Financial statements of

Canadian Medic-Alert Foundation Incorporated

December 31, 2021

Deloitte.

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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, 2021, 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, 2021, 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
April 23, 2022

Canadian Medic-Alert Foundation Incorporated
Statement of financial position
As at December 31, 2021

	Notes	**2021**	2020
		$	$
Assets			
Current assets			
Cash		**512,334**	428,873
Investments	3	**7,849,891**	7,962,030
Restricted investment	3	**100,000**	—
Accounts receivable	5	**213,683**	210,168
Inventory		**126,600**	97,799
Prepaid expenses		**81,883**	92,824
		8,884,391	8,791,694
Capital assets	4	**64,711**	141,438
		8,949,102	8,933,132
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	**889,983**	991,249
Member prepayments		**67,738**	100,678
Deferred revenue – future services	6	**2,826,074**	2,798,125
Deferred revenue – restricted contributions	7	**91,468**	195,709
		3,875,263	4,085,761
Deferred revenue – long-term future services	6	**1,522,822**	1,468,913
		5,398,085	5,554,674
Net assets			
Invested in capital assets		**64,711**	141,438
Operating fund		**3,486,306**	3,237,020
		3,551,017	3,378,458
		8,949,102	8,933,132

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

Approved by the Board

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______________________________, Director

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Alex MacBeath
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______________________________, Director

Canadian Medic-Alert Foundation Incorporated

Statement of operations and changes in net assets

Year ended December 31, 2021

	Notes	2021 $	2020 $
Revenue			
Membership fees	6	**4,714,824**	5,042,906
Product sales		**1,844,674**	1,818,270
Restricted contribution revenue	7	**326,210**	97,421
Donations		**552,663**	607,952
Other revenue	13	**202,906**	420,572
		7,641,277	7,987,121
Expenses			
Membership services	8	**3,221,669**	3,423,722
Marketing and communications	8	**1,358,548**	1,124,947
Governance and administration	8	**1,640,351**	1,800,664
Cost of product sales	8	**1,038,004**	1,209,167
Restricted programs	7 and 8	**832,237**	109,636
Fundraising		**218,636**	202,939
License fees	9	**198,776**	197,164
		8,508,221	8,068,239
Deficiency of revenue over expenses before the undernoted items		**(866,944)**	(81,118)
Other income			
Realized gain on sale of investments		**320,749**	42,362
Unrealized appreciation in the fair value of investments		**500,443**	214,464
Investment income		**218,311**	212,680
		1,039,503	469,506
Excess of revenue over expenses for the year		**172,559**	388,388
Net assets, beginning of year		**3,378,458**	2,990,070
Net assets, end of year		**3,551,017**	3,378,458

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

Canadian Medic-Alert Foundation Incorporated

Statement of cash flows

Year ended December 31, 2021

	2021	2020
	$	$
Operating activities		
Excess of revenue over expenses	**172,559**	388,388
Items not affecting cash		
Amortization	**114,168**	121,050
Realized gain on sale of investments	**(320,749)**	(42,362)
Unrealized appreciation of investments	**(500,443)**	(214,464)
	(534,465)	252,612
Changes in non-cash operating items		
Accounts receivable	**(3,515)**	(88,568)
Inventory	**(28,801)**	44,653
Prepaid expenses	**10,941**	66,915
Accounts payable and accrued liabilities	**(101,266)**	(39,781)
Member prepayments	**(32,940)**	16,107
Deferred revenue – future services	**81,858**	(235,427)
Deferred revenue – restricted contributions	**(104,241)**	15,958
	(177,964)	(220,143)
	(712,429)	32,469
Investing activities		
Net redemption (purchase) of investments	**933,331**	(239,551)
Net purchase of restricted investment	**(100,000)**	—
Additions to capital assets	**(37,441)**	(5,178)
	795,890	(244,729)
Net cash inflow (outflow)	**83,461**	(212,260)
Cash, beginning of year	**428,873**	641,133
Cash, end of year	**512,334**	428,873

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

1. Purpose of the Foundation

The Canadian Medic-Alert 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:

	2021 Market value	**2021 Cost**	2020 Market value	2020 Cost
	$	**$**	$	$
Pooled and Mutual Funds				
FGP Canadian Equity	**2,417,302**	**1,773,582**	2,214,564	2,165,457
FGP US Equity	**955,360**	**538,778**	936,268	644,701
FGP Bond	**3,432,659**	**3,494,040**	3,369,839	3,280,575
FGP Short-term	**186,436**	**186,436**	176,147	176,147
FGP Private International Equity	**631,200**	**537,417**	998,959	865,640
FGP Corporate Bond Fund	**226,786**	**230,281**	239,078	232,870
	7,849,743	**6,760,534**	7,934,855	7,365,390
Cash	**—**	**—**	9,575	9,575
Guaranteed Investment Certificate (GIC)	**100,148**	**100,148**	—	—
Shares in publicly listed companies	**—**	**—**	17,600	17,316
	7,949,891	**6,860,682**	7,962,030	7,392,281

