



Grant Thornton

Financial Statements

Alzheimer Society of Ontario

March 31, 2011

ALZHEIMER SOCIETY OF ONTARIO
2011 Financial Statements

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Independent Auditor's Report

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To the Members of the Alzheimer Society of Ontario

We have audited the accompanying financial statements of the Alzheimer Society of Ontario, which comprise the statement of financial position as at March 31, 2011, and the statements of revenue and expenses, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion

In common with many non-profit organizations, the Society derives revenue from donations from the public, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses, assets and net assets.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Alzheimer Society of Ontario as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Chartered Accountants, Licensed Public Accountants
Toronto, Canada
June 16, 2011

ALZHEIMER SOCIETY OF ONTARIO
Statement of Financial Position
As at March 31

ASSETS	2011	2010
Current assets		
Cash and cash equivalents	\$ 2,610,865	\$ 1,073,391
Accounts receivable (note 3)	258,196	627,199
Prepaid expenses	52,387	48,877
	<hr/>	<hr/>
	2,921,448	1,749,467
Investments (note 4)	1,905,729	1,770,073
Property and equipment (note 5)	189,519	250,526
	<hr/>	<hr/>
	\$ 5,016,696	\$ 3,770,066

LIABILITIES AND FUND BALANCES

Current liabilities		
Accounts payable and accrued liabilities (note 6)	\$ 850,407	\$ 391,296
Support payable to member chapters	-	3,643
Deferred revenue (note 7)	1,272,356	235,362
	<hr/>	<hr/>
	2,122,763	630,301
Commitments (note 8)		
Fund balances (note 9)		
Internally Restricted Funds (note 10)	1,864,355	1,864,355
Campaign Fund	-	417,192
Endowment Fund	196,298	196,298
Invested in Property and Equipment Fund	189,519	250,526
Unrestricted Fund	643,761	411,394
	<hr/>	<hr/>
	2,893,933	3,139,765
	<hr/>	<hr/>
	\$ 5,016,696	\$ 3,770,066

See accompanying notes

On behalf of the Board:

Director

Byron Lewis

Director

RE Jamieson

ALZHEIMER SOCIETY OF ONTARIO
Statement of Revenue and Expenses
Year ended March 31

	2011	2010
Revenue		
Net fund development revenue (note 11)	\$ 5,398,996	\$ 4,977,650
Investment income	142,277	258,538
Grants	493,200	343,756
Other	47,504	40,247
	<hr/> 6,081,977	<hr/> 5,620,191
Expenses (notes 12 and 13)		
Alzheimer Society of Canada operating cost assessment (note 8(b))	1,544,082	1,331,832
Quality management and education	528,892	471,864
Public policy and government relations	276,316	336,287
Marketing and communications	289,336	322,196
Finance and operations	258,064	379,149
Governance	327,231	349,944
	<hr/> 3,223,921	<hr/> 3,191,272
First Link program	16,433	16,296
Alzheimer Knowledge Exchange program (note 7)	227,281	282,463
Behavioural Support Systems (note 7)	217,261	33,147
Chapter consolidation support	25,241	-
Ontario Caregiver Coalition	6,984	-
	<hr/> 3,717,121	<hr/> 3,523,178
Operating surplus	2,364,856	2,097,013
Member chapter contributions for research	186,880	300,173
Research contributions (notes 8(c) and 13)	(1,495,511)	(1,454,076)
Net surplus	1,056,225	943,110
Revenue sharing - member chapters (notes 8(b) and 13)	(884,865)	(882,898)
Excess of revenue over expenses before other item	171,360	60,212
Other item		
Research contribution funded by Campaign Fund (notes 8(c) and 13)	(417,192)	-
Excess (deficiency) of revenue over expenses	<hr/> \$ (245,832)	<hr/> \$ 60,212

See accompanying notes

ALZHEIMER SOCIETY OF ONTARIO
 Statement of Changes in Fund Balances
 Year ended March 31

