

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

Financial Statements

Years ended December 31, 2015 and 2014

AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

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Years ended December 31, 2015 and 2014

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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, 2015 and 2014, 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 for the years ended December 31, 2015 and 2014, current assets, net assets as at December 31, 2015 and 2014 and fund balances as at beginning and end of both 2015 and 2014 years. Our audit opinion on the financial statements for the year ended December 31, 2014 was modified accordingly because of the possible effects of this limitation in scope.

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, 2015 and 2014 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
April 30, 2016

AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA
Statement of Financial Position
December 31, 2015 and 2014

	General Fund	Research Fund	Tim E. Noël Endowment Fund	2015 Total	2014 Total
Assets					
Current					
Cash	\$ 13,652,909	\$ -	\$ -	\$ 13,652,909	\$ 15,108,074
Short-term investments (Note 3)	1,516,560	-	-	1,516,560	935,961
Accounts receivable (Note 4)	648,729	171,676	-	820,405	1,526,934
Inter-fund transfers (Note 5)	(16,196,128)	16,254,380	(58,252)	-	-
Prepaid expenditures	27,482	-	-	27,482	103,491
	(350,448)	16,426,056	(58,252)	16,017,356	17,674,460
Long-term investments (Note 6)	3,280,090	349,664	1,358,252	4,988,006	3,997,051
Capital assets (Note 7)	32,434	-	-	32,434	113,020
	2,962,076	16,775,720	1,300,000	21,037,796	21,784,531
Liabilities					
Current					
Accounts payable and accrued liabilities (Note 4)	615,869	-	-	615,869	568,616
Current portion of deferred revenue (Note 8)	1,201,076	3,779,615	-	4,980,691	2,244,557
Current portion of research grants payable (Note 9)	-	3,056,389	-	3,056,389	1,179,998
Current portion of deferred lease inducement (Note 10)	27,191	-	-	27,191	29,663
	1,844,136	6,836,004	-	8,680,140	4,022,834
Long-term deferred revenue (Note 8)	721,869	765,330	-	1,487,199	11,557,640
Long-term research grants payable (Note 9)	-	4,729,726	-	4,729,726	265,000
Deferred lease inducement (Note 10)	-	-	-	-	27,191
	2,566,005	12,331,060	-	14,897,065	15,872,665
Net assets	\$ 396,071	\$ 4,444,660	\$ 1,300,000	\$ 6,140,731	\$ 5,911,866
Net assets represented by:					
Surplus	\$ 396,071	\$ 4,444,660	\$ 1,300,000	\$ 6,140,731	\$ 5,911,866

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, 2015 and 2014

	General Fund	Research Fund	Tim E. Noël Endowment Fund	2015 Total
Balance, beginning of year	\$ 625,022	\$ 3,986,844	\$ 1,300,000	\$ 5,911,866
Excess of revenue over expenditures/ (expenditures over revenue)	18,695	212,421	(2,251)	228,865
Inter-fund transfers (Note 5)	-	(2,251)	2,251	-
Inter-fund transfers (Note 5)	(247,646)	247,646	-	-
Balance, end of year	\$ 396,071	\$ 4,444,660	\$ 1,300,000	\$ 6,140,731

	General Fund	Research Fund	Tim E. Noël Endowment Fund	2014 Total
Balance, beginning of year	\$ 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)	-
Balance, end of year	\$ 625,022	\$ 3,986,844	\$ 1,300,000	\$ 5,911,866

AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA
Statement of Operations
Years ended December 31, 2015 and 2014

