

**Alzheimer Society of Canada/Société  
Alzheimer du Canada  
Financial Statements  
For the year ended March 31, 2024**

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## Independent Auditor's Report

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### To the Directors of Alzheimer Society of Canada/Société Alzheimer du Canada

#### Opinion

We have audited the financial statements of Alzheimer Society of Canada/Société Alzheimer du Canada (the "Society"), which comprise the statement of financial position as at March 31, 2024, and the statements of revenue and expenses, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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.



**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario  
June 18, 2024

## Alzheimer Society of Canada/Société Alzheimer du Canada

### Statement of Revenue and Expenses

| For the year ended March 31                                                                         | 2024           | 2023          |
|-----------------------------------------------------------------------------------------------------|----------------|---------------|
| <b>Revenue</b>                                                                                      |                |               |
| Support from the public                                                                             |                |               |
| Individual giving and direct marketing                                                              | \$ 13,385,939  | \$ 13,590,971 |
| Bequests                                                                                            | 4,250,181      | 4,638,730     |
| Corporate and foundation giving                                                                     | 2,033,199      | 2,095,093     |
|                                                                                                     | <hr/>          | <hr/>         |
| Total support from the public                                                                       | 19,669,319     | 20,324,794    |
| Government                                                                                          | 1,181,338      | 658,027       |
| Partner charities (Note 10)                                                                         | 11,292,715     | 11,582,660    |
| Other restricted revenue (Note 16)                                                                  | 2,278,682      | -             |
| Investment and other income (Note 3c)                                                               | 828,520        | 548,471       |
|                                                                                                     | <hr/>          | <hr/>         |
| <b>Total revenue</b>                                                                                | 35,250,574     | 33,113,952    |
|                                                                                                     | <hr/>          | <hr/>         |
| <b>Expenses</b>                                                                                     |                |               |
| Programs                                                                                            |                |               |
| Services                                                                                            | 3,369,038      | 3,030,934     |
| Research                                                                                            | 7,053,489      | 4,600,050     |
| Partner charities (Note 10)                                                                         | 15,454,344     | 16,206,778    |
| Government health programs                                                                          | 1,181,338      | 658,027       |
|                                                                                                     | <hr/>          | <hr/>         |
| Total program expenses                                                                              | 27,058,209     | 24,495,789    |
| Support                                                                                             |                |               |
| Fundraising                                                                                         | 6,754,753      | 6,982,628     |
| Administration (Note 14)                                                                            | 2,910,444      | 1,382,965     |
|                                                                                                     | <hr/>          | <hr/>         |
| Total support expenses                                                                              | 9,665,197      | 8,365,593     |
|                                                                                                     | <hr/>          | <hr/>         |
| <b>Total expenses</b>                                                                               | 36,723,406     | 32,861,382    |
|                                                                                                     | <hr/>          | <hr/>         |
| <b>Excess (deficiency) of revenue over expenses before<br/>unrealized investment gains (losses)</b> | (1,472,832)    | 252,570       |
| Unrealized investment gains (losses) (Note 3d)                                                      | 424,001        | (544,911)     |
|                                                                                                     | <hr/>          | <hr/>         |
| <b>Deficiency of revenue over expenses</b>                                                          | \$ (1,048,831) | \$ (292,341)  |

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

# Alzheimer Society of Canada/Société Alzheimer du Canada

## Statement of Financial Position

March 31 2024 2023

### Assets

#### Current

|                                            |                      |                      |
|--------------------------------------------|----------------------|----------------------|
| Cash                                       | \$ 3,090,850         | \$ 4,261,606         |
| Short-term investments (Note 3a)           | 350,914              | 335,371              |
| Accounts receivable (Note 2)               | 4,081,403            | 4,171,340            |
| Prepaid expenses                           | 143,371              | 795,065              |
|                                            | <b>7,666,538</b>     | 9,563,382            |
| Long-term investments (Note 3b)            | 10,680,248           | 9,736,501            |
| Restricted long-term investments (Note 3b) | 1,141,589            | 1,040,710            |
| Property and equipment (Note 4)            | 42,556               | 69,166               |
| Intangible asset (Note 5)                  | 61,249               | 104,483              |
|                                            | <b>\$ 19,592,180</b> | <b>\$ 20,514,242</b> |

