
Financial statements of
Canadian Medic-Alert
Foundation Incorporated

December 31, 2022

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Independent Auditor's Report

To the Members of
Canadian Medic-Alert Foundation Incorporated

Opinion

We have audited the financial statements of Canadian Medic-Alert Foundation Incorporated (the "Foundation"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Foundation 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 for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

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 GAAS 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 GAAS, 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 Foundation'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 Foundation'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 Foundation 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 3, 2023

Canadian Medic-Alert Foundation Incorporated
Statement of financial position
As at December 31, 2022

	Notes	2022 \$	2021 \$
Assets			
Current assets			
Cash		389,533	512,334
Investments	3	6,790,575	7,849,891
Restricted investment	3	100,000	100,000
Accounts receivable	5	80,960	213,683
Inventory		100,757	126,600
Prepaid expenses		32,159	81,883
		7,493,984	8,884,391
Capital assets			
	4	109,754	64,711
		7,603,738	8,949,102
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	554,414	889,983
Member prepayments		68,005	67,738
Deferred revenue – future services	6	2,535,714	2,826,074
Deferred revenue – restricted contributions	7	—	91,468
		3,158,133	3,875,263
Deferred revenue – long-term future services	6	1,275,333	1,522,822
		4,433,466	5,398,085
Net assets			
Invested in capital assets		109,754	64,711
Operating fund		3,060,518	3,486,306
		3,170,272	3,551,017
		7,603,738	8,949,102

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

Approved by the Board

DocuSigned by:

E80ZAD22393441F..., Director
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Canadian Medic-Alert Foundation Incorporated
Statement of operations and changes in net assets
Year ended December 31, 2022

	Notes	2022 \$	2021 \$
Revenue			
Membership fees	6	4,747,694	4,714,824
Product sales		1,428,833	1,844,674
Restricted contribution revenue	7	114,864	326,210
Donations		587,764	552,663
Other revenue	13	25,522	202,906
		6,904,677	7,641,277
Expenses			
Membership services	8	2,821,356	3,221,669
Marketing and communications	8	843,826	1,358,548
Governance and administration	8	1,180,802	1,640,351
Cost of product sales	8	828,094	1,038,004
Restricted programs	7 and 8	612,794	832,237
Fundraising		448,407	218,636
License fees	9	164,861	198,776
		6,900,140	8,508,221
Excess (deficiency) of revenue over expenses before the undernoted items		4,537	(866,944)
Other income			
Realized gain on sale of investments		315,659	320,749
Unrealized (depreciation) appreciation in the fair value of investments		(904,695)	500,443
Investment income		203,754	218,311
		(385,282)	1,039,503
(Deficiency) excess of revenue over expenses for the year		(380,745)	172,559
Net assets, beginning of year		3,551,017	3,378,458
Net assets, end of year		3,170,272	3,551,017

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

Canadian Medic-Alert Foundation Incorporated

Statement of cash flows

Year ended December 31, 2022

	2022 \$	2021 \$
Operating activities		
(Deficiency) excess of revenue over expenses	(380,745)	172,559
Items not affecting cash		
Amortization	32,150	114,168
Realized gain on sale of investments	(315,659)	(320,749)
Unrealized depreciation (appreciation) of investments	904,695	(500,443)
	<u>240,441</u>	<u>(534,465)</u>
Changes in non-cash operating items		
Accounts receivable	132,723	(3,515)
Inventory	25,843	(28,801)
Prepaid expenses	49,724	10,941
Accounts payable and accrued liabilities	(335,569)	(101,266)
Member prepayments	267	(32,940)
Deferred revenue – future services	(537,849)	81,858
Deferred revenue – restricted contributions	(91,468)	(104,241)
	<u>(756,329)</u>	<u>(177,964)</u>
	<u>(515,888)</u>	<u>(712,429)</u>
Investing activities		
Net redemption of investments	470,280	933,331
Net purchase of restricted investment	—	(100,000)
Additions to capital assets	(77,193)	(37,441)
	<u>393,087</u>	<u>795,890</u>
Net cash (outflow) inflow	(122,801)	83,461
Cash, beginning of year	512,334	428,873
Cash, end of year	<u>389,533</u>	<u>512,334</u>

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

1. Purpose of the Foundation

The Canadian MedicAlert Foundation Incorporated (the "Foundation") was incorporated without share capital under the laws of Ontario as a charitable organization to provide essential medical information to emergency health care providers. As of March 17, 2022, the Foundation has continued to the federal Canada Not-for-profit Corporations Act ("CNCA"). The Foundation is a registered charity exempt from income tax under the Income Tax Act.