Included in investments is a GIC in the amount of $100,000 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**	**2021 Net book value**	2020 Net book value
	$	**$**	**$**	$
Computer hardware	**59,100**	**44,811**	**14,289**	32,972
Office equipment	**14,514**	**10,883**	**3,631**	5,082
Leasehold improvements	**553,479**	**506,688**	**46,791**	103,384
	627,093	**562,382**	**64,711**	141,438

5. Government remittances/receivables

Included in accounts receivable is a net receivable of $50,581 (net receivable of $79,934 in 2020) 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:

	2021	2020
	$	$
Balance, beginning of year	**4,267,038**	4,502,662
Membership fees received	**4,796,682**	4,807,282
	9,063,720	9,309,944
Membership fees recognized as revenue	**(4,714,824)**	(5,042,906)
	4,348,896	4,267,038
Less: current portion	**(2,826,074)**	(2,798,125)
	1,522,822	1,468,913

7. Restricted Programs

				2021
	No Child Without	**IDEA(1)**	**Education**	**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**

				2020
	No Child Without	IDEA(1)	Education	Total
	$	$	$	$
Restricted deferred revenue, beginning of year	179,751	—	—	179,751
New donations received	70,091	39,764	3,524	113,379
Donations recognized into revenue	(54,133)	(39,764)	(3,524)	(97,421)
Restricted deferred revenue, end of year	195,709	—	—	195,709
Total expenditures incurred on the program	54,133	49,670	5,833	109,636

(1) Formerly known as Membership Assistance

8. Allocation of expenses

The Foundation adopted a new allocation methodology in 2021 for estimating the costs associated with programs, which better reflects the time and resources dedicated to the restricted programs. The new methodology for allocating expenses was applied prospectively.

Salaries and benefits and other expenses for fiscal 2021 and 2020 are allocated based on management estimates as follows:

				2021
	Membership services & other(1)	**No Child Without**	**IDEA(2)**	**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**	**—**

				2020
	Membership services	No Child Without	IDEA(1)	Education
	%	%	%	%
Salaries and benefits	96	2	2	—
Systems	98	1	1	—
Marketing	—	—	—	—
Corporate & Administration	—	—	—	—
Cost of Sales	—	—	—	—

(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:

	2021	2020
	$	$
Salaries and benefits	**3,781,280**	2,074,558
Systems	**805,316**	626,916
Marketing	**973,746**	—
Corporate & Administration	**825,677**	—
Cost of Sales	**275,073**	—
	6,661,092	2,701,474

8. Allocation of expenses (continued)

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

	2021	2020
	$	$
Restricted programs(1)	**518,714**	82,496
Membership services(2)	**2,929,260**	2,618,978
Marketing and communications(3)	**1,327,435**	—
Governance and administration(4)	**1,624,440**	—
Cost of product sales(5)	**261,243**	—
	6,661,092	2,701,474

(1) Included in Restricted program expenses of $832,237 ($109,636 in 2020)

(2) Included in total Membership services expenses of $3,221,669 ($3,423,722 in 2020)

(3) Included in total Marketing and communications expenses of $1,358,548 ($1,124,947 in 2020)

(4) Included in total Governance and administration expenses of $1,640,351 ($1,800,664 in 2020)

(5) Included in total Cost of product sales expenses of $1,038,004 ($1,209,167 in 2020)

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 $2,298 ($1,477 in 2020) of inventory from the licensor.

10. Commitments

The Foundation is committed to a lease for its current premises expiring in 2022 and a lease for a new premise expiring in 2032. The minimum annual payments are as follows:

	Premises	Total
	$	$
2022	36,996	36,996
2023	28,572	28,572
2024	28,572	28,572
2025	28,572	28,572
2026	28,572	28,572
Thereafter	145,243	145,243
	296,527	296,527

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 polices.

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.

13. Significant event

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (“COVID-19”) as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Foundation in future periods. During the year, the Foundation received $178,971 ($383,520 in 2020) from the Government of Canada for the Canada Emergency Wage Subsidy (“CEWS”), $16,755 ($nil in 2020) for the Canadian Recovery Hiring Program (“CRHP”) and $nil ($25,000 in 2020) for the Temporary Wage Subsidy (“TWS”) which were provided to employers who experienced a decline in their operating revenues due to COVID-19.