \$500,000 was incurred (2021 - \$536,155). Included in accounts payable and accrued liabilities is \$1,791,607 (2021 - \$985,304) (Note 7).

Partner charities expenses:

	2022	2021
ASC operating cost assessment	\$ 1,667,280	\$ 1,425,442
ASiO revenue distribution	2,715,155	1,941,129
Other	554,808	403,332
	\$ 4,937,243	\$ 3,769,903

10. 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:

2023	\$	91,143
2024		91,949
2025		92,353
2026		93,159
2027		93,563
Thereafter		157,282
	\$	619,449

Alzheimer Society of Ontario Notes to Financial Statements

March 31, 2022

11. 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.

	<u>2022</u>	2021
Summary of expenses:		
Facilities and office	\$ 274,512	\$ 283,378
Professional fees and consulting	72,444	45,059
Amortization	<u>29,366</u>	<u>24,843</u>
	<u>\$ 376,322</u>	<u>\$ 353,280</u>
Summary of allocations:		
Fundraising	\$ 151,336	\$ 128,082
Services	<u>224,986</u>	<u>225,198</u>
	<u>\$ 376,322</u>	<u>\$ 353,280</u>

12. 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 \$532,358 (2021 - \$414,604) and is included in administration on the statement of revenue and expenses.

Alzheimer Society of Ontario Notes to Financial Statements

March 31, 2022

13. 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. \$1,192,969 (2021 - \$1,099,041) of investments are held in U.S. dollars.

These risks have not changed from the prior year.

14. COVID-19

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 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. Included in government subsidy revenue is \$799,278 (2021 - \$1,176,770) related to CEWS of which \$61,823 (2021 - \$143,599) is recorded in accounts receivable and \$64,277 (2021 - \$53,746) related to CERS of which \$5,259 (2021 - \$4,708) is recorded in accounts receivable. 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.