

For *all the lives we protect.*

2019 Annual Report



**For
Life**

MedicAlert 2019 Annual Report



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Letter from the Chair

In 2019, MedicAlert Foundation Canada continued its transformational journey, embarking on several foundational projects that will pave the way for a vibrant, modern, and sustainable organization. Our goal is to ensure that the connection we make between Canadians and first responders during a time of need not only remains solid, but also evolves to reflect the needs of our subscribers and our partners for years to come.

Our Board of Directors green-lit a substantial digital transformation project that will occur in several phases over the next two years. This project represents an important investment in our infrastructure modernization and is designed to improve our current and future subscribers experience. It will also improve the speed of access first responders have to the critical health information they need to effectively respond in a health emergency while adding additional layers of protection for the data we manage on behalf of our subscribers. Digital transformation will also be of significant benefit for our staff, providing them with more powerful tools to better support our subscribers and our partners.

MedicAlert also underwent a substantial restructuring in order to prepare for the future. Two principle divisions were created. Growth, Strategy and Operations brought together our fundraising, marketing, contact centre, and partnerships portfolios for greater synthesis and synergy. Corporate Services united the finance, human resources and technology functions of our operation and added a new area of legal and compliance which is an emerging focus for the charitable sector. We brought in a seasoned executive from the health sector to lead Growth, Strategy and Operations, and plan to recruit a highly-respected executive from the public sector in early 2020 to lead the Corporate Services Team. With this restructuring and hires, the Board has confidence in the promise of our future course.

This year was also the first year of our new strategic plan. The pillars of our plan are simple, yet powerful:

- To protect more Canadians
- To increase our charitable impact
- To maintain financial stability

As we look forward, we know 2020 will be a building year for MedicAlert. In 2019 we laid the foundation for our future direction and the modernization of our nearly 60-year-old organization. We are excited about what lies ahead as we redefine ourselves to ensure our place in the ever-evolving landscape of the Canadian healthcare system. We hope you'll join us.

Sincerely,

Douglas Craig
Chair, Board of Directors



2019 Board of Directors

MedicAlert Foundation Canada is governed by a volunteer Board of Directors with representation from across Canada.

DIRECTORS & OFFICERS

Douglas Craig, Chair (Alberta)

Dr. Blair Bigham (MD), Vice Chair (Ontario)

Dr. Catherine Boivie (PhD), Chair, Governance and Nominating Committee (British Columbia)

Alex MacBeath, Chair, Finance and Audit Committee (Prince Edward Island)

Isabelle Oliva, Chair, Human Resources Committee (Quebec)

Françoise Faverjon-Fortin, CEO, Corporate Secretary ex-officio

Dr. Lisa Chillingworth-Watson (PhD) (Ontario)

Danny Lew (Quebec)

Leslie Quinton (Quebec)

Ruth Ramsden-Wood (Alberta)

Sara Jane Snook (Nova Scotia)

Salimah Walji-Shivji (Alberta)

Management

EXECUTIVE

Françoise Faverjon-Fortin, CEO

Leslie McGill, Senior Vice President Growth & Strategy

Financial statements of
Canadian MedicAlert
Foundation Incorporated

December 31, 2019

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Independent Auditor's Report

To the Members of
Canadian MedicAlert Foundation Incorporated

Opinion

We have audited the financial statements of Canadian MedicAlert Foundation Incorporated (the "Foundation"), which comprise the statement of financial position as at December 31, 2019, 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, 2019, 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 4, 2020

