

Alzheimer Society of Ontario
Financial Statements
For the year ended March 31, 2024

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Independent Auditor's Report

To the Board of Directors of Alzheimer Society of Ontario

Opinion

We have audited the financial statements of Alzheimer Society of Ontario (the "Society"), which comprise the statement of financial position as at March 31, 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.



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 17, 2024

Alzheimer Society of Ontario

Statement of Revenue and Expenses

For the year ended March 31	2024	2023
Revenue		
Support from the public		
Individual giving and direct marketing	\$ 9,196,896	\$ 9,688,519
Bequests	1,638,924	937,457
Corporate giving	554,920	714,717
	<hr/>	<hr/>
Total support from the public	11,390,740	11,340,693
Government		
Government health programs	527,900	866,759
Partner charities (Note 10)	2,306,847	1,829,930
Literature and seminars	362,019	482,608
Investment and other income	384,167	278,683
Government subsidy	-	100,825
	<hr/>	<hr/>
Total revenue	14,971,673	14,899,498
	<hr/>	<hr/>
Expenses		
Programs		
Services	5,915,017	5,099,534
Research	913,379	857,869
Partner charities (Note 10)	3,240,047	2,704,504
Government health programs	527,900	866,759
	<hr/>	<hr/>
Total program expenses	10,596,343	9,528,666
Support		
Fundraising	3,935,483	3,640,531
Administration (Note 13)	1,343,343	1,172,640
	<hr/>	<hr/>
Total support expenses	5,278,826	4,813,171
	<hr/>	<hr/>
Total expenses	15,875,169	14,341,837
	<hr/>	<hr/>
Excess (deficiency) of revenue over expenses before unrealized gains (losses) on long-term investments	(903,496)	557,661
Unrealized gains (losses) on long-term investments	425,500	(61,831)
	<hr/>	<hr/>
Excess (deficiency) of revenue over expenses	\$ (477,996)	\$ 495,830

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

Alzheimer Society of Ontario
Statement of Financial Position

March 31

2024

2023

Assets

Current

Cash	\$ 2,958,033	\$ 4,999,610
Short-term investment (Note 2)	1,000,000	-
Accounts receivable (Note 3)	1,290,331	1,067,340
Prepaid expenses	236,061	174,431

	5,484,425	6,241,381
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Long-term investments (Note 4)

	4,250,976	3,717,136
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Property and equipment (Note 5)

	71,403	113,160
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Intangible assets (Note 6)

	613,733	535,419
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	\$ 10,420,537	\$ 10,607,096
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Liabilities and Fund Balances

Current

Accounts payable and accrued liabilities (Note 8)	\$ 895,862	\$ 648,887
Deferred revenue (Note 9)	341,317	296,855

	1,237,179	945,742
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Fund balances

Internally restricted funds	5,794,976	6,776,997
Invested in property and equipment fund	71,403	113,160
Invested in intangible assets fund	613,733	535,419
Unrestricted fund	2,703,246	2,235,778

	9,183,358	9,661,354
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	\$ 10,420,537	\$ 10,607,096
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On behalf of the Board:

 _____ Director

 _____ Director

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

Alzheimer Society of Ontario Statement of Changes in Fund Balances

For the year ended March 31

	Internally Restricted Funds			Invested in Property and Equipment Fund	Invested in Intangible Assets Fund	Unrestricted Fund	2024	2023
	Fiscal Strength Fund	Strategic Investment Fund	Ottawa Fund					
Fund balance , beginning of year	\$ 2,466,326	\$ 4,123,722	\$ 186,949	\$ 113,160	\$ 535,419	\$ 2,235,778	\$ 9,661,354	\$ 9,165,524
Excess (deficiency) of revenue over expenses for the year	-	(865,829)	(186,949)	(47,982)	(151,536)	774,300	(477,996)	495,830
Purchase of property and equipment	-	-	-	6,225	-	(6,225)	-	-
Development of intangible assets	-	(225,308)	-	-	229,850	(4,542)	-	-
Transfer to Strategic Investment Fund	-	-	-	-	-	-	-	-
Transfers to other funds	296,065	-	-	-	-	(296,065)	-	-
Fund balance , end of year	\$ 2,762,391	\$ 3,032,585	\$ -	\$ 71,403	\$ 613,733	\$ 2,703,246	\$ 9,183,358	\$ 9,661,354