### Liabilities and Fund Balances

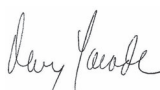
#### Current

|                                                   |                   |              |
|---------------------------------------------------|-------------------|--------------|
| Accounts payable and accrued liabilities (Note 6) | \$ 3,999,338      | \$ 4,275,497 |
| Deferred revenue (Note 7)                         | 2,014,020         | 3,564,393    |
| Research grants payable (Note 8)                  | 3,131,455         | 1,902,564    |
|                                                   | <b>9,144,813</b>  | 9,742,454    |
| Deferred revenue (Note 7)                         | 2,746,928         | 2,491,086    |
| Research grants payable (Note 8)                  | 1,944,170         | 1,475,602    |
|                                                   | <b>13,835,911</b> | 13,709,142   |

#### Fund balances

|                                         |                      |                      |
|-----------------------------------------|----------------------|----------------------|
| Endowment fund (Note 9)                 | 1,082,971            | 1,042,820            |
| Invested in property and equipment      | 42,556               | 69,166               |
| Invested in intangible asset            | 61,249               | 104,483              |
| Internally restricted operating reserve | 2,431,648            | 2,431,648            |
| Internally restricted research fund     | 1,879,596            | 1,827,060            |
| Unrestricted fund                       | 258,249              | 1,329,923            |
|                                         | <b>5,756,269</b>     | 6,805,100            |
|                                         | <b>\$ 19,592,180</b> | <b>\$ 20,514,242</b> |

On behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

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

## Alzheimer Society of Canada/Société Alzheimer du Canada

### Statement of Changes in Fund Balances

**For the year ended March 31**

|                                                     | Endowment<br>Fund<br>(Note 9) | Invested in<br>Property and<br>Equipment | Invested in<br>Intangible<br>Asset | Internally<br>Restricted<br>Operating<br>Reserve | Internally<br>Restricted<br>Research<br>Fund | Unrestricted<br>Fund | 2024                | 2023                |
|-----------------------------------------------------|-------------------------------|------------------------------------------|------------------------------------|--------------------------------------------------|----------------------------------------------|----------------------|---------------------|---------------------|
| <b>Fund balance, beginning of year</b>              | <b>\$ 1,042,820</b>           | <b>\$ 69,166</b>                         | <b>\$ 104,483</b>                  | <b>\$ 2,431,648</b>                              | <b>\$ 1,827,060</b>                          | <b>\$ 1,329,923</b>  | <b>\$ 6,805,100</b> | <b>\$ 7,095,441</b> |
| Deficiency of revenue over<br>expenses for the year | 101,859                       | (32,566)                                 | (43,234)                           | -                                                | -                                            | (1,074,890)          | (1,048,831)         | (292,341)           |
| Endowment contribution                              | -                             | -                                        | -                                  | -                                                | -                                            | -                    | -                   | 2,000               |
| Transfer from Endowment Fund                        | (61,708)                      | -                                        | -                                  | -                                                | 52,536                                       | 9,172                | -                   | -                   |
| Purchase of property and equipment                  | -                             | 5,956                                    | -                                  | -                                                | -                                            | (5,956)              | -                   | -                   |
| <b>Fund balance, end of year</b>                    | <b>\$ 1,082,971</b>           | <b>\$ 42,556</b>                         | <b>\$ 61,249</b>                   | <b>\$ 2,431,648</b>                              | <b>\$ 1,879,596</b>                          | <b>\$ 258,249</b>    | <b>\$ 5,756,269</b> | <b>\$ 6,805,100</b> |

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

# Alzheimer Society of Canada/Société Alzheimer du Canada

## Statement of Cash Flows

**For the year ended March 31** **2024** **2023**

### Cash provided by (used in)

#### Operating activities

|                                                                                                                      |                  |                  |
|----------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Deficiency of revenue over expenses                                                                                  | \$ (1,048,831)   | \$ (292,341)     |
| Adjustments required to reconcile deficiency of revenue over expenses with net cash provided by operating activities |                  |                  |
| Amortization of property and equipment                                                                               | 32,566           | 30,912           |
| Amortization of intangible                                                                                           | 43,234           | 43,234           |
| Unrealized losses on long-term investments                                                                           | (424,001)        | 544,911          |
| Changes in non-cash working capital balances                                                                         |                  |                  |
| Accounts receivable                                                                                                  | 89,937           | (413,928)        |
| Prepaid expenses                                                                                                     | 651,694          | (35,692)         |
| Accounts payable and accrued liabilities                                                                             | (276,159)        | (683,298)        |
| Deferred revenue                                                                                                     | (1,294,531)      | (336,790)        |
| Research grants payable                                                                                              | 1,697,459        | 1,033,967        |
|                                                                                                                      | <u>(528,632)</u> | <u>(109,025)</u> |