2. Significant accounting policies

These financial statements have been prepared in accordance with the Canadian accounting standards for not-for-profit organizations published by the Chartered Professional Accountants of Canada, using the deferral method of accounting for restricted contributions.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Foundation becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, with the exception of cash and investments which are measured at fair value. Changes in fair value are recorded in the Statement of operations and changes in net assets. Financial instruments reported on the Statement of financial position are measured as follows:

Asset/liability	Category
Cash	Fair value
Short-term investments	Fair value
Restricted investment	Fair value
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Financial assets measured at amortized cost are assessed at each reporting date for indications of impairment. If such impairment exists, the asset is written down and the resulting impairment loss is recognized in the Statement of operations and changes in net assets.

Transaction costs are expensed as they are incurred.

Investments in Pooled and Mutual Funds are recorded at the year-end Net Asset Value which represents fair value, and common shares are recorded at the bid price as of December 31. The restricted investment is recorded at the year-end Net Asset Value which represents fair value.

Inventory

Inventory is valued at the lower of cost and net realizable value.

Capital assets

Capital assets are recorded at cost. Amortization is provided over the estimated useful lives using the following methods and annual rates:

Assets	Method	Rate
Computer hardware	Straight-line	4 years
Office equipment	Straight-line	10 years
Leasehold improvements	Straight-line	Over the term of the lease

Capital assets acquired during the year are amortized at one-half the standard annual rate.

2. Significant accounting policies (continued)

Deferred revenue-future services

Deferred revenue-future services represents membership fees collected but not yet earned as the term of membership has not yet expired.

Member prepayments

Member prepayments represent paid orders which have not yet been processed.

Revenue recognition

Registration fees are recognized when a new member's file is completed and a membership number has been assigned.

Membership fees are recognized on the straight-line basis over the term of the membership.

Product sales are recognized when orders are placed with the product suppliers who deliver the products directly to the customers.

Government grants for financial aid received during the novel coronavirus ("COVID-19") pandemic are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Foundation follows the deferral method of accounting for contributions. Restricted contributions and grants are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions and grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Allocation of expenses

Certain officers and employees perform a combination of membership, program and administrative functions; as a result, salaries and benefits are allocated based on the time dedicated to the functional activity. Other organizational expenses used to support the programs are also allocated based on transaction volumes and management estimates. Such allocations are reviewed regularly by the Foundation.

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. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Accounts requiring significant estimates and assumptions include the useful lives of capital assets, accrued liabilities and also those expenses subject to allocation.

3. Investments

Investments are comprised of:

	Market value	2022 Cost	Market value	2021 Cost
	\$	\$	\$	\$
Pooled and Mutual Funds				
FGP Canadian Equity	2,052,304	1,518,981	2,417,302	1,773,582
FGP US Equity	717,665	560,969	955,360	538,778
FGP Bond	3,011,337	3,504,645	3,432,659	3,494,040
FGP Short-term	174,805	174,805	186,584	186,584
FGP Private International Equity	634,966	614,577	631,200	537,417
FGP Corporate Bond Fund	199,498	235,136	226,786	230,281
	6,790,575	6,609,113	7,849,891	6,760,682
Restricted Investments				
Guaranteed Investment Certificate (GIC)	100,000	100,000	100,000	100,000
	6,890,575	6,709,113	7,949,891	6,860,682

Included in investments is a GIC in the amount of \$100,000 (\$100,000 in 2021) which was purchased as security for the Foundation's new lease, and therefore is not available for use by the Foundation. The GIC is renewed annually, and the lessor will no longer require the Foundation to hold the secured investment as of January 31, 2027.

4. Capital assets

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
	\$	\$	\$	\$
Computer hardware	27,600	24,151	3,449	14,289
Office equipment	14,514	12,337	2,177	3,631
Leasehold improvements	114,637	10,509	104,128	46,791
	156,751	46,997	109,754	64,711

5. Government remittances/receivables

Included in accounts receivable is a net receivable of \$29,230 (net receivable of \$50,581 in 2021) representing government remittances relating to payroll, commodity tax rebates and commodity taxes receivable.

6. Deferred revenues – future services

The Foundation has an obligation to maintain an emergency information service for its members and updates their records annually through an outreach campaign. Deferred revenue consists of the unrecognized revenue from the sale of memberships.

The deferred revenue for future services consists of:

	2022	2021
	\$	\$
Balance, beginning of year	4,348,896	4,267,038
Membership fees received	4,209,845	4,796,682
	8,558,741	9,063,720
Membership fees recognized as revenue	(4,747,694)	(4,714,824)
	3,811,047	4,348,896
Less: current portion	(2,535,714)	(2,826,074)
	1,275,333	1,522,822

7. Restricted Programs

	No Child Without	IDEA⁽¹⁾	Education	2022 Total
	\$	\$	\$	\$
Restricted deferred revenue, beginning of year	91,468	—	—	91,468
New donations received	19,766	2,455	1,175	23,396
Donations recognized into revenue	(111,234)	(2,455)	(1,175)	(114,864)
Restricted deferred revenue, end of year	—	—	—	—
Total expenditures incurred on the program	249,140	113,594	250,059	612,794