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

2024

2023

Cash provided by (used in)

Operating activities

Excess (deficiency) of revenue over expenses	\$ (477,996)	\$ 495,830
Adjustments required to reconcile excess (deficiency) of revenue over expenses with net cash provided by operating activities		
Amortization of property and equipment	47,982	49,998
Amortization of intangible assets	151,536	48,886
Unrealized (gains) losses on long-term investments	(425,500)	61,831
Changes in non-cash working capital balances		
Accounts receivable	(222,991)	848,385
Prepaid expenses	(61,630)	(77,544)
Accounts payable and accrued liabilities	246,975	(1,616,824)
Deferred revenue	44,462	(479,041)
	<u>(697,162)</u>	<u>(668,479)</u>

Investing activities

Purchase of long-term investments, net	(108,340)	(14,730)
Purchase of short-term investment	(1,000,000)	-
Purchase of property and equipment	(6,225)	(24,358)
Purchase of intangible assets	(229,850)	(377,724)
	<u>(1,344,415)</u>	<u>(416,812)</u>

Decrease in cash during the year

(2,041,577) (1,085,291)

Cash, beginning of year

4,999,610 6,084,901

Cash, end of year

\$ 2,958,033 \$ 4,999,610

Alzheimer Society of Ontario

Notes to Financial Statements

March 31, 2024

1. Summary of Significant Accounting Policies

Purpose of the Organization

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

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

Basis of Accounting

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

Financial Statement Presentation

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

Revenue Recognition

The Society follows the deferral method of accounting for contributions. Contributions, including public support, bequests and memoriams, literature and seminars, government health program, government subsidy, partner charities and amounts received from corporations and foundations, are recognized as revenue when the amount can be reasonably estimated and collection is reasonably assured. Restricted contributions are initially recorded as deferred revenue and are recognized as revenue in the year in which the related expenses are incurred.

Investment income includes interest, dividends and realized and unrealized gains or losses on investments, and is reported net of fees, commissions and interest expense. Interest income is recorded using the accrual method and dividends are recorded when declared.

Internally Restricted Funds

Fiscal Strength Fund

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

Alzheimer Society of Ontario

Notes to Financial Statements

March 31, 2024

1. Summary of Significant Accounting Policies (continued)

Internally Restricted Funds (continued)

Strategic Investment Fund

The purpose of the Strategic Investment Fund is to support Alzheimer's Societies in Ontario (ASiO) in innovation projects, test projects at the Local level prior to province-wide implementation, and strategic initiatives where capacity, effectiveness and efficiency can be realized through coordination at the Provincial level. Local Societies in Ontario can also apply to the ASO Board for short-term funding from the Strategic Investment Fund. Additions to the Strategic Investment fund are typically generated through the allocation of ASO's Net Surplus, as defined in the ASiO Federation Agreement. Additions and expenditures from the fund require Board approval. \$3,032,585 (2023 - \$3,959,011) of the Strategic Investment fund has been restricted to cover Local Society costs associated with the Fund Development Engine (Donor CRM) and the implementation of a province-wide unified client database (Client CRM).

Ottawa Fund

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

Financial Instruments

Initial measurement

Financial instruments are measured at fair value when issued or acquired. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement

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

For financial assets measured at cost or amortized cost, the Society regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Society determines that there is a significant adverse change in the expected timing or amount of future cash flows from the asset, it recognizes an impairment loss in the statement of revenue and expenses. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Alzheimer Society of Ontario

Notes to Financial Statements

March 31, 2024

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Property and Equipment

Purchased property and equipment are recorded at cost. The Society provides for amortization using the straight-line method at rates designed to amortize the cost of the property and equipment over their estimated useful lives. The annual amortization rates are as follows:

Furniture and equipment	- 5 years
Computer equipment	- 3 years
Leasehold improvements	- over term of lease

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

Intangible Assets

Intangible assets are recorded at cost and are amortized over their estimated useful lives. Intangible assets consist of a customer (fundraising) relationship management system (CRM), Shared Services Centre accounting software, a client (programs) relationship management system (CRM) and the web portal Moodle upgrade ALZeducate. These intangible assets are amortized over its estimated useful life of 5 years on a straight line basis.

Intangible assets with finite useful lives are tested for impairment when events or circumstances indicate that their carrying amount may not be recoverable.