#### Investing activities

|                                    |                  |                  |
|------------------------------------|------------------|------------------|
| Purchase of short-term investments | (15,543)         | (6,995)          |
| Purchase of long-term investments  | (620,625)        | (103,783)        |
| Purchase of property and equipment | (5,956)          | (18,783)         |
|                                    | <u>(642,124)</u> | <u>(129,561)</u> |

#### Financing activity

|                         |   |       |
|-------------------------|---|-------|
| Endowment contributions | - | 2,000 |
|-------------------------|---|-------|

**Decrease in cash during the year** **(1,170,756)** **(236,586)**

**Cash, beginning of year** **4,261,606** **4,498,192**

**Cash, end of year** **\$ 3,090,850** **\$ 4,261,606**

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# Alzheimer Society of Canada/Société Alzheimer du Canada

## Notes to Financial Statements

March 31, 2024

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### 1. Summary of Significant Accounting Policies

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

Alzheimer Society of Canada/Société Alzheimer du Canada is incorporated without share capital under the laws of Canada, continues under the Canada Not-for-Profit Corporations Act, and is registered with Canada Revenue Agency as a charitable organization. The Society identifies, develops and facilitates national priorities that enable its partners to effectively alleviate the personal and social consequences of Alzheimer's disease and related disorders, promotes research and leads the search for a cure.

The partners of the Society are the Provincial Alzheimer Societies across Canada. While control and ownership does not exist between or among any of these entities, the two levels of societies work closely together to alleviate the personal and social consequences of Alzheimer's disease. These financial statements reflect only the assets, liabilities and operations under the administration of the Society.

#### **Basis of Accounting**

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASPNO).

#### **Revenue Recognition**

The Society follows the deferral method of accounting for contributions. Contributions, including individual giving and direct marketing, bequests, corporate and foundation giving, partner charities, and government 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.

Endowment contributions are recognized as direct increases to net assets. Endowments consist of donations made to the Society where the capital is required to be maintained in perpetuity.

Realized investment income includes interest, dividends and realized gains or losses on investments. Interest income is recorded using the accrual method and dividends are recorded when declared. Unrealized gains or losses on investments are disclosed as a separate component in the statement of revenue and expenses.

#### **Internally Restricted Net Assets**

##### *Internally restricted operating reserve*

The Society has set aside a percentage of expenditures as an operating reserve to provide continued funding of operations and ensure financial stability. In accordance with the operating reserve policy, the target for the reserve is 50% of the previous year's net expenditures plus contractual obligations net of research expenditures and direct mailing expenditures.

##### *Internally restricted research fund*

The research fund is composed of internally restricted funds designated by the Board to be spent on the Alzheimer Society Research Program. The target balance for the research fund (in combination with externally restricted unexpended donations for research) is 100% of the total prior year's Alzheimer Society Research Program expense. The current excess will be expended to fund additional research over the next few years.

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# Alzheimer Society of Canada/Société Alzheimer du Canada

## Notes to Financial Statements

March 31, 2024

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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 cost or amortized cost less impairment, except for investments in mutual funds quoted in an active market, which are measured at fair value. All changes in fair value of the Society's 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

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 fixtures | - 5 years            |
| Computer equipment     | - 3 years            |
| Leasehold improvements | - over term of lease |
| Telephone equipment    | - 5 years            |

#### Intangible Asset

Intangible asset consists of the costs associated with the development of a customer relationship management system (CRM). The CRM is recorded at cost. The intangible asset's estimated useful life is 3 years.

#### Accrued Research Funding

The Board of Directors annually approves specific commitments for research grants that are to be awarded to researchers for periods of up to three years. The liability for this funding is recorded in the year awarded and a charge is made against operations in that year. Disbursements of these awards are charged against the liability at the time the disbursements are made.

