

Alzheimer Society of Ontario
Financial Statements
For the year ended March 31, 2018

Contents

Independent Auditor's Report	2
Financial Statements	
Statement of Revenue and Expenses	3
Statement of Financial Position	4
Statement of Changes in Fund Balances	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 18



Tel: 905 270-7700
Fax: 905 270-7915
Toll-free: 866 248 6660
www.bdo.ca

BDO Canada LLP
1 City Centre Drive, Suite 1700
Mississauga ON L5B 1M2 Canada

Independent Auditor's Report

To the Members of Alzheimer Society of Ontario

We have audited the statement of financial position of Alzheimer Society of Ontario as at March 31, 2018 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 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.

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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Alzheimer Society of Ontario as at March 31, 2018 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Mississauga, Ontario
June 13, 2018

Alzheimer Society of Ontario Statement of Revenue and Expenses

For the year ended March 31	2018	2017
Revenue		
Support from the public		
Individual giving and direct marketing	\$ 6,700,158	\$ 7,512,465
Bequests	1,340,352	1,829,817
Corporate giving	162,061	187,615
	<hr/>	<hr/>
Total support from the public	8,202,571	9,529,897
Government		
Government health programs	788,446	804,981
Partner charities (Note 11)	1,836,135	1,221,033
Literature and seminars	781,422	662,088
Investment and other income	280,708	176,668
	<hr/>	<hr/>
Total revenue	11,889,282	12,394,667
Expenses		
Programs		
Services	1,317,721	1,593,908
Research	1,924,375	1,826,855
Partner charities (Note 11)	2,558,261	2,829,962
Government health programs	788,446	804,981
	<hr/>	<hr/>
Total program expenses	6,588,803	7,055,706
Support		
Fundraising	3,207,055	2,898,355
Administration (Note 14)	2,840,096	2,752,034
	<hr/>	<hr/>
Total support expenses	6,047,151	5,650,389
	<hr/>	<hr/>
Total expenses	12,635,954	12,706,095
Deficiency of revenue over expenses before unrealized gains on investments	(746,672)	(311,428)
Unrealized gains on investments	9,175	234,377
	<hr/>	<hr/>
Deficiency of revenue over expenses	\$ (737,497)	\$ (77,051)

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

Alzheimer Society of Ontario
Statement of Financial Position

March 31 **2018** **2017**

Assets

Current

Cash and cash equivalents	\$ 1,254,834	\$ 1,580,014
Short-term investments (Note 3a)	400,000	400,000
Accounts receivable (Note 2)	619,106	1,574,902
Prepaid expenses	78,535	49,102

2,352,475 **3,604,018**

Long-term investments (Note 3b)	3,209,274	3,072,146
Property and equipment (Note 4)	179,594	76,669
Intangible asset (Note 5)	862,356	570,754

\$ 6,603,699 **\$ 7,323,587**

Liabilities and Fund Balances

Current

Accounts payable and accrued liabilities (Note 7)	\$ 689,415	\$ 1,082,521
Deferred revenue (Note 8)	420,341	755,955
Amounts held in trust (Note 9)	1,976	5,647
Current portion of long-term debt (Note 10)	95,000	-

1,206,732 **1,844,123**

Long-term debt (Note 10)	1,805,000	1,150,000
--------------------------	-----------	-----------

3,011,732 **2,994,123**

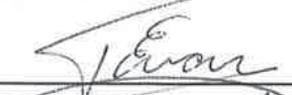
Fund balances

Internally restricted funds	1,797,345	2,036,697
Invested in property and equipment fund	179,594	76,669
Invested in intangible asset fund	862,356	570,754
Unrestricted fund	752,672	1,645,344

3,591,967 **4,329,464**

\$ 6,603,699 **\$ 7,323,587**

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 Asset Fund	Unrestricted Fund	2018	2017
	Fiscal Strength Fund	Research Contributions Fund	Strategic Investment Fund	Technology Fund					
Fund balance, beginning of year	\$ 1,400,000	\$ 258,798	\$ 147,547	\$ 230,352	\$ 76,669	\$ 570,754	\$ 1,645,344	\$ 4,329,464	\$ 4,406,515
Deficiency of revenue over expenses for the year	-	-	(9,000)	(230,352)	(46,285)	(53,420)	(398,440)	(737,497)	(77,051)
Purchase of property and equipment	-	-	-	-	149,210	-	(149,210)	-	-
Development of intangible asset	-	-	-	-	-	345,022	(345,022)	-	-
Fund balance, end of year	\$ 1,400,000	\$ 258,798	\$ 138,547	\$ -	\$ 179,594	\$ 862,356	\$ 752,672	\$ 3,591,967	\$ 4,329,464