	General Fund	Research Fund	Tim E. Noël Endowment Fund	2015 Total	2014 Total
Revenue					
Fundraising and donations (Notes 4 and 8)	\$ 3,675,549	\$ 9,072,355	\$ -	\$ 12,747,904	\$ 6,168,242
Direct mail campaign	1,015,258	15,071	-	1,030,329	975,804
Interest and investment income (Note 12)	12,955	204,613	22,416	239,984	207,715
Project grants	80,905	-	-	80,905	105,531
Unrealized gain/(loss) on investments	-	5,557	(24,667)	(19,110)	38,777
	4,784,667	9,297,596	(2,251)	14,080,012	7,496,069
Expenditures (Note 13)					
Research grants (Note 14)	-	8,057,763	-	8,057,763	1,170,000
Other research support	-	670,398	-	670,398	381,313
National federation services	85,225	-	-	85,225	228,573
Ontario client support services (Note 15)	1,539,708	-	-	1,539,708	1,393,944
Public awareness	440,099	-	-	440,099	433,061
Volunteer and organizational development	94,301	-	-	94,301	153,204
Project grants costs	80,905	-	-	80,905	105,531
	2,240,238	8,728,161	-	10,968,399	3,865,626
Other (Note 13)					
Fundraising	1,865,880	35,259	-	1,901,139	2,717,972
Administrative	536,549	198,450	-	734,999	553,447
Governance	123,305	123,305	-	246,610	177,302
	2,525,734	357,014	-	2,882,748	3,448,721
	4,765,972	9,085,175	-	13,851,147	7,314,347
Excess of revenue over expenditures/(expenditures over revenue)					
	\$ 18,695	\$ 212,421	\$ (2,251)	\$ 228,865	\$ 181,722

AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA
Statement of Cash Flows
Years ended December 31, 2015 and 2014

	2015	2014
Cash provided by/(used in)		
Operating activities		
Excess of revenue over expenditures	\$ 228,865	\$ 181,722
Amortization	80,586	69,339
Amortization of bond premium	9,683	15,798
(Gain)/loss on sale of investments	(6,186)	1,431
Amortization of deferred lease inducements	(29,663)	(30,354)
Unrealized loss/(gain) on investments	19,110	(38,777)
Change in non-cash working capital items	302,395	199,159
Accounts receivable	706,529	(992,809)
Prepaid expenditures	76,009	23,641
Accounts payable and accrued liabilities	47,253	195,840
Deferred revenue	(7,334,307)	13,677,126
	(6,202,121)	13,102,957
Investing activities		
Purchase of long-term investments, net of transfers to short-term investments	(1,013,562)	509,997
Proceeds on disposition of long-term investments	-	306,903
	(1,013,562)	816,900
Financing activities		
Research grant commitments	8,057,763	1,170,000
Research grant payments	(1,716,646)	(1,450,831)
	6,341,117	(280,831)
Change in cash and cash equivalents position	(874,566)	13,639,026
Cash and cash equivalents, beginning of year	16,044,035	2,405,009
Cash and cash equivalents, end of year	\$ 15,169,469	\$ 16,044,035
Cash and cash equivalents consist of:		
Cash	\$ 13,652,909	\$ 15,108,074
Short-term investments	1,516,560	935,961
Cash and cash equivalents, end of year	\$ 15,169,469	\$ 16,044,035

AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

Notes to the Financial Statements

Years ended December 31, 2015 and 2014

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 Notes 3 and 8).

AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

Notes to the Financial Statements

Years ended December 31, 2015 and 2014

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 years straight-line
Leasehold improvements	Lease term straight-line
Website	5 years straight-line
Client service equipment - donated	2 years straight-line
Client service equipment - purchased	4 years straight-line

New equipment purchases under \$5,000 are expensed in the year of acquisition.

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 currently not recognized even 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 the Financial Statements

Years ended December 31, 2015 and 2014

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 except for certain related party transactions that are measured at the carrying amount or exchange amount as appropriate.