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## Alzheimer Society of Canada/Société Alzheimer du Canada

### Notes to Financial Statements

**March 31, 2024**

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

**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 11).

**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.

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**2. Accounts Receivable**

|                      | <b>2024</b>                | <b>2023</b>                |
|----------------------|----------------------------|----------------------------|
| Government           | <b>\$ 1,250,377</b>        | \$ 1,082,200               |
| Partner charities    | <b>2,587,579</b>           | 2,877,503                  |
| Co-tenancy and other | <b>243,447</b>             | 211,637                    |
|                      | <b><u>\$ 4,081,403</u></b> | <b><u>\$ 4,171,340</u></b> |

# Alzheimer Society of Canada/Société Alzheimer du Canada

## Notes to Financial Statements

**March 31, 2024**

### 3. Investments

- a) Short-term investments consist of cash and RBC Phillips, Hager & North Money Market Fund of \$350,914 (2023 - \$335,371).
- b) Long-term investments consist of cash and cash equivalents, and the following RBC and Phillips, Hager & North Mutual Funds:

|                           | 2024                 | 2023                 |
|---------------------------|----------------------|----------------------|
| Cash and cash equivalents | \$ 17,684            | \$ 16,002            |
| Fixed income securities   | 5,897,703            | 5,323,226            |
| Canadian equities         | 1,976,397            | 1,813,944            |
| Foreign equities          | 3,930,053            | 3,624,039            |
|                           | <b>\$ 11,821,837</b> | <b>\$ 10,777,211</b> |

Long-term investments represent:

|                                  | 2024                 | 2023                 |
|----------------------------------|----------------------|----------------------|
| Long-term investments            | \$ 10,680,248        | \$ 9,736,501         |
| Restricted long-term investments | 1,141,589            | 1,040,710            |
|                                  | <b>\$ 11,821,837</b> | <b>\$ 10,777,211</b> |

- c) Realized investment and other income is comprised of:

|                                            | 2024              | 2023              |
|--------------------------------------------|-------------------|-------------------|
| Unrestricted Funds                         |                   |                   |
| Interest and dividends                     | \$ 301,427        | \$ 223,211        |
| Realized gains                             | 61,823            | 2,709             |
|                                            | <b>363,250</b>    | <b>225,920</b>    |
| Endowment Fund                             |                   |                   |
| Interest and dividends                     | 44,044            | 32,613            |
| Realized gains                             | 9,415             | 502               |
|                                            | <b>53,459</b>     | <b>33,115</b>     |
| Total realized investment income           | <b>416,709</b>    | 259,035           |
| Other income                               | <b>411,811</b>    | 289,436           |
| Total realized investment and other income | <b>\$ 828,520</b> | <b>\$ 548,471</b> |

# Alzheimer Society of Canada/Société Alzheimer du Canada

## Notes to Financial Statements

**March 31, 2024**

### 3. Investments (continued)

d) Unrealized investment gains (losses) are comprised of:

|                                          | 2024              | 2023                |
|------------------------------------------|-------------------|---------------------|
| Unrealized gains (losses) on investments |                   |                     |
| Unrestricted fund                        | \$ 370,287        | \$ (475,350)        |
| Endowment fund                           | 53,714            | (69,561)            |
|                                          | <u>\$ 424,001</u> | <u>\$ (544,911)</u> |

### 4. Property and Equipment

|                        | 2024              |                             | 2023              |                             |
|------------------------|-------------------|-----------------------------|-------------------|-----------------------------|
|                        | Cost              | Accumulated<br>Amortization | Cost              | Accumulated<br>Amortization |
| Furniture and fixtures | \$ 16,522         | \$ 12,672                   | \$ 16,522         | \$ 9,368                    |
| Computer equipment     | 75,214            | 57,332                      | 69,258            | 36,755                      |
| Leasehold improvements | 35,502            | 16,610                      | 35,502            | 12,562                      |
| Telephone equipment    | 23,183            | 21,251                      | 23,183            | 16,614                      |
|                        | <u>\$ 150,421</u> | <u>\$ 107,865</u>           | <u>\$ 144,465</u> | <u>\$ 75,299</u>            |
| Net book value         |                   | <u>\$ 42,556</u>            |                   | <u>\$ 69,166</u>            |