	2011				2010	
	Internally Restricted	Campaign Fund (note 10)	Endowment Fund (note 9)	Invested in Property and Equipment Fund	Unrestricted Fund	Total
Fund balances, beginning of year	\$ 1,864,355	\$ 417,192	\$ 196,298	\$ 250,526	\$ 411,394	\$ 3,139,765
Excess (deficiency) of revenue over expenses	-	(417,192)	-	(63,270)	234,630	(245,832)
Invested in property and equipment	-	-	-	2,263	(2,263)	-
Fund balances, end of year	\$ 1,864,355	\$ -	\$ 196,298	\$ 189,519	\$ 643,761	\$ 2,893,933
						\$ 3,139,765

See accompanying notes

ALZHEIMER SOCIETY OF ONTARIO
Statement of Cash Flows
Year ended March 31

	2011	2010
Operating activities		
Excess (deficiency) of revenue over expenses	\$ (245,832)	\$ 60,212
Items not involving cash		
Unrealized investment gains	(98,819)	(217,129)
Amortization of property and equipment	63,270	63,692
	<u>(281,381)</u>	<u>(93,225)</u>
Net change in non-cash during the year		
Accounts receivable	369,003	75,102
Prepaid expenses	(3,510)	68,800
Accounts payable and accrued liabilities	459,111	(92,831)
Support payable to member chapters	(3,643)	(53,870)
Deferred revenue	1,036,994	(130,193)
	<u>1,857,955</u>	<u>(132,992)</u>
Cash flows from operating activities	<u>1,576,574</u>	<u>(226,217)</u>
Investing activities		
Additions to investments	(36,837)	(22,731)
Additions to property and equipment	(2,263)	(16,465)
Cash flows from investing activities	<u>(39,100)</u>	<u>(39,196)</u>
Increase (decrease) in cash and cash equivalents during the year	1,537,474	(265,413)
Cash and cash equivalents, beginning of year	1,073,391	1,338,804
Cash and cash equivalents, end of year	<u>\$ 2,610,865</u>	<u>\$ 1,073,391</u>

Cash and cash equivalents consist of the following:

Cash on hand and in banks for operations, bearing interest at 0% to 1.10%	\$ 620,803	\$ 236,647
Cash held for First Link and other programs (note 7),	167,774	124,996
Deposits bearing interest at 1.10% to 2.15%	1,822,288	711,748
	<u>\$ 2,610,865</u>	<u>\$ 1,073,391</u>

See accompanying notes

ALZHEIMER SOCIETY OF ONTARIO

Notes to Financial Statements

Year ended March 31, 2011

1. Description of organization

The Alzheimer Society of Ontario (the "Society") is an association of individually incorporated member chapters 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 organization 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.

2. Summary of significant accounting policies

Financial statement presentation

The 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 chapters of the Society are not included in these financial statements.

These statements have been prepared by management in accordance with Canadian generally accepted accounting principles, using the deferral method of reporting restricted contributions.

Revenue recognition

Contributions, including public support, bequest and memoriams, corporate 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, taxes and interest expense. Interest income is recorded using the accrual method and dividends are recorded when declared.

In-kind contributions are recorded at their fair value at the date of contribution when such value can be reasonably determined.

Cash and cash equivalents

Cash and cash equivalents include deposits in banks, certificates on deposits and short-term investments with original maturity dates of three months or less.

Financial instruments

Upon adoption of the financial instrument standard Section 3861, the Society designated its cash and cash equivalents and investments as held-for-trading, which are measured at fair value, accounts receivable as loans and receivables, which are measured at amortized cost, and accounts payable and support payable to member chapters as other financial liabilities, which are measured at amortized cost.

ALZHEIMER SOCIETY OF ONTARIO
Notes to Financial Statements
Year ended March 31, 2011

2. Summary of significant accounting policies - continued

Property and equipment

Purchased property and equipment are recorded at cost. Contributed property and equipment are recorded at fair value at the date of contribution. Amortization is provided for on a straight-line basis over a period of five years for furniture and equipment and three years for computer equipment and web site development. Leasehold improvements are amortized on a straight-line basis over the remaining term of the lease.