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	2018	2017
Cash provided by (used in)		
Operating activities		
Deficiency of revenue over expenses	\$ (737,497)	\$ (77,051)
Adjustments required to reconcile deficiency of revenue over expenses with net cash provided by operating activities		
Amortization of property and equipment	46,285	27,290
Amortization of intangible asset	53,420	-
Unrealized gains	(9,175)	(234,377)
Changes in non-cash working capital balances		
Accounts receivable	955,796	(726,162)
Prepaid expenses	(29,433)	(17,409)
Accounts payable and accrued liabilities	(393,106)	650,779
Deferred revenue	(335,614)	(309,845)
Amounts held in trust	(3,671)	(2,026)
	(452,995)	(688,801)
Investing activities		
Purchase of long-term investments	(127,953)	(44,067)
Sale of short-term investments	-	600,000
Purchase of property and equipment	(149,210)	(39,292)
Development of intangible asset	(345,022)	(570,754)
	(622,185)	(54,113)
Financing activity		
Proceeds of long-term debt	750,000	1,150,000
	(325,180)	407,086
Increase (decrease) in cash and cash equivalents during the year		
	(325,180)	407,086
Cash and cash equivalents, beginning of year	1,580,014	1,172,928
Cash and cash equivalents, end of year	\$ 1,254,834	\$ 1,580,014
Cash and cash equivalents consists of:		
Cash	\$ 1,254,834	\$ 1,280,014
Cash equivalents - Cashable Guaranteed Investment Certificate	-	300,000
	\$ 1,254,834	\$ 1,580,014

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

Alzheimer Society of Ontario

Notes to Financial Statements

March 31, 2018

1. Summary of Significant Accounting Policies

Purpose of the Organization

The Alzheimer Society of Ontario (the "Society") 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 Society 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.

Research Contributions Fund

The fund represents amounts received which have been internally restricted for research. Additions to the fund and expenditures from the fund require Board approval.

Alzheimer Society of Ontario

Notes to Financial Statements

March 31, 2018

1. Summary of Significant Accounting Policies (continued)

Internally Restricted Funds (continued)

Strategic Investment Fund

The purpose of the Strategic Investment Fund is to support province wide strategic initiatives where greater effectiveness, efficiency, and/or economy can be realized through coordination at the Society level. Additions to the fund and expenditures from the fund require Board approval. During the year, the Board of Directors approved a transfer of \$Nil (2017 - \$163,057) from the Unrestricted Fund to the Strategic Investment Fund.

Technology Fund

The purpose of the Technology Fund is to support the development and implementation of enhanced technological platforms with the capability of facilitating operational excellence initiatives for the participating societies. Additions to the fund and expenditures 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 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 revenues and expenses during the period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Alzheimer Society of Ontario

Notes to Financial Statements

March 31, 2018

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents include deposits in banks and a cashable Guaranteed Investment Certificate. The cashable Guaranteed Investment Certificate matured in January 2018 and earned interest at a rate of 0.95%.

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 Asset

Intangible asset consists of a customer relationship management system (CRM), is recorded at cost and is amortized over its estimated useful life. The intangible asset is being amortized on a straight-line basis of 10 years.

Development Costs

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

Interfund Transfers and Allocations

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

Operating and Overhead Expenses

Certain operating and overhead expenses are allocated to other expense categories based upon reasonable estimates of staff time or costs incurred (Note 13).

Alzheimer Society of Ontario Notes to Financial Statements

March 31, 2018

1. Summary of Significant Accounting Policies (continued)

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>2018</u>	<u>2017</u>
Alzheimer Society of Canada	\$ 222,112	\$ 1,086,522
Member Local Societies	182,830	186,326
Government	98,511	141,351
Other	115,653	160,703
	<u>\$ 619,106</u>	<u>\$ 1,574,902</u>

3. Investments

(a) Short-term investments consist of a Guaranteed Investment Certificate which matures in March 2019 and earns interest at 1.80% (2017 - maturities in January 2018 and earn interest at 1.4% to 1.47%).

Alzheimer Society of Ontario Notes to Financial Statements

March 31, 2018

3. Investments (continued)

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

	2018	2017
Cash	\$ 154,108	\$ 184,740
Fixed income	1,063,659	959,293
Equities - Canadian	641,299	642,111
Equities - Foreign	1,350,208	1,286,002
	\$ 3,209,274	\$ 3,072,146

The fixed income investments mature from December 2018 to October 2024 and earn interest at rates of 1.15% to 9.95% (2017 - April 2017 to June 2024, 1.11% to 9.95%).