Canadian MedicAlert Foundation Incorporated

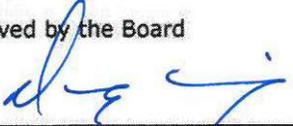
Statement of financial position

As at December 31, 2019

	Notes	2019 \$	2018 \$
Assets			
Current assets			
Cash		641,133	683,616
Investments	3	7,465,654	6,773,996
Accounts receivable	5	121,600	117,575
Inventory		142,452	150,363
Prepaid expenses		159,739	175,662
		8,530,578	7,901,212
Capital assets			
	4	257,309	363,841
		8,787,887	8,265,053
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	1,031,030	898,887
Member prepayments		84,571	83,953
Deferred revenue-future services	6	3,014,092	3,270,931
Deferred revenue "No Child Without" grants	7	179,751	251,447
		4,309,444	4,505,218
Deferred revenue – Long-term future services			
	6	1,488,373	1,604,170
		5,797,817	6,109,388
Net assets			
Invested in capital assets		257,309	363,841
Operating fund		2,732,761	1,791,824
		2,990,070	2,155,665
		8,787,887	8,265,053

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

Approved by the Board



Director



Director

Canadian MedicAlert Foundation Incorporated
Statement of operations and changes in net assets
Year ended December 31, 2019

	Notes	2019	2018
		\$	\$
Revenue			
Membership fees	6	5,498,655	5,952,939
Product sales		2,166,117	2,512,743
Grant revenue "No Child Without"	7	76,625	105,690
Donations		903,807	896,107
Other revenue		13,107	45,997
		8,658,311	9,513,476
Expenses			
Membership services and education	8	3,115,499	3,281,202
Marketing and communications		1,521,174	1,921,913
Governance and administration		1,842,778	1,764,203
Cost of product sales		1,490,991	1,893,378
"No Child Without" program	7 and 8	76,625	105,690
Fundraising		244,224	269,101
License fees	9	214,552	249,821
		8,505,843	9,485,308
Excess of revenue over expenses before the undernoted items		152,468	28,168
Other income			
Realized gain on sale of investments		54,023	118,948
Unrealized appreciation (depreciation) in the fair value of investments		405,435	(454,918)
Investment income		222,479	207,123
		681,937	(128,847)
Excess (deficiency) of revenue over expenses for the year		834,405	(100,679)
Net assets, beginning of year		2,155,665	2,256,344
Net assets, end of year		2,990,070	2,155,665

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

Canadian MedicAlert Foundation Incorporated

Statement of cash flows

Year ended December 31, 2019

	2019	2018
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses	834,405	(100,679)
Items not affecting cash		
Amortization	134,132	171,008
Realized gain on sale of investments	(54,023)	(118,948)
Unrealized (appreciation) depreciation of investments	(405,435)	454,918
	509,079	406,299
Changes in non-cash operating items		
Accounts receivable	(4,025)	(16,074)
Inventory	7,911	(1,502)
Prepaid expenses	15,923	30,431
Accounts payable and accrued liabilities	132,143	(157,258)
Member prepayments	618	5,876
Deferred revenue-future services	(372,636)	(210,484)
Deferred revenue "No Child Without" grants	(71,696)	(103,634)
	(291,762)	(452,645)
	217,317	(46,346)
Investing activities		
Net (purchase) redemption of investments	(232,200)	47,503
Additions to capital assets	(27,600)	(31,501)
	(259,800)	16,002
Net cash outflow	(42,483)	(30,344)
Cash, beginning of year	683,616	713,960
Cash, end of year	641,133	683,616

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

Canadian MedicAlert Foundation Incorporated

Notes to the financial statements

December 31, 2019

1. Purpose of the Foundation

The Canadian MedicAlert Foundation (the "Foundation") was incorporated without share capital under the laws of Ontario as a not-for-profit organization to provide essential medical information to emergency health care providers. 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

Under Section 3856, 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
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.