Interfund transfers and allocations

The excess (deficiency) of revenue over expenses for the year is allocated in accordance with the Society's financial policy statements. Any residual excess (deficiency) 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).

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 Board of Directors

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

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses for the year then ended. Actual results may differ from such estimates.

Future accounting changes

The Canadian Accounting Standards Board has issued new accounting standards for not-for-profit organizations effective fiscal years beginning on or after January 1, 2012, with earlier adoption permitted. The Society is reviewing the impact of the new standards on the financial statements, but does not expect that they will be significant.

ALZHEIMER SOCIETY OF ONTARIO

Notes to Financial Statements

Year ended March 31, 2011

3. Accounts receivable

	2011	2010
Alzheimer Society of Canada	\$ 139,313	\$ 333,711
Member chapters	62,956	201,834
Other	55,927	91,654
	<u>\$ 258,196</u>	<u>\$ 627,199</u>

4. Investments

	2011		2010	
	Cost	Market Value	Cost	Market Value
Investments - other	\$ 1,624,079	\$ 1,637,379	\$ 1,592,411	\$ 1,510,184
Investments - Endowment Fund	269,259	268,350	267,090	259,889
	<u>\$ 1,893,338</u>	<u>\$ 1,905,729</u>	<u>\$ 1,859,501</u>	<u>\$ 1,770,073</u>

5. Property and equipment

	2011			2010
	Cost	Accumulated Amortization	Net	Net
Furniture and equipment	\$ 127,935	\$ 59,699	\$ 68,236	\$ 93,820
Computer equipment	355,653	333,519	22,134	44,621
Website development	50,083	50,083	-	-
Leasehold improvements	129,331	30,182	99,149	112,085
	<u>\$ 663,002</u>	<u>\$ 473,483</u>	<u>\$ 189,519</u>	<u>\$ 250,526</u>

The Society moved to new premises in the 2009 fiscal year. Netted against the cost of leasehold improvements is lease inducements received totalling \$237,092.

6. Accounts payable and accrued liabilities

	2011	2010
Alzheimer Society of Canada	\$ 236,764	\$ 40,841
Centre for Research in Neurodegenerative Disease	350,000	150,000
Other	263,643	200,455
	<u>\$ 850,407</u>	<u>\$ 391,296</u>

ALZHEIMER SOCIETY OF ONTARIO

Notes to Financial Statements

Year ended March 31, 2011

7. Deferred revenue

	2011	2010
First Link Program grant	\$ 80,256	\$ 87,921
Alzheimer Knowledge Exchange grant (a)	67,631	65,402
Scholarship Fund (b)	993,487	-
Chapter consolidation support	18,759	-
Ontario Caregiver Coalition	7,030	-
Behavioural Support Systems (c)	22,740	-
Other	82,453	82,039
	<hr/>	<hr/>
	\$ 1,272,356	\$ 235,362

- (a) A grant totalling \$229,509 (2010 - \$250,000) was received in connection with Alzheimer Knowledge Exchange (AKE), a MOHLTC program through the Elizabeth Bruyere Research Institute and the Seniors' Health Research Transfer Network. The grant supports those interested in improving the Ontario system of care for persons with Alzheimer Disease & Related Dementias (ADRD). The AKE facilitates the exchange of information, innovation and expertise among caregivers, educators, researchers and policymakers by connecting people to knowledge expertise. The grants received to date are part of a three year \$600,000 grant.
- (b) During fiscal 2011, Alzheimer Society of Ontario received a memorial donation of almost one million dollars in marketable securities from a donor in the Sault Ste. Marie area. The donor, who requested to remain anonymous, donated to the local chapter for program and service support and to ASO, in the words of the donor, "to make a significant impact on the future". After conversation with the donor, it was determined that \$500,000 would be given to research, distributed equally over the next two years, and approximately \$500,000 to the Alzheimer Society of Ontario Scholarship Fund, to be distributed \$100,000 annually, beginning in 2013.
- (c) The Behavioural Support Systems ("BSS") project is funded by the Ministry of Health and supported by the North Simcoe Muskoka LHIN. The provincial initiative targets cross system support for older persons with responsive behaviour resulting from neurological conditions. Key sectors supported include Community Care, Long-term and Acute Care. The project not only offers support but also helps meet the provincial goals of reducing both Advance Level of Care Days ("ALC") and emergency room visits.