### 5. Intangible Asset

|                                                  | 2024       |                             | 2023       |                             |
|--------------------------------------------------|------------|-----------------------------|------------|-----------------------------|
|                                                  | Cost       | Accumulated<br>Amortization | Cost       | Accumulated<br>Amortization |
| Customer Relationship<br>Management (CRM) system | \$ 216,171 | \$ 154,922                  | \$ 216,171 | \$ 111,688                  |
| Net book value                                   |            | <u>\$ 61,249</u>            |            | <u>\$ 104,483</u>           |

# Alzheimer Society of Canada/Société Alzheimer du Canada

## Notes to Financial Statements

**March 31, 2024**

### 6. Accounts Payable and Accrued Liabilities

|                                                | <u>2024</u>         | <u>2023</u>         |
|------------------------------------------------|---------------------|---------------------|
| Trade accounts payable and accrued liabilities | \$ 875,317          | \$ 731,269          |
| Partner charities                              | <u>3,124,021</u>    | <u>3,544,228</u>    |
|                                                | <u>\$ 3,999,338</u> | <u>\$ 4,275,497</u> |

### 7. Deferred Revenue

Current and long-term deferred revenue consists of contributions which are designated by the donor to fund future expenses. These contributions will be recognized as revenue when the designated disbursements are made.

|                                     | <u>2024</u>         | <u>2023</u>         |
|-------------------------------------|---------------------|---------------------|
| Balance, beginning of year          | \$ 6,055,479        | \$ 6,392,269        |
| Contributions                       | 7,065,823           | 5,280,327           |
| Disbursements                       | <u>(8,360,354)</u>  | <u>(5,617,117)</u>  |
| Balance, end of year                | 4,760,948           | 6,055,479           |
| Less: long-term portion             | <u>(2,746,928)</u>  | <u>(2,491,086)</u>  |
| Current portion of deferred revenue | <u>\$ 2,014,020</u> | <u>\$ 3,564,393</u> |

# Alzheimer Society of Canada/Société Alzheimer du Canada

## Notes to Financial Statements

**March 31, 2024**

### 8. Research Grants Payable

|                                                                    | <u>2024</u>         | <u>2023</u>         |
|--------------------------------------------------------------------|---------------------|---------------------|
| Balance, beginning of year                                         | \$ 3,378,166        | \$ 2,344,199        |
| Current year grants awarded, net of declined and terminated awards | 5,914,250           | 3,969,284           |
| Payments                                                           | (4,088,581)         | (2,822,533)         |
| Terminations of grants awarded in previous years                   | (128,210)           | (112,784)           |
| Balance, end of year                                               | 5,075,625           | 3,378,166           |
| Less: long-term portion                                            | (1,944,170)         | (1,475,602)         |
| Current portion of research funding                                | <u>\$ 3,131,455</u> | <u>\$ 1,902,564</u> |

### 9. Net Assets Restricted for Endowment Purposes

|                               | <u>2024</u>         | <u>2023</u>         |
|-------------------------------|---------------------|---------------------|
| Balance, beginning of year    | \$ 1,042,820        | \$ 1,082,902        |
| Contributions                 | -                   | 2,000               |
| Investment income (loss)      | 101,859             | (42,082)            |
| Transfer of spendable portion | (61,708)            | -                   |
| Balance, end of year          | <u>\$ 1,082,971</u> | <u>\$ 1,042,820</u> |

The original endowment contributions which must be maintained in perpetuity are \$994,431 (2023 - \$994,431).

The investment income generated from Endowments must be used in accordance with the Endowment criteria. When Endowment contributions do not specify a program area, allocations are made by the Board of Directors. The economic value of the Endowments is protected by an internal restriction limiting the annual amount of investment income that may be spent.

# Alzheimer Society of Canada/Société Alzheimer du Canada

## Notes to Financial Statements

**March 31, 2024**

### 10. Federation Agreement

In April 2009, the Society entered into a Federation Agreement ("FA") with the ten Provincial Alzheimer Societies ("Partners").

The FA includes the following financial arrangements:

All funds received by the Society (except Safely Home registrations, investment income, national foundation and corporation revenue, and federal government grants for centrally coordinated national programs) will be distributed to the province from which the funds originated.