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
Computer software	Straight-line	2 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 MedicAlert Foundation Incorporated

Notes to the financial statements

December 31, 2019

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 program and administrative functions; as a result, salaries and benefits are allocated based on the time dedicated to the functional activity. Telephone and certain computer systems expenses are also allocated based on transaction volumes and headcount. 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 MedicAlert Foundation Incorporated

Notes to the financial statements

December 31, 2019

3. Investments

Investments are comprised of:

	2019		2018	
	Market value	Cost	Market value	Cost
	\$	\$	\$	\$
Pooled and Mutual Funds				
FGP Canadian Equity	1,906,862	1,871,324	1,711,457	1,783,209
FGP US Equity	972,522	699,759	860,077	709,995
FGP Bond	3,170,990	3,239,248	2,937,759	3,072,997
FGP Short-term	174,828	174,828	162,587	162,587
FGP Private International Equity	992,983	876,275	877,675	859,985
FGP Corporate Bond Fund	219,555	219,922	199,721	207,343
Quest Energy Canadian				
Resource Class Mutual Fund	15	37	19	37
	7,437,755	7,081,393	6,749,295	6,796,153
Cash	8,541	8,541	7,558	7,558
Shares in publicly listed companies	19,358	17,316	17,143	17,316
	7,465,654	7,107,250	6,773,996	6,821,027

4. Capital assets

	2019			2018
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Computer hardware	124,100	64,318	59,782	62,504
Computer software	—	—	—	9,946
Office equipment	14,514	7,982	6,532	8,849
Leasehold improvements	510,862	319,867	190,995	282,542
	649,476	392,167	257,309	363,841

5. Government remittances/receivables

Included in accounts receivable is a net receivable of \$48,366 (net receivable of \$37,218 in 2018) 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.

6. Deferred revenues - future services (continued)

The deferred revenue for future services consists of:

	2019	2018
	\$	\$
Balance, beginning of year	4,875,101	5,085,585
Membership fees received	5,126,019	5,742,455
	10,001,120	10,828,040
Membership fees recognized as revenue	(5,498,655)	(5,952,939)
	4,502,465	4,875,101
Less: current portion	(3,014,092)	(3,270,931)
	1,488,373	1,604,170

7. No Child Without Program and Federal Grant

During the year, the Foundation received \$4,929 (\$2,056 in 2018) in restricted contributions from other donors specifically for this Program. In 2019, the Foundation spent \$76,625 (\$105,690 in 2018) on the program and the balance of \$179,751 (\$251,447 in 2018) is recorded as deferred revenue.

8. Allocation of expenses

The Foundation allocates salaries and benefits based on the time dedicated to administrative functions and the "No Child Without" program. Telephone and certain computer systems expenses are also allocated based on transaction volumes and headcount.

Salaries and benefits and other expenses for fiscal 2019 and 2018 are allocated based on management estimates as follows:

	2019	2018
	%	%
Salaries and benefits		
Membership services and education	97	97
"No Child Without" Program	3	3
Telephone and computer system expenses		
Membership services and education	98	98
"No Child Without" Program	2	2

Total expenses subject to allocation:

	2019	2018
	\$	\$
Salaries and benefits	1,777,740	1,766,192
Telephone and computer system expenses	545,962	562,187
	2,323,702	2,328,379

Canadian MedicAlert Foundation Incorporated

Notes to the financial statements

December 31, 2019

8. Allocation of expenses (continued)

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

	2019	2018
	\$	\$
No Child Without ⁽¹⁾	55,059	72,769
Membership services and education ⁽²⁾	2,268,643	2,255,610
	2,323,702	2,328,379

(1) Included in total "No Child Without" program expenses of \$76,625 (\$105,690 in 2018).

(2) Included in total Membership services and education program expenses of \$3,115,499 (\$3,281,202 in 2018).

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 \$5,103 (\$15,735 in 2018) of inventory from the licensor.

10. Commitments

The Foundation is committed to equipment operating leases expiring in 2021 and a lease for its premises expiring in 2022. The minimum annual payments are as follows:

	Equipment	Premises	Total
	\$	\$	\$
2020	26,185	129,650	155,835
2021	26,187	129,650	155,837
2022	—	10,807	10,807
	52,372	270,107	322,479

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.

11. Guarantees (continued)

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. Subsequent event

Subsequent to the year-end, 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.