
Financial statements of
Canadian Medic-Alert
Foundation Incorporated

December 31, 2023

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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, 2023, 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, 2023, 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
May 3, 2024

Canadian Medic-Alert Foundation Incorporated**Statement of financial position**

As at December 31, 2023

	Notes	2023 \$	2022 \$
Assets			
Current assets			
Cash		745,828	389,533
Investments	3	6,287,899	6,790,575
Restricted investment	3	75,000	100,000
Accounts receivable	5	45,608	80,960
Inventory		66,573	100,757
Prepaid expenses		45,119	32,159
		7,266,027	7,493,984
Capital assets	4	99,843	109,754
		7,365,870	7,603,738
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	611,455	554,414
Member prepayments		45,917	68,005
Deferred revenue – future services	6	1,977,113	2,535,714
Deferred revenue – restricted contributions	7	228,000	—
		2,862,485	3,158,133
Deferred revenue – long-term future services	6	476,226	1,275,333
		3,338,711	4,433,466
Net assets			
Invested in capital assets		99,843	109,754
Operating fund		3,927,316	3,060,518
		4,027,159	3,170,272
		7,365,870	7,603,738

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

Approved by the Board

DocuSigned by:

Leslie Quinton

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Stacey Myers

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, Director

, Director

Canadian Medic-Alert Foundation Incorporated
Statement of operations and changes in net assets

Year ended December 31, 2023

	Notes	2023 \$	2022 \$
Revenue			
Membership fees	6	4,510,725	4,747,694
Product sales		1,287,150	1,428,833
Restricted contribution revenue	7	132,598	114,864
Donations		608,871	587,764
Other revenue		—	25,522
		6,539,344	6,904,677
Expenses			
Membership services	8	2,494,851	2,821,356
Marketing and communications	8	702,764	843,826
Governance and administration	8	1,387,856	1,180,802
Cost of product sales	8	520,613	828,094
Restricted programs	7 and 8	683,355	612,794
Fundraising		340,409	448,407
License fees	9	132,500	164,861
		6,262,348	6,900,140
Excess of revenue over expenses before the undernoted items		276,996	4,537
Other income			
Realized (loss) gain on sale of investments		(366,070)	315,659
Unrealized appreciation (depreciation) in the fair value of investments		740,969	(904,695)
Investment income		204,992	203,754
		579,891	(385,282)
Excess (deficiency) of revenue over expenses for the year		856,887	(380,745)
Net assets, beginning of year		3,170,272	3,551,017
Net assets, end of year		4,027,159	3,170,272

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

Canadian Medic-Alert Foundation Incorporated**Statement of cash flows**

Year ended December 31, 2023

	2023	2022
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses	856,887	(380,745)
Items not affecting cash		
Amortization	17,283	32,150
Realized loss (gain) on sale of investments	366,070	(315,659)
Unrealized (appreciation) depreciation of investments	(740,969)	904,695
	499,271	240,441
Changes in non-cash operating items		
Accounts receivable	35,352	132,723
Inventory	34,184	25,843
Prepaid expenses	(12,960)	49,724
Accounts payable and accrued liabilities	57,041	(335,569)
Member prepayments	(22,088)	267
Deferred revenue – future services	(1,357,708)	(537,849)
Deferred revenue – restricted contributions	228,000	(91,468)
	(1,038,179)	(756,329)
	(538,908)	(515,888)
Investing activities		
Net redemption of investments	877,575	470,280
Net redemption of restricted investment	25,000	–
Additions to capital assets	(7,372)	(77,193)
	895,203	393,087
Net cash inflow (outflow)	356,295	(122,801)
Cash, beginning of year	389,533	512,334
Cash, end of year	745,828	389,533

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

Canadian Medic-Alert Foundation Incorporated**Notes to the financial statements**December 31, 2023

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. The Foundation continues under 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.

Canadian Medic-Alert Foundation Incorporated

Notes to the financial statements

December 31, 2023

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.

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.

Canadian Medic-Alert Foundation Incorporated**Notes to the financial statements**

December 31, 2023

3. Investments

Investments are comprised of:

	Market value	2023		2022
	\$	Cost	Market value	Cost
	\$	\$	\$	\$
Pooled and Mutual Funds				
FGP Canadian Equity	1,860,747	1,401,551	2,052,304	1,518,981
FGP US Equity	665,455	495,022	717,665	560,969
FGP Bond	3,023,437	2,796,646	3,011,337	3,504,645
FGP Short-term	153,079	153,079	174,805	174,805
FGP Private International Equity	585,181	526,862	634,966	614,577
FGP Corporate Bond Fund	—	—	199,498	235,136
	6,287,899	5,373,160	6,790,575	6,609,113
Restricted Investments				
Guaranteed Investment Certificate (GIC)	75,000	75,000	100,000	100,000
	6,362,899	5,448,160	6,890,575	6,709,113

