

**AMYOTROPHIC LATERAL SCLEROSIS (ALS)  
SOCIETY OF CANADA**

**Financial Statements**

**Years ended December 31, 2014 and 2013**

**AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA**

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**Years ended December 31, 2014 and 2013**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Amyotrophic Lateral Sclerosis (ALS) Society of Canada

We have audited the accompanying financial statements of Amyotrophic Lateral Sclerosis (ALS) Society of Canada, which comprise the statement of financial position as at December 31, 2014 and 2013, and the statements of changes in net assets, operations and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### *Basis for Qualified Opinion*

As is common with many charitable organizations, the Society derives revenue, other than grants, as donations and fund-raising revenue from the general public, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of receipts from those sources was limited to the amounts recorded in the records of the Society and we were unable to determine whether any adjustments might be necessary to contributions, excess (deficiency) of revenue over expenditures, current assets, net assets and fund balances.

## INDEPENDENT AUDITOR'S REPORT - cont'd

### *Qualified Opinion*

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of Amyotrophic Lateral Sclerosis (ALS) Society of Canada as at December 31, 2014 and 2013 and the results of its operations and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

***Adams & Miles LLP***

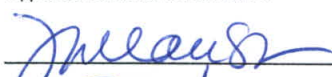

Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Canada  
May 1, 2015

**AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA**  
**Statement of Financial Position**  
**December 31, 2014 and 2013**

	General Fund	Research Fund	Tim E. Noël Endowment Fund	2014 Total	2013 Total
<b>Assets</b>					
<b>Current</b>					
Cash	\$ 14,796,074	\$ -	\$ 312,000	\$ 15,108,074	\$ 1,300,962
Short-term investments (Note 3)	425,964	-	509,997	935,961	1,104,047
Accounts receivable (Note 4)	1,526,934	-	-	1,526,934	534,125
Inter-fund transfers (Note 5)	(16,531,817)	16,557,119	(25,302)	-	-
Prepaid expenditures	103,491	-	-	103,491	127,132
	320,646	16,557,119	796,695	17,674,460	3,066,266
Long-term investments (Note 6)	2,812,567	681,179	503,305	3,997,051	4,792,403
Capital assets (Note 7)	113,020	-	-	113,020	182,359
	3,246,233	17,238,298	1,300,000	21,784,531	8,041,028
<b>Liabilities</b>					
<b>Current</b>					
Accounts payable and accrued liabilities (Note 4)	568,616	-	-	568,616	372,776
Current portion of deferred revenue (Note 8)	56,354	2,188,203	-	2,244,557	125,071
Current portion of research grants payable (Note 9)	-	1,179,998	-	1,179,998	1,135,831
Current portion of deferred lease inducement (Note 10)	29,663	-	-	29,663	25,722
	654,633	3,368,201	-	4,022,834	1,659,400
Long-term deferred revenue (Note 8)	1,939,387	9,618,253	-	11,557,640	-
Long-term research grants payable (Note 9)	-	265,000	-	265,000	589,998
Deferred lease inducement (Note 10)	27,191	-	-	27,191	61,486
	2,621,211	13,251,454	-	15,872,665	2,310,884
<b>Net assets</b>	<b>\$ 625,022</b>	<b>\$ 3,986,844</b>	<b>\$ 1,300,000</b>	<b>\$ 5,911,866</b>	<b>\$ 5,730,144</b>
<b>Net assets represented by:</b>					
Surplus	\$ 625,022	\$ 3,986,844	\$ 1,300,000	\$ 5,911,866	\$ 5,730,144

Approved on behalf of the Board:

 \_\_\_\_\_ Director  
 \_\_\_\_\_ Director



**AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA**  
**Statement of Changes in Net Assets**  
**Years ended December 31, 2014 and 2013**

	General Fund	Research Fund	Tim E. Noël Endowment Fund	2014 Total
<b>Balance, beginning of year</b>	\$ 614,455	\$ 3,815,689	\$ 1,300,000	\$ 5,730,144
Excess of revenue over expenditures	10,567	147,739	23,416	181,722
Inter-fund transfers (Note 5)	-	23,416	(23,416)	-
<b>Balance, end of year</b>	\$ 625,022	\$ 3,986,844	\$ 1,300,000	\$ 5,911,866