8. 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 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.

ALZHEIMER SOCIETY OF ONTARIO

Notes to Financial Statements
Year ended March 31, 2011

8. Commitments - continued

(a) Joint lease agreement - continued

The Society's portion of the operating lease commitment is as follows:

2012	\$ 107,553
2013	107,553
2014	111,771
2015	120,207
2016	120,207
Subsequent years	320,551
	<hr/>
	\$ 887,842

(b) Direct response

In April 2009, the Society entered into a new Federation Agreement ("FA") with the Alzheimer Society of Canada ("ASC") which replaced the existing agreement between ASC and the provincial member 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) is distributed to the province from which it originated. Direct Mail revenue is flowed to the Society net of the related development expenses (note 11). The Society pays ASC member assessments based on their percentage of total revenue across the federation in order to support ASC's expense budget.

Additionally, on April 1, 2009, the Society entered into a five year federation agreement with the 39 member chapters in Ontario. Under the terms of the agreement, the Society will distribute to the chapters all revenue received according to where the donors reside (except for donations designated to be spent on research, investment income and revenue from government, foundations and corporations for province-wide initiatives). Each chapter will pay the Society an assessment based on their percentage of total revenue taken from its share of allocated chapter revenue. The Society is committed to minimum annual payments of \$300,000 to the Toronto member chapter, \$250,000 to the Ottawa member chapter, and \$9,000 to each of the remaining chapters.

(c) Research contributions

In September 2007, the Society and its member chapters pledged to provide a minimum of \$1,500,000 during the period November 1, 2008 to December 1, 2011 to the Centre for Research in Neurodegenerative Diseases (CRND). During the year, the Society revised the terms of the pledge commitment so that \$150,000 will be paid annually for the first three years, after which future payments will be determined. The total pledge of \$1,500,000 has not been adjusted. The Society and Ontario member chapters have made payments totalling \$708,092 (2010 - \$300,092) through March 31, 2011 towards this pledge. During the year, the Society made a \$200,000 contribution from operations. An additional contribution of \$208,000 was made using funds disbursed from the Campaign Fund.

In addition, the Society and Ontario member chapters made contributions totalling \$1,295,511 (2010 - \$1,304,076) to the Alzheimer Society of Canada Unified Research Program. An additional payment of \$209,192 was made by the Society and was disbursed from the Campaign Fund.

ALZHEIMER SOCIETY OF ONTARIO

Notes to Financial Statements

Year ended March 31, 2011

9. Fund balances

Fiscal Strength Fund

The purpose of the internally restricted Fiscal Strength Fund is to manage the financial risk of the Society and its member chapters 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.

Working Capital Fund

The purpose of the internally restricted Working Capital Fund is to manage the liquidity risk of the Society. The balance in this fund is reviewed periodically to reflect changing liquidity requirements.

Strategic Investment Fund

The purpose of the internally restricted 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.

Campaign Fund

The externally restricted Campaign Fund was developed to manage the financial risk relating to the *Side by Side Campaign* for research and program delivery. This program was initiated with an internal transfer of \$750,000 from the unrestricted fund. At the end of the current fiscal year, the Society wound up this initiative by disbursing the remaining funds of \$417,192 towards research (note 8(c)).

Endowment Fund

In accordance with the terms of certain donations, principal amounts of monies received by the Society shall be maintained in perpetuity. As per Board of Directors policy, realized investment income from such investments must be used to support medical research of Alzheimer's disease unless otherwise directed by the donor.

During the year, investment income on endowments was \$3,292 (2010 - \$31,598) and was disbursed in accordance with the terms of the endowment.

Invested in Property and Equipment Fund

This fund comprises the net unamortized balance of property and equipment owned by the Society.