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

4. Property and Equipment

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and equipment	\$ 183,224	\$ 132,166	\$ 133,182	\$ 129,068
Computer equipment	426,123	368,155	386,241	343,568
Leasehold improvements	191,687	121,119	132,401	102,519
	\$ 801,034	\$ 621,440	\$ 651,824	\$ 575,155
Net book value		\$ 179,594		\$ 76,669

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

Alzheimer Society of Ontario Notes to Financial Statements

March 31, 2018

5. Intangible Asset

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Customer Relationship Management (CRM) system	\$ 915,776	\$ 53,420	\$ 570,754	\$ -
Net book value		\$ 862,356		\$ 570,754

During the year, the Society began utilizing and amortizing the Customer Relationship Management system (CRM).

6. Credit Facility

The Society has an unused demand operating credit facility 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

	2018	2017
Alzheimer Societies in Ontario ("ASiO") Shared Services Centre (Note 11)	\$ 139,357	\$ -
Local work in Ottawa (Note 11)	62,539	-
Alzheimer Society of Canada	35,388	290,082
Other Ontario Research Contributions Payable	48,500	298,857
Other	403,631	493,582
	\$ 689,415	\$ 1,082,521

Alzheimer Society of Ontario Notes to Financial Statements

March 31, 2018

8. Deferred Revenue

	2018 Opening Balance	Amounts Received	Program Expenses	2018 Closing Balance
brainXchange grant (a)	\$ 128,894	\$ 248,755	\$ 220,057	\$ 157,592
Minds in Motion - CIHR (b)	8,575	-	8,446	129
Finding Your Way Program (c)	-	780,000	780,000	-
Scholarship Fund (d)	130,603	4,462	26,113	108,952
Social Media Project (e)	15,940	-	15,940	-
U-First Program (f)	119,665	-	64,665	55,000
First Link Program (g)	-	15,000	-	15,000
Dementia Strategy Program (h)	-	117,500	117,500	-
Public Policy Program (i)	-	24,976	8,060	16,916
Deferred Research Fund	250,000	-	250,000	-
Other general programs	102,278	56,671	92,197	66,752
	\$ 755,955	\$1,247,364	\$1,582,978	\$ 420,341

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

(b) Minds in Motion is a community-based social program that incorporates physical activity and mental stimulation for people with early to mid-stage signs of Alzheimer's disease or other dementias and their care partners.

(c) During fiscal 2017, the Society received \$780,000 (2017 - \$721,815) from the Ontario Seniors' Secretariat for the Finding Your Way program (previously named Wandering Prevention program) in various targeted cultural communities. The purpose of the program is to reduce the incidents of missing people with dementia and to increase the likelihood of their safe return home. The program will increase public awareness, education and resources, and strengthen relationships with local organizations. All funds received were spent during the year.

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

(e) The Social Media Project enhances the Society's social media and web presence, increases its advertising capacity and assisted in developing promotional materials to increase Alzheimer's awareness.

(f) U-First is a dementia education and training program in Ontario for healthcare professionals.

Alzheimer Society of Ontario Notes to Financial Statements

March 31, 2018

8. Deferred Revenue (continued)

(g) The Brent Allen fund will be used to support the development of resources and tools that will help increase First Link awareness among health care providers, community service providers and families impacted by dementia, with a goal of increasing the number of people that are connected with their local Alzheimer Society and accessing the information, education, supports and programs that will help them live well.

(h) The Ministry of Health Long Term Care granted money to the Alzheimer Society of Toronto ("AST") to provide support and services to clients through the First Link Program by hiring new First Link Navigators, including \$117,500 for AST to provide to the Alzheimer Society of Ontario for training, knowledge transfer/exchange, project coordination, monitoring and evaluation. All funds received during the year were fully spent in accordance with the agreement.

(i) The Brent Allen fund will assist with the development and implementation of a letter writing campaign that will ensure that the voice of thousands of Ontarians is heard by MPPs and those running for office, with a goal of securing their support for strong government funding of care, programs and support for people living with dementia and their care partners. This investment will also help to fund consultation with stakeholders from across the province, including care/service providers, people living with dementia and their care partners in order to ensure that we focus our future advocacy efforts on the priorities that will matter most.

9. Amounts Held in Trust

The Society collects and holds funds on behalf of Local Societies. The Society is not entitled to the funds, and accordingly, the balance has been represented as held in trust for the Local Societies.