	General Fund	Research Fund	Tim E. Noël Endowment Fund	2013 Total
<b>Balance, beginning of year, as previously stated</b>	\$ 250,000	\$ 4,093,476	\$ 1,300,000	\$ 5,643,476
Prior period adjustment (Note 11)	-	(50,000)	-	(50,000)
<b>Balance, beginning of year, as restated</b>	250,000	4,043,476	1,300,000	5,593,476
Transfer of net assets from ALS Ontario (Note 12)	409,234	-	-	409,234
Excess (deficiency) of revenue over expenditures	(44,779)	(252,018)	24,231	(272,566)
Inter-fund transfers (Note 5)	-	24,231	(24,231)	-
<b>Balance, end of year</b>	\$ 614,455	\$ 3,815,689	\$ 1,300,000	\$ 5,730,144

**AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA**  
**Statement of Operations**  
**Years ended December 31, 2014 and 2013**

	General Fund	Research Fund	Tim E. Noël Endowment Fund	2014 Total	2013 Total
<b>Revenue</b>					
Fundraising and donations (Note 13)	\$ 4,423,458	\$ 1,744,784	\$ -	\$ 6,168,242	\$ 5,260,709
Direct mail campaign	965,488	10,316	-	975,804	1,187,956
Interest and investment income (Note 14)	-	147,739	59,976	207,715	193,459
Project grants	43,600	61,931	-	105,531	152,668
Unrealized gain (loss) on investments	81,524	(6,187)	(36,560)	38,777	(102,819)
	5,514,070	1,958,583	23,416	7,496,069	6,691,973
<b>Expenditures (Note 15)</b>					
Research grants (Note 16)	-	1,170,000	-	1,170,000	1,462,667
Other research support	-	381,313	-	381,313	456,348
National federation services	228,573	-	-	228,573	245,373
Ontario client support services	1,393,944	-	-	1,393,944	1,431,777
Public awareness	433,061	-	-	433,061	402,904
Volunteer and organizational development	153,204	-	-	153,204	264,795
Project grants costs	43,600	61,931	-	105,531	152,668
	2,252,382	1,613,244	-	3,865,626	4,416,532
<b>Other</b>					
Fundraising (Note 13)	2,520,372	197,600	-	2,717,972	1,749,726
Administrative	553,447	-	-	553,447	621,348
Governance	177,302	-	-	177,302	176,933
	3,251,121	197,600	-	3,448,721	2,548,007
	5,503,503	1,810,844	-	7,314,347	6,964,539
<b>Excess (deficiency) of revenue over expenditures</b>					
	\$ 10,567	\$ 147,739	\$ 23,416	\$ 181,722	\$ (272,566)

**AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA**  
**Statement of Cash Flows**  
**Years ended December 31, 2014 and 2013**

	2014	2013
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenditures	\$ 181,722	\$ (272,566)
Amortization	69,339	147,308
Amortization of bond discount	15,798	17,931
Loss (gain) on sale of investments	1,431	(12,828)
Amortization of deferred lease inducements	(30,354)	(15,660)
Deferred revenue contribution from merger	-	(8,500)
Unrealized loss (gain) on investments	(38,777)	102,819
Change in non-cash working capital items	199,159	(41,496)
Accounts receivable	(992,809)	80,426
Prepaid expenditures	23,641	(46,795)
Accounts payable and accrued liabilities	195,840	(125,831)
Deferred revenue	13,677,126	50,500
	13,102,957	(83,196)
<b>Investing activities</b>		
Purchase of capital assets	-	(13,520)
Purchase of long-term investments, net of transfers to short-term investments	509,997	(1,810,669)
Proceeds on disposition of long-term investments	306,903	575,850
	816,900	(1,248,339)
<b>Financing activities</b>		
Research grant commitments	1,170,000	1,462,665
Research grant payments	(1,450,831)	(1,585,296)
Cash received on merger of ALS Ontario	-	517,156
	(280,831)	394,525
<b>Change in cash and cash equivalents position</b>	<b>13,639,026</b>	<b>(937,010)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>2,405,009</b>	<b>3,342,019</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 16,044,035</b>	<b>\$ 2,405,009</b>
<b>Cash and cash equivalents consist of:</b>		
Cash	\$ 15,108,074	\$ 1,300,962
Short-term investments	935,961	1,104,047
<b>Cash and cash equivalents, end of year</b>	<b>\$ 16,044,035</b>	<b>\$ 2,405,009</b>



# AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

## Notes to Financial Statements

Years ended December 31, 2014 and 2013

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### 1. Nature of operations

Amyotrophic Lateral Sclerosis (ALS) Society of Canada ("the Society") was founded in 1977 and was incorporated without share capital under the Incorporations Act of Canada and is a registered charitable organization exempt from taxes under the Income Tax Act. The Society supports direct client services for individuals living with ALS in Ontario, funds research to find treatment and cure for ALS, and raises public awareness of their cause.

### 2. Summary of significant accounting policies

The preparation of financial statements in accordance with Canadian generally accepted accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures during the year. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the results of operations in the year in which they become known.

#### Investments

Investments consist of bonds, guaranteed investment certificates and equities. Bonds and guaranteed investment certificates with maturity dates longer than one year have been classified as long-term.

The Society initially and subsequently measures its investments at fair value. Changes in fair value are recognized in the Statement of Operations (see Notes 3 and 6).

Transaction costs associated with the acquisition of investments are either capitalized and included in the acquisition costs or applied to reduce proceeds on disposal, as appropriate. Investment fees are expensed when incurred.

#### Accounting for life insurance policy

The Society has been named as a beneficiary of a life insurance policy which has been recognized in "Short-term investments" at the amount to be received by the Society. A corresponding amount has been recognized in deferred revenue (see Note 8).

## AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

### Notes to Financial Statements

Years ended December 31, 2014 and 2013

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#### 2. Summary of significant accounting policies - cont'd

##### Capital assets

Capital assets are recorded at cost and are being amortized over their estimated useful lives. The annual amortization rates and methods are as follows:

Furniture and fixtures	5 yrs straight-line
Leasehold improvements	Lease term straight-line
Website	5 yrs straight-line
Client service equipment - donated	2 yrs straight-line
Client service equipment - purchased	4 yrs straight-line

##### Impairment of long-lived assets

The Society tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows that the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

##### Revenue recognition

The Society follows the deferral method of accounting for contributions.

Externally restricted contributions are recognized as revenue in the year in which the related expenditures are incurred.

Unrestricted contributions are recognized as revenue in the Statement of Operations in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income includes realized gains or losses and interest. The interest is recognized as it is earned over the life of the investment.

Contributed materials and services are recognized if the fair value of the material or service can be reasonably estimated, and it would have otherwise been purchased.



# AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

## Notes to Financial Statements

Years ended December 31, 2014 and 2013

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### 2. Summary of significant accounting policies - cont'd

#### **Fund accounting**

The Society allocates its revenue and expenditures to various funds, according to their nature as follows:

**General Fund:** This fund recognizes all non-designated revenue and expenditures and reflects all operations of the Society not allocated to other funds. This fund also includes net assets invested in capital assets. At the discretion of the Board of Directors, any excess of revenue over expenditures in this fund may be transferred to the Research Fund.

**Research Fund:** This fund is restricted to expenditures related to research grants and direct associated costs. Donations designated for research purposes are allocated to this fund to the extent that expenditures have been incurred.

**Tim E. Noël Endowment Fund:** This fund was established in honour of the late Tim E. Noël, who passed away from ALS and has been restricted as to its use. The \$1,300,000 capital gifts contributed to this fund are held in perpetuity. Income from the endowment fund is designated for the Tim E. Noël post-doctoral fellowship in ALS research.

#### **Volunteer services**

The Society benefits from services in the form of volunteer time to fulfill its mission. Since these invaluable services are not purchased by the Society and a reasonable estimate of their value cannot be made, they are not recorded in the financial statements.

#### **Financial instruments**

The Society initially measures its financial assets and financial liabilities at fair value.

The Society subsequently measures its financial assets and financial liabilities at amortized cost, except for investments consisting of bonds, guaranteed investment certificates and equities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and research grants payable.

# AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

## Notes to Financial Statements

Years ended December 31, 2014 and 2013

### 3. Short-term investments

Description	Maturity	Coupon Interest Rate	2014 Market Value	2013 Market Value
<b>General Fund</b>				
RBC investment savings			\$ 172,397	\$ 467,487
RBC guaranteed investment certificate	Jun 2015	0.800%	35,000	35,000
Bank of Nova Scotia bond	Jul 2014	3.43%	-	401,560
Bank of Nova Scotia shares			18,567	-
Insurance policy			200,000	200,000
Total General Fund			425,964	1,104,047
<b>Tim E. Noël Endowment Fund</b>				
Province of Ontario	Mar 2015	4.50%	509,997	-
Total Tim E. Noël Endowment Fund			509,997	-
Total short-term investments			\$ 935,961	\$ 1,104,047

The amortized cost of these investments as at year-end was \$934,639 (2013 - \$1,100,505).

These investments are comprised of both annual and semi-annual yield percentages.

An individual has named the Society as the owner and beneficiary of their life insurance policy. The Society pays the life insurance premiums on the life insurance policy directly to the insurance company. The individual donates to the Society an amount equal to the premium which the Society recognizes as a donation in its Statement of Operations.

## AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

### Notes to Financial Statements

Years ended December 31, 2014 and 2013

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#### **4. Accounts receivable, payable, and transactions with provincial societies**

Included in the accounts receivable are balances owing from ALS provincial societies in the amount of \$1,135,060 (December 31, 2013 - \$86,329). An allowance of \$Nil (2013 - \$22,000) has been recorded against the accounts receivable balance. Included in the accounts payable and accrued liabilities are balances owing to ALS provincial societies in the amount of \$231,575 (December 31, 2013 - \$ 9,213).

During the year, the Society earned \$714,117 (2013 - \$682,342) from ALS provincial societies for ALS walk revenue and \$233,551 (2013 - \$466,445) in other donations. In addition, the Society received donations related to Ice Bucket Challenge from ALS provincial societies (Note 8).

#### **5. Inter-fund transfers**

In the prior year the Board of Directors authorized \$409,234 of net assets transferred from ALS Ontario to be included in the General Fund. There were no such transfers in the current year.

The Society entered into an agreement in 2005 with the sponsor of the Tim E. Noël Endowment Fund to limit the capital of this endowment fund at \$1,300,000 and to transfer each year any excess to the Research Fund, where it will be used to fund post-graduate research fellowships. This year, the amount transferred was \$23,416 (2013 - \$24,231).

The inter-fund balances bear no interest and are payable on demand.



# AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

## Notes to Financial Statements

Years ended December 31, 2014 and 2013

### 6. Long-term investments

Description	Maturity	Coupon Interest Rate	2014 Market Value	2013 Market Value
<b>General Fund</b>				
Metropolitan Toronto	Sep 2016	8.00%	\$ 308,476	\$ 323,588
Ontario Savings Bond	Jun 2018	1.75%	503,966	503,305
Royal Bank of Canada	Sep 2018	2.75%	504,445	504,445
Enbridge Income Fund	Nov 2020	4.86%	111,162	107,032
Pembina Pipeline Corp.	Oct 2022	3.77%	208,445	196,419
Canadian Utilities Limited	Nov 2022	3.12%	260,224	237,757
Sunlife Financial Inc.	Jan 2023	5.59%	357,763	358,523
Bell Canada	Mar 2023	3.35%	254,872	233,770
Telus Corporation	Apr 2024	3.35%	303,214	276,900
Total General Fund			2,812,567	2,741,739
<b>Research Fund</b>				
Royal Bank of Canada	Jan 2017	4.53%	421,406	424,845
Bell Canada	Jun 2019	3.30%	259,773	250,138
Total Research Fund			681,179	674,983
<b>Tim E. Noël Endowment Fund</b>				
Province of Ontario	Mar 2015	4.50%	-	1,053,505
National Bank of Canada	Dec 2019	4.93%	-	322,176
Ontario Savings Bond	Jun 2019	1.25%	503,305	-
Total Tim E. Noël Endowment Fund			503,305	1,375,681
Total long-term investments			\$ 3,997,051	\$ 4,792,403

The amortized cost of these investments as at year-end was \$3,877,928 (2013 - \$4,714,276). These investments are comprised of both annual and semi-annual yield percentages.

# AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

## Notes to Financial Statements

Years ended December 31, 2014 and 2013

### 7. Capital assets

	2014		2013	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and fixtures	\$ 5,821	\$ 1,747	\$ 4,074	\$ 5,239
Leasehold improvements	264,321	184,590	79,731	113,813
Website	35,667	24,967	10,700	17,833
Client service equipment - donated	197,326	197,326	-	3,694
Client service equipment - purchased	144,762	126,247	18,515	41,780
	\$ 647,897	\$ 534,877	\$ 113,020	\$ 182,359

The above amounts represent the Society's net assets invested in capital assets which are included in the General Fund.

# AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

## Notes to Financial Statements

Years ended December 31, 2014 and 2013

### 8. Deferred revenue

Deferred revenue represents contributions received in advance for projects or expenditures that are provided in future years, unamortized premiums of life insurance policy, and an amount received in advance for future months' rent from a sub-lessor.

	General Fund	Research Fund	2014	2013
Balance, beginning of year	\$ 125,071	\$ -	\$ 125,071	\$ 74,571
Contributions received	1,922,619	11,806,456	13,729,075	376,507
Disbursements	(41,433)	-	(41,433)	(315,491)
Amortization of life insurance policy (Note 2)	(10,516)	-	(10,516)	(10,516)
	1,995,741	11,806,456	13,802,197	125,071
Less current portion	56,354	2,188,203	2,244,557	125,071
	\$ 1,939,387	\$ 9,618,253	\$ 11,557,640	\$ -

In 2014, the Society was the grateful recipient of \$14,355,957 in ALS Ice Bucket Challenge (IBC) donations as the result of the generosity of donors.

The Society has changed its accounting policy to the deferral method, in order to provide greater transparency in the future use of designated funds (Note 17). As a result, 2014 deferred revenue includes \$11,536,546 designated for research and \$1,895,265 designated for Ontario Services. Included in revenue of the general fund in 2014 was \$924,146 to recognize the cost of realizing the IBC challenge - primarily online processing fees and credit card fees.

Recognition of IBC donations:

Deferred revenue - Research	\$ 11,536,546
Deferred revenue - Ontario Services	1,895,265
IBC revenue - recognized in 2014	924,146
	<u>\$ 14,355,957</u>

The Society intends to use \$2,188,203 of IBC research funds in the next fiscal year, therefore, these amounts have been classified as current in the Research Fund.



# AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

## Notes to Financial Statements

Years ended December 31, 2014 and 2013

### 9. Long-term research grants payable

The Society has entered into grant agreements under its Research Fund and as a result has the following future commitments:

2015	\$ 1,179,998
2016	265,000
	<hr/>
	1,444,998
Less due in next year	1,179,998
	<hr/>
Total due in future years	\$ 265,000

### 10. Deferred lease inducement

	2014
	<hr/>
Tenant inducement	\$ 56,854
Less current portion	29,663
	<hr/>
	\$ 27,191

The Society assumed a lease on January 1, 2013 as part of the merger with ALS Ontario that commenced in December 2009. The Society also assumed a lease inducement of \$102,866 on January 1, 2013 as part of this lease. Included in the Statement of Operations is amortization in the amount of \$30,354 (2013 - \$15,660).

### 11. Prior period adjustment

The Society's prior year's financial statements have been adjusted for a previously unrecorded research grant in the amount of \$50,000. As a result, the Research Fund balance as at December 31, 2012 decreased by \$50,000.

# AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

## Notes to Financial Statements

Years ended December 31, 2014 and 2013

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### 12. Transfer of net assets from Amyotrophic Lateral Sclerosis Society of Ontario (ALS Ontario)

Pursuant to an agreement between the Society in the prior year and ALS Ontario, the Society and ALS Ontario agreed to merge their operations in the prior year. Under the terms of the agreement, the net assets of ALS Ontario were transferred to the Society and the combined operations were continued under the management and direction of the Society.

On January 1, 2013, the following net assets were transferred from ALS Ontario at their carrying value.