Included in investments is a GIC in the amount of \$75,000 (\$100,000 in 2022) 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	2023	2022
	\$	amortization	Net book	Net book
	\$	\$	value	value
	\$	\$	\$	\$
Computer hardware	7,372	922	6,450	3,449
Office equipment	14,514	13,785	729	2,177
Leasehold improvements	114,637	21,973	92,664	104,128
	136,523	36,680	99,843	109,754

5. Government remittances/receivables

Included in accounts receivable is a net receivable of \$44,917 (net receivable of \$29,230 in 2022) 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.

Canadian Medic-Alert Foundation Incorporated**Notes to the financial statements**

December 31, 2023

6. Deferred revenues – future services (continued)

The deferred revenue for future services consists of:

	2023	2022
	\$	\$
Balance, beginning of year	3,811,047	4,348,896
Membership fees received	3,153,017	4,209,845
	6,964,064	8,558,741
Membership fees recognized as revenue	(4,510,725)	(4,747,694)
	2,453,339	3,811,047
Less: current portion	(1,977,113)	(2,535,714)
	476,226	1,275,333

7. Restricted programs

	No child without	Safe and found	IDEA	Education	2023 Total
	\$	\$	\$	\$	\$
Restricted deferred revenue, beginning of year	—	—	—	—	—
New donations received	35,545	59,681	26,407	10,965	132,598
New grants received	28,000	200,000	—	—	228,000
Donations recognized into revenue	(35,545)	(59,681)	(26,407)	(10,965)	(132,598)
Restricted deferred revenue, end of year	28,000	200,000	—	—	228,000
Total expenditures incurred on the program	237,949	259,092	55,101	131,213	683,355

	No child without	Safe and found	IDEA	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

Canadian Medic-Alert Foundation Incorporated**Notes to the financial statements**

December 31, 2023

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 2023 and 2022 are allocated based on management estimates as follows:

	Membership services & other⁽¹⁾	No child without	Safe and found	IDEA	2023 Education
	%	%	%	%	%
Salaries and benefits	92	3	4	—	1
Systems	97	1	1	—	1
Marketing ⁽²⁾	—	—	—	—	—
Corporate and administration	93	2	4	—	1
Cost of sales	92	6	1	1	—

	Membership services & other⁽¹⁾	No child without	Safe and found	IDEA	2022 Education
	%	%	%	%	%
Salaries and benefits	94	3	—	1	2
Systems	97	1	—	1	1
Marketing	86	6	—	8	—
Corporate and administration	96	2	—	1	1
Cost of sales	89	5	—	6	—

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

(2) Marketing costs incurred on restricted programs were recognized in Restricted program expenses directly for fiscal 2023

Total expenses subject to allocation:

	2023	2022
	\$	\$
Salaries and benefits	3,159,532	3,192,317
Systems	407,533	393,019
Marketing ⁽¹⁾	—	271,159
Corporate and administration	793,420	646,859
Cost of sales	113,731	185,234
	4,474,216	4,688,589

(1) Marketing costs incurred on restricted programs were recognized in Restricted program expenses directly for fiscal 2023

Canadian Medic-Alert Foundation Incorporated**Notes to the financial statements**

December 31, 2023

8. Allocation of expenses (continued)

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

	2023	2022
	\$	\$
Restricted programs ⁽¹⁾	330,172	272,635
Membership services ⁽²⁾	2,360,192	2,375,064
Marketing and communications ⁽³⁾	395,518	776,606
Governance and administration ⁽⁴⁾	1,334,606	1,099,263
Cost of product sales ⁽⁵⁾	53,728	165,021
	4,474,216	4,688,589

(1) Included in Restricted program expenses of \$683,355 (\$612,794 in 2022)

(2) Included in total Membership services expenses of \$2,494,851 (\$2,821,356 in 2022)

(3) Included in total Marketing and communications expenses of \$702,764 (\$843,826 in 2022)

(4) Included in total Governance and administration expenses of \$1,387,856 (\$1,180,802 in 2022)

(5) Included in total Cost of product sales expenses of \$520,613 (\$828,094 in 2022)

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. The Foundation also paid \$40,483 (\$38,680 in 2022) in fees for Hotline support. Additionally, during the year the Foundation purchased \$25,198 (\$22,575 in 2022) 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:

	Total
	\$
2024	28,572
2025	28,572
2026	28,572
2027	28,572
2028	28,572
Thereafter	88,098
	<u>230,960</u>

Canadian Medic-Alert Foundation Incorporated

Notes to the financial statements

December 31, 2023

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.