Development Costs

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

Interfund Transfers and Allocations

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

Alzheimer Society of Ontario

Notes to Financial Statements

March 31, 2024

1. Summary of Significant Accounting Policies (continued)

Operating and Overhead Expenses

Certain operating and overhead expenses are allocated to other expense categories based upon reasonable estimates of staff time or costs incurred (Note 12).

Foreign Currency

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

Donated Services

The operation of the Society is dependent on services provided by volunteers. Since these services are not normally purchased by the Society and due to the difficulty of determining their fair market value, donated services are not recorded in the accounts.

Remuneration of the Board

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

2. Short-term Investment

Short-term investment consists of a Guaranteed Investment Certificate which has maturity within the next 12 months and interest rate of 5.5%.

3. Accounts Receivable

	2024	2023
Alzheimer Society of Canada	\$ 406,050	\$ 399,402
Member Local Societies	535,398	66,541
Government	159,259	496,298
Other	189,624	105,099
	<u>\$ 1,290,331</u>	<u>\$ 1,067,340</u>

Alzheimer Society of Ontario

Notes to Financial Statements

March 31, 2024

4. Long-term Investments

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

	2024	2023
Cash	\$ 22,150	\$ 57,285
Equities - Canadian	307,716	253,120
Equities - Foreign	668,800	533,090
Pooled funds - Fixed income	1,451,771	1,362,170
Pooled funds - Canadian equities	606,672	524,630
Pooled funds - Foreign equities	1,193,867	986,841
	\$ 4,250,976	\$ 3,717,136

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

5. Property and Equipment

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and equipment	\$ 40,900	\$ 35,890	\$ 40,900	\$ 27,710
Computer equipment	103,309	77,311	97,084	46,165
Leasehold improvements	85,806	45,411	85,806	36,755
	\$ 230,015	\$ 158,612	\$ 223,790	\$ 110,630
Net book value		\$ 71,403		\$ 113,160

Alzheimer Society of Ontario

Notes to Financial Statements

March 31, 2024

6. Intangible Assets

	2024			2023	
	Cost	Accumulated Amortization		Cost	Accumulated Amortization
Customer Relationship Management system (CRM) - Fundraising	\$ 190,349	\$ 133,244	\$	190,349	\$ 95,174
Client Relationship Management system (CRM) - Programs	514,829	81,167		289,521	-
Shared Services Centre systems	93,728	29,519		93,728	10,774
Web Portal Moodle Upgrade	71,823	13,554		67,769	-
ALZeducate	488	-		-	-
Phone System					
	\$ 871,217	\$ 257,484	\$	641,367	\$ 105,948
Net book value		\$ 613,733			\$ 535,419

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

Phone system costs of \$488 are not being amortized as the related asset is not in use as at March 31, 2024.

7. Credit Facility

The Society has an unused demand operating credit facility (2023 - unused) of \$1,000,000 available which bears interest at the bank's prime rate and is due on demand. The facility is secured by a general security agreement providing a first-priority security interest on all present and future property of the Society and an assignment of fire and other perils insurance on the property and assets.

Alzheimer Society of Ontario

Notes to Financial Statements

March 31, 2024

8. Accounts Payable and Accrued Liabilities

	2024	2023
Alzheimer Societies in Ontario ("ASiO")		
Shared Services Centre	\$ 30,256	\$ 151,957
Alzheimer Society of Canada	26,021	27,055
Other	839,585	469,875
	<u>\$ 895,862</u>	<u>\$ 648,887</u>

9. Deferred Revenue

	Opening Balance	Amounts Received	Program Expenses	Closing Balance
brainXchange grant (a)	\$ 115,236	\$ -	\$ 115,236	\$ -
Ontario Brain Institute (b)	-	291,167	-	291,167
U-First Program (c)	9,000	14,870	9,000	14,870
Ottawa (d)	122,196	78,878	201,074	-
Davos Alzheimer's Collaborative Grant (e)	499	99,059	99,558	-
Other general programs	49,924	26,405	41,049	35,280
	<u>\$ 296,855</u>	<u>\$ 510,379</u>	<u>\$ 465,917</u>	<u>\$ 341,317</u>