Unrestricted Fund

The Unrestricted Fund comprises the cumulative residual surplus or deficit of the Society that remains after the provisions of all other funds have been satisfied.

ALZHEIMER SOCIETY OF ONTARIO
Notes to Financial Statements
Year ended March 31, 2011

10. Internally restricted funds

Fund	Opening Balance	Excess of Revenue Over Expenditures	Transfers	Closing Balance
Fiscal Strength	\$ 1,300,000	\$ -	\$ -	\$ 1,300,000
Working Capital	500,000	-	-	500,000
Strategic Investment	64,355	-	-	64,355
Total	\$ 1,864,355	\$ -	\$ -	\$ 1,864,355

11. Net fund development revenue

	2011	2010
Bequests	\$ 1,256,469	\$ 992,311
Direct response (note 8(b))	3,988,906	3,306,729
Donations	635,663	999,664
Other	68,538	156,431
	5,949,576	5,455,135
Less: fund development expenses (note 13)	550,580	477,485
	\$ 5,398,996	\$ 4,977,650

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.

Summary of expenses:

	2011	2010
Facilities and office	\$ 340,280	\$ 339,035
Professional fees and consulting	66,951	68,058
Amortization	63,270	63,692
	\$ 470,501	\$ 470,785

ALZHEIMER SOCIETY OF ONTARIO

Notes to Financial Statements

Year ended March 31, 2011

12. Operating, overhead and executive expense allocations - continued

Summary of allocations:

	2011	2010
Fund development	\$ 117,626	\$ 122,021
Quality management and education	94,100	79,783
Governance	-	56,316
Public policy and government relations	75,280	51,624
Marketing and communications	84,690	65,704
Finance and operations	98,805	95,337
	<hr/>	<hr/>
	\$ 470,501	\$ 470,785

13. Expenditures summary

	2011	2010
Research contributions	\$ 1,912,703	\$ 1,454,076
ASC operating cost assessment	1,544,082	1,331,832
Salaries and benefits	1,298,377	1,090,366
Revenue sharing - member chapters	884,865	882,898
Office and occupancy	330,921	399,537
Alzheimer Knowledge Exchange program (note 7)	227,281	282,463
Behavioural Support Systems	217,261	33,147
Meetings, conferences and travel	163,057	91,075
Education and awareness	95,435	78,379
Manulife Walk for Memories	94,712	91,411
Consulting and outsourcing	93,039	371,582
Amortization	63,270	63,692
Uniform Data Management project	34,012	91,148
Professional fees	26,785	32,345
Chapter consolidation support	25,241	-
Other	22,142	18,142
First Link program	16,433	16,296
Ontario Caregiver Coalition	6,984	-
Professional development	5,165	4,776
Membership and subscriptions	3,504	4,472
	<hr/>	<hr/>
	\$ 7,065,269	\$ 6,337,637

ALZHEIMER SOCIETY OF ONTARIO

Notes to Financial Statements

Year ended March 31, 2011

14. Financial instruments

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from financial instruments. The carrying amounts of the current financial assets and liabilities approximate their fair value or amortized cost because of the short-term maturities of these items. The fair value of the investments as at March 31, 2011 is disclosed in note 4.

15. Objectives, policies and processes for managing capital

The Society defines its capital as the amounts included in its fund balances. The Society's objective when managing its capital is to safeguard the Society's ability to continue to operate as a going concern so that it can continue to provide programs and services in line with its mission and vision.

Management develops annual budgets that are submitted to the Finance Committee for review. The budgets are developed to ensure the Society has the proper cash flow to fund operations and capital expenditures. A recommendation is made from the Committee to the Board for approval of the budgets. Management compares actual results to these budgets and reports these results to the Finance Committee and Board for quarterly review.

A portion of the Society's capital is restricted in that the organization is required to meet certain requirements in order to utilize its externally restricted fund balance, as described in note 9. The Society has internal control processes to ensure that the restrictions are met prior to the utilization of these resources and has been in compliance with these restrictions throughout the year.

16. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2011 financial statements.