	No Child Without	IDEA⁽¹⁾	Education	2021 Total
	\$	\$	\$	\$
Restricted deferred revenue, beginning of year	195,709	—	—	195,709
New donations received	176,984	30,115	14,870	221,969
Donations recognized into revenue	(281,225)	(30,115)	(14,870)	(326,210)
Restricted deferred revenue, end of year	91,468	—	—	91,468
Total expenditures incurred on the program	281,225	220,446	330,566	832,237

⁽¹⁾ Formerly known as Membership Assistance

8. Allocation of expenses

The Foundation allocates salaries, benefits, and other expenses based on the time and resources dedicated to the restricted programs.

Salaries and benefits and other expenses for fiscal 2022 and 2021 are allocated based on management estimates as follows:

	Membership services & other⁽¹⁾ %	No Child Without %	IDEA⁽²⁾ %	2022 Education %
Salaries and benefits	94	3	1	2
Systems	97	1	1	1
Marketing	86	6	8	—
Corporate & Administration	96	2	1	1
Cost of sales	89	5	6	—
	Membership services %	No Child Without %	IDEA⁽²⁾ %	2021 Education %
Salaries and benefits	95	2	2	1
Systems	95	2	2	1
Marketing	86	7	7	—
Corporate & Administration	90	3	4	3
Cost of sales	95	3	2	—

(1) Other is comprised of expenses from Marketing and communications, Governance and administration and Cost of product sales

(2) Formerly known as Membership Assistance

Total expenses subject to allocation:

	2022 \$	2021 \$
Salaries and benefits	3,192,317	3,781,280
Systems	393,019	805,316
Marketing	271,159	973,746
Corporate & Administration	646,859	825,677
Cost of sales	185,234	275,073
	4,688,589	6,661,092

8. Allocation of expenses (continued)

The expenses noted above are allocated on the Statement of operations and changes in net assets as follows:

	2022	2021
	\$	\$
Restricted programs ⁽¹⁾	272,635	518,714
Membership services ⁽²⁾	2,375,064	2,929,260
Marketing and communications ⁽³⁾	776,606	1,327,435
Governance and administration ⁽⁴⁾	1,099,263	1,624,440
Cost of product sales ⁽⁵⁾	165,021	261,243
	4,688,589	6,661,092

(1) Included in Restricted program expenses of \$612,794 (\$832,237 in 2021)

(2) Included in total Membership services expenses of \$2,821,356 (\$3,221,669 in 2021)

(3) Included in total Marketing and communications expenses of \$843,826 (\$1,358,548 in 2021)

(4) Included in total Governance and administration expenses of \$1,180,802 (\$1,640,351 in 2021)

(5) Included in total Cost of product sales expenses of \$828,094 (\$1,038,004 in 2021)

9. Licensing agreement

The Foundation has a renewable license agreement with MedicAlert Foundation United States, Inc. ("licensor") which has been effective since January 21, 2009. The license agreement stipulates that the license term lasts for five years and is automatically extended for a further period of five years upon expiry without limit. The license agreement provides the Foundation with the use of the MedicAlert registered trade name, trademark and service mark. Under the terms of the license agreement, the Foundation pays annual royalties of 3% on membership fees and other income derived from the sale of MedicAlert services and emblems. Additionally, during the year the Foundation purchased \$22,575 (\$2,298 in 2021) of inventory from the licensor.

10. Commitments

The Foundation is committed to a lease for its current premises expiring in 2032. The minimum annual payments are as follows:

	Premises	Total
	\$	\$
2023	28,572	28,572
2024	28,572	28,572
2025	28,572	28,572
2026	28,572	28,572
2027	28,572	28,572
Thereafter	116,670	116,670
	259,532	259,532

11. Guarantees

In the normal course of business, the Foundation enters into agreements that meet the definition of a guarantee. The Foundation indemnifies all directors, officers, employees, agents, and members for various items including, but not limited to, all costs to settle suits or actions due to services provided to the Foundation, subject to certain restrictions. The Foundation has purchased liability insurance to mitigate the costs of any potential future suits or actions. The amount of any potential future payment cannot be reasonably estimated.

The nature of these indemnification agreements prevents the Foundation from making a reasonable estimate of the maximum exposure due to difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Foundation has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued with respect to these agreements.

12. Risk management

Interest rate risk

The Foundation is exposed to interest rate risk on its investments. The Foundation does not use any hedging instruments to manage this risk.

Credit risk

The Foundation's credit risk is primarily attributable to its accounts receivables. The Foundation manages this risk through proactive collection policies.

Market risk

Market risk is the risk that the fair value or future cash flows of the Foundation's financial instruments will fluctuate because of changes in market prices.