- (a) The brainXchange program (formally known as the Alzheimer Knowledge Exchange program) is supported by income earned by brainXchange. The brainXchange program facilitates the exchange of information, innovation and expertise among caregivers, educators, research and policy makers by connecting people to knowledge and dementia expertise.
- (b) The Ontario Brain Institute(OBI) Fund was established in fiscal 2024 through agreement with OBI to support the cognitive assessments at six local societies as well as the Dementia Registry.
- (c) U-First is a dementia education and training program in Ontario for healthcare professionals.
- (d) The Alzheimer's Society of Ontario provides services to the Ottawa and Renfrew County. Throughout the year, donations that are received which are restricted for the purpose of serving the Ottawa and Renfrew County, are recorded in this account. All donations received were spent within the year, and the associated fund was closed during the year.
- (e) The Davos Alzheimer's Collaborative Grant was established in May 2022. It is funded by Davos Alzheimer's Collaborative, for the purpose of increasing cognitive assessment rates for older adults which seeks to assist in the early detection of cognitive decline through the use of a retinal scanner.

Alzheimer Society of Ontario

Notes to Financial Statements

March 31, 2024

10. Federation Agreements

In April 2009, the Society entered into a Federation Agreement ("FA") with the Alzheimer Society of Canada ("ASC") which replaced the existing agreement between ASC and the provincial Member Local Societies. All unrestricted 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 \$2,182,327 (2023 - \$1,569,399).

On April 1, 2017, the Society entered into a new Alzheimer Societies in Ontario ("ASiO") Federation Agreement with 30 Societies. Under the terms of the agreement, the Society will distribute to the Local Societies \$1,000,000 annually, determined by the ratio of the respective Local Societies' fundraising revenue. On April 1, 2022, the agreement was amended so that the Society will distribute \$500,000 annually to the Local Societies, determined by the ratio of the respective Local Societies' population over 60 years of age in relation to ASiO, with a minimum revenue share amount of \$3,000 per Society. Partner charities on the statement of revenue and expenses includes payments made to Local Societies of \$1,057,720 (2023 - \$1,135,105).

Partner charities revenue:

	2024	2023
Chapter research	\$ 368,768	\$ 148,124
Ontario Government Dementia Strategy - First Link	420,500	249,000
Davos Alzheimer's Collaborative Grant	99,558	225,906
Ottawa revenue	131,383	156,449
Acting ED for AS Cornwall	49,438	-
Age Well at Home	30,000	-
Shared services centre	1,207,200	1,050,451
	\$ 2,306,847	\$ 1,829,930

Partner charities expenses:

	2024	2023
ASC operating cost assessment	\$ 2,182,327	\$ 1,569,399
ASiO revenue distribution	500,000	618,075
Other	557,720	517,030
	\$ 3,240,047	\$ 2,704,504

Alzheimer Society of Ontario

Notes to Financial Statements

March 31, 2024

11. Commitments

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

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

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

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.

	<u>2024</u>	<u>2023</u>
Summary of expenses:		
Facilities and office	\$ 462,479	\$ 361,658
Professional fees and consulting	66,642	44,746
Amortization	<u>43,022</u>	<u>45,332</u>
	<u>\$ 572,143</u>	<u>\$ 451,736</u>
Summary of allocations:		
Fundraising	\$ 112,738	\$ 73,867
Services	<u>459,405</u>	<u>377,869</u>
	<u>\$ 572,143</u>	<u>\$ 451,736</u>

Alzheimer Society of Ontario

Notes to Financial Statements

March 31, 2024

13. Shared Services

Effective April 1, 2016, the Society, in conjunction with Alzheimer Society of Canada and Alzheimer Society of Toronto, agreed to merge the Finance, 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 \$680,192 (2023 - \$576,369) and is included in administration on the statement of revenue and expenses. The Alzheimer Society of Canada and the Alzheimer Society of Toronto have notified the Society of intention to terminate participation in Shared Services. Alzheimer Society of Canada's termination date is effective July 27, 2024. While Alzheimer Society of Toronto's termination date may be in fiscal 2025, the exact date has not yet been determined.

14. Financial Instruments Risks

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Society is exposed to credit risk primarily with respect to their accounts receivable. The Society manages this risk through regular monitoring of balances and continuous communication with debtors.

Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of its investments. The Society manages its risk through its Statement of Investment Policies and Procedures.

Currency risk

Currency risk is the risk that arises from fluctuations in foreign exchange rates. The Society is exposed to currency risk with respect to its long-term investments denominated in U.S. dollars. \$1,406,892 (2023 - \$1,110,270) of investments are held in U.S. dollars.

These risks have not changed from the prior year.