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Assets	
Cash	\$ 482,156
Short-term investments	35,000
Accounts receivable	44,708
Donations receivable	69,746
Prepaid expenditures	29,230
Capital assets	193,656
	<hr/>
	854,496
Liabilities	
Accounts payable and accrued liabilities	333,896
Deferred contributions	8,500
Deferred lease inducement	102,866
	<hr/>
	445,262
	<hr/>
Net assets transferred	\$ 409,234

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# AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

## Notes to Financial Statements

Years ended December 31, 2014 and 2013

### 13. Gaming

As a result of the merger with ALS Ontario in the prior year, the Society started selling Nevada break-open ticket lotteries through agents.

#### a) Provincial Break-Open Ticket Program

The Alcohol and Gaming Commission of Ontario has imposed various terms and conditions and has predetermined and set allowable expenditures for prize money, retailer commissions, printing costs, management fees, and Provincial and license fees, leaving the charitable organization with a set amount of revenue from each box sold.

The following information with respect to the sale of Nevada break-open ticket lotteries under provincial license is required by the Provincial Authorities.

	2014	2013
Revenue	\$ 81,912	\$ 102,834
Expenditures	61,378	62,312
Excess of revenue over expenditures	\$ 20,534	\$ 40,522

#### (b) Bingo

	2014	2013
Revenue	\$ 12,931	\$ 11,635
Expenditures	6,080	1,297
Excess of revenue over expenditures	\$ 6,851	\$ 10,338

**AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA****Notes to Financial Statements****Years ended December 31, 2014 and 2013****14. Interest and investment income**

	2014	2013
Interest realized on investments	\$ 193,348	\$ 162,700
Amortization of bond premiums	15,798	17,931
Realized gain (loss) on sale of investments	(1,431)	12,828
	<b>\$ 207,715</b>	<b>\$ 193,459</b>

**15. Expenditure allocation**

Costs are allocated based on management's estimate of time and resources spent on each functional area. Costs have been allocated as follows:

	Salaries and benefits	General and administrative costs
Other research support	\$ 169,728	\$ 30,806
National federation services	125,642	22,805
Ontario client support services	566,494	102,819
Public awareness	198,383	50,038
Volunteer and organizational development	105,803	26,063
Fundraising	544,452	240,422
Administrative	433,466	137,138
Governance	66,128	44,613
Total	<b>\$ 2,210,096</b>	<b>\$ 654,704</b>

# AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

## Notes to Financial Statements

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### 16. Research grants

During the year, the Society awarded The Chair of the Scientific and Medical Advisory Council, a related party, \$50,000 (2013 - \$225,000) as a research grant. This amount has been included in research grant expenditures in the current year.

In addition, on November 19, 2014, the Society entered an agreement with Brain Canada which will see Brain Canada match certain research commitments dollar for dollar, to a maximum of \$10,000,000. The matched funding is available for allocation until March 31, 2017. The Society anticipates using the IBC funds designated for research to fund its half of this potential \$20,000,000 opportunity.

### 17. Change in accounting policy

During the year, the Society changed its method of accounting for revenue which had previously been accounted for using the restricted fund method. The accounting policy now has been changed to the deferral method. This change was not applied retroactively as there was no material impact on the prior years financial statements.

### 18. Commitments

The Society is committed to various leases on its operating premises and office equipment. In addition, the Society is responsible for maintenance and property taxes. The minimum annual lease payments over the next 2 years are as follows:

2015	\$	127,000
2016		154,000

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### 19. Financial instruments

The Society is exposed to the following risks in respect of certain of the financial instruments held:

#### Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is subject to credit risk with respect to its cash, accounts receivable, and investments. The Society places its cash and investments with high credit quality institutions and government-issued bonds. The cumulative total of these financial instruments are in excess of the CDIC insurance limit.

#### Interest rate risk

The Society manages its exposure to interest rate risk by restricting the types of investments it holds and varying the terms to maturity and issuer of the investments. The varying terms to maturity reduces the sensitivity of the portfolio to the impact of interest rate fluctuation.

### 20. Comparative amounts

Certain comparative amounts have been reclassified to conform with the current year's financial statement presentation.