The Society's expense budget is supported through assessments to the provincial Partners based on the Partner's percentage of total applicable revenue.

Partner charities revenue:

|                                                                          | <u>2024</u>          | <u>2023</u>          |
|--------------------------------------------------------------------------|----------------------|----------------------|
| Health partners                                                          | \$ 352,239           | \$ 489,786           |
| Research assessment and additional federation contributions for research | 1,502,444            | 5,930,744            |
| Operating assessment                                                     | 3,636,648            | 2,252,812            |
| Direct mail assessment                                                   | 5,801,384            | 2,909,318            |
|                                                                          | <u>\$ 11,292,715</u> | <u>\$ 11,582,660</u> |

Partner charities expenses:

|                                                | <u>2024</u>          | <u>2023</u>          |
|------------------------------------------------|----------------------|----------------------|
| Revenue flowed to partners                     | \$ 14,796,376        | \$ 15,795,705        |
| Partner services                               | 101,440              | 58,200               |
| Walk for Alzheimer's expenses, net of recovery | 556,528              | 352,873              |
|                                                | <u>\$ 15,454,344</u> | <u>\$ 16,206,778</u> |

Revenue flowed to partners:

|                       | <u>2024</u>          | <u>2023</u>          |
|-----------------------|----------------------|----------------------|
| Direct mail           | \$ 7,267,972         | \$ 7,988,068         |
| Donations             | 3,036,465            | 2,674,015            |
| Bequests              | 3,691,939            | 4,333,622            |
| Corporate sponsorship | 800,000              | 800,000              |
|                       | <u>\$ 14,796,376</u> | <u>\$ 15,795,705</u> |

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#### 11. Allocation of Expenses

The Society incurred certain management and administrative salaries and overhead expenses in the aggregate amount of \$570,167 (2023 - \$463,352) which are allocated to other expense categories based upon estimates of staff time and costs incurred. These general and administrative expenses are allocated as follows:

|                  | 2024              | 2023              |
|------------------|-------------------|-------------------|
| Research Program | \$ 72,020         | \$ 64,524         |
| Services         | 349,614           | 277,566           |
| Fundraising      | 148,533           | 121,262           |
|                  | <u>\$ 570,167</u> | <u>\$ 463,352</u> |

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#### 12. Credit Facility

The Society has a credit facility in the amount of \$700,000 bearing interest at prime, repayable on demand and is secured by a general security agreement. The line of credit was not utilized during the year (2023 - \$Nil).

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#### 13. 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 commitments for the next five years are as follows:

|      |                   |
|------|-------------------|
| 2025 | \$ 104,333        |
| 2026 | 105,245           |
| 2027 | 105,700           |
| 2028 | 106,611           |
| 2029 | 71,074            |
|      | <u>\$ 492,963</u> |

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## **Alzheimer Society of Canada/Société Alzheimer du Canada**

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#### **14. Shared Services**

Effective April 1, 2016, the Society, in conjunction with Alzheimer Society of Ontario and Alzheimer Society of Toronto, agreed to merge the Finance, HR and IT operations of each organization into one shared services department. Under the terms of the shared services agreement, the Society's portion of costs is determined annually. The cost related to the shared services department for the current year was \$641,500 (2023 - \$565,585) and is included in administration on the statement of revenue and expenses. During the year, the Society notified Alzheimer Society of Ontario of its intention to terminate its participation in shared services, effective July 27, 2024.

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#### **15. Life Insurance Policy**

The Society has been given a life insurance policy under which it is the owner and beneficiary. The total coverage provided under the policy owned by the Society is approximately \$277,000 (2023 - \$285,000).

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#### **16. Other Restricted Revenue**

Other restricted revenue consists of \$2,278,682 (2023 - \$Nil) of previously deferred revenue restricted for research purposes, recognized as revenue in accordance with related research activities. This revenue is being used to fund Alzheimer Society Research Program awards and research operations.

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#### **17. 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.

##### **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 short-term and long-term investments. The Society manages its risk through its Statement of Investment Policies and Procedures.

##### **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 their long-term investments denominated in U.S. dollars. \$1,425,355 (2023 - \$2,492,248) of investments are held in U.S. dollars.