10. Long-term Debt

During the year, the Society completed the purchase and implementation of the new CRM system and converted its related non-revolving instalment loan to a non-revolving amortizing loan, in the amount of \$1,900,000. The Society will make monthly interest only payments of \$5,415 until October 2018, at which time the loan becomes repayable in monthly principal repayments of \$15,833 plus interest, until maturity of September 22, 2022. The loan bears interest at 3.42% and is secured by a general security agreement providing a first-priority security interest on all present and future personal property of the Society and an assignment of fire and other perils insurance on the property and assets of the Society that the lender has security over.

Alzheimer Society of Ontario
Notes to Financial Statements

March 31, 2018

10. Long-term Debt (continued)

	2018	2017
Loan payable	\$ 1,900,000	\$ 1,150,000
Less: current portion	(95,000)	-
	\$ 1,805,000	\$ 1,150,000

The principal payments for the next five years are as follows

2019	\$ 95,000
2020	190,000
2021	190,000
2022	190,000
2023	1,235,000
	\$ 1,900,000

During the year, the society paid interest in the amount of \$48,235 (2017 - \$Nil).

11. 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 \$1,507,954 (2017 - \$1,744,748).

On April 1, 2017, the Society entered into a new Alzheimer Societies in Ontario ("ASiO") Federation Agreement with 30 Local Societies. Under the terms of the agreement, the Society will distribute to the Local Societies \$1,000,000 annually, determined by the ratio of the respective Local Societies' fundraising revenue. Partner charities on the statement of revenue and expenses includes payments made to Local Societies of \$1,050,307 (2017 - \$1,085,214).

Alzheimer Society of Ontario Notes to Financial Statements

March 31, 2018

11. Federation Agreements (continued)

Partner charities revenue:

	2018	2017
ASiO shared services centre (i)	\$ 360,643	\$ -
Chapter research	134,599	158,779
Ontario Government Dementia Strategy - First Link	117,500	-
Revenue from local societies (ii)	104,461	-
Shared services centre	1,118,932	1,062,254
	\$ 1,836,135	\$ 1,221,033

(i) ASiO shared services centre revenue is designated for the costs associated to run and implement shared services under the ASiO Federation Agreement. Of the \$500,000 received during the year, \$139,357 has been included in accounts payable and accrued liabilities as it has not been spent as of March 31, 2018 (Note 7).

(ii) Revenue from local societies is designated for building the Alzheimer brand and presence in Ottawa. Of the \$167,000 received during the year, \$62,539 has been included in accounts payable and accrued liabilities as it has not been spent as of March 31, 2018 (Note 7).

Partner charities expenses:

	2018	2017
ASC operating cost assessment	\$ 1,507,954	\$ 1,744,748
ASiO revenue distribution	1,000,000	882,996
Coffee break	45,986	202,218
Other	4,321	-
	\$ 2,558,261	\$ 2,829,962

12. Commitments

(a) Joint Lease Agreement

Pursuant to the co-tenancy agreement signed on April 1, 2008, the Alzheimer Societies of Canada, Ontario and Toronto co-located in new premises in order to benefit from efficiencies of scale. The lease was subsequently renewed until December 31, 2028. The co-tenancy agreement sets out the terms of the sharing of costs (based on the related cost drivers, which are primarily shared equally by each of the three co-tenants). Shared costs include leasehold improvements, furniture, equipment, rent, phones, and IT.

Alzheimer Society of Ontario
Notes to Financial Statements

March 31, 2018

12. Commitments (continued)

(a) Joint Lease Agreement (continued)

The Society's portion of the operating lease commitment for the next five years and thereafter is as follows:

2019	\$	80,138
2020		114,003
2021		114,517
2022		115,544
2023		116,057
Thereafter		<u>682,735</u>
	\$	<u>1,222,994</u>

(b) CRM Commitment

The Society is committed to subscription fees related to the CRM system as follows:

2019	\$	295,262
2020		<u>190,812</u>
	\$	<u>486,074</u>

13. 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>2018</u>	<u>2017</u>
Summary of expenses:		
Facilities and office	\$ 323,108	\$ 405,046
Professional fees and consulting	30,344	24,175
Amortization	<u>41,822</u>	<u>27,290</u>
	<u>\$ 395,274</u>	<u>\$ 456,511</u>
Summary of allocations:		
Fundraising	\$ 179,817	\$ 193,439
Services	<u>215,457</u>	<u>263,072</u>
	<u>\$ 395,274</u>	<u>\$ 456,511</u>

Alzheimer Society of Ontario Notes to Financial Statements

March 31, 2018

14. 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 \$556,201 (2017 - \$550,948) and is included in administration on the statement of revenue and expenses.

15. 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.

These risks have not changed from prior year.

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. \$330,426 (2017 - \$353,080) of investments are held in U.S. dollars.

These risks have not changed from the prior year.

16. Comparative Figures

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