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 the Financial Statements****Years ended December 31, 2015 and 2014****3. Short-term investments**

Description	Maturity	Coupon Interest Rate	2015 Market Value	2014 Market Value
General Fund				
RBC Investment Savings			\$ -	\$ 172,397
RBC Guaranteed Investments Certificate	Jun 2015	0.80%	-	35,000
Bank of Nova Scotia GIC	Jan 2016	1.75%	1,016,493	-
Common shares (various)			8,181	18,567
Metropolitan Toronto Insurance policy	Sep 2016	3.39%	291,886	-
			200,000	200,000
Total General Fund			1,516,560	425,964
Tim E. Noël Endowment Fund				
Province of Ontario	Mar 2015	4.50%	-	509,997
Total Tim E. Noël Endowment Fund			-	509,997
Total short-term investments			\$ 1,516,560	\$ 935,961

The amortized cost of these investments as at year-end was \$1,511,082 (2014: \$934,639).

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 the Financial Statements

Years ended December 31, 2015 and 2014

4. Accounts receivable, accounts payable and transactions with provincial societies

Included in the accounts receivable are balances owing from ALS provincial societies in the amount of \$469,345 (2014: \$1,135,060). Included in the accounts payable and accrued liabilities are balances owing to ALS provincial societies in the amount of \$50,143 (2014: \$231,575).

During the year, the Society earned \$562,254 (2014: \$714,117) from ALS provincial societies for ALS walk revenue and \$298,757 (2014: \$233,551) in other donations. In addition, the Society received donations related to Ice Bucket Challenge from ALS provincial societies (Note 8). At the beginning of the year an agreement was reached between the ALS Societies to share all Ice Bucket Challenge revenue received in the current year equally between the Society and each respective Provincial Society. The Society's share is designated for research.

5. Inter-fund transfers

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 in from the Research Fund was \$2,251 (2014: \$23,416 transferred out).

At the end of the year \$247,646 was transferred from the General Fund to the Research Fund. This represents 50% of the net proceeds of the Direct Mail fundraising campaigns for the 2015 year.

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

AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

Notes to the Financial Statements

Years ended December 31, 2015 and 2014

6. Long-term investments

Description	Maturity	Coupon Interest Rate	2015 Market Value
General Fund			
Royal Bank of Canada	Jan 2017	4.53%	\$ 416,758
Manulife Bank CDA	Jul 2017	1.60%	619,557
Ontario Saving Bond	Jun 2018	1.75%	504,614
Royal Bank of Canada	Sep 2018	2.75%	504,445
Bell Canada	Jun 2019	3.30%	261,138
Ontario Saving Bond	Jun 2019	1.50%	503,954
Pembina Pipeline Corp	Oct 2022	3.77%	206,085
Canadian Utilities Limited	Nov 2022	3.12%	263,539
Total General Fund			3,280,090
Research Fund			
Sun Life Financial	Jan 2023	5.59%	349,664
Total Research Fund			349,664
Tim E. Noël Endowment Fund			
Bank of Nova Scotia	Jul 2017	1.60%	388,792
Fairfax Holdings	Aug 2019	3.06%	299,043
Enbridge Income	Nov 2020	4.85%	108,871
Bell Canada	Mar 2023	3.35%	257,657
Telus Corporation	Apr 2024	3.35%	303,889
Total Tim E. Noël Endowment Fund			1,358,252
Total long-term investments			\$4,988,006

AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

Notes to the Financial Statements

Years ended December 31, 2015 and 2014

6. Long-term investments - cont'd

Description	Maturity	Coupon Interest Rate	2014 Market Value
General Fund			
Metropolitan Toronto	Sep 2016	8.00%	\$ 308,476
Ontario Savings Bond	Jun 2018	1.50%	503,966
Royal Bank of Canada	Sep 2018	2.75%	504,445
Enbridge Income Fund	Nov 2020	4.86%	111,162
Pembina Pipeline Corp.	Oct 2022	3.77%	208,445
Canadian Utilities Limited	Nov 2022	3.12%	260,224
Sunlife Financial Inc.	Jan 2023	5.59%	357,763
Bell Canada	Mar 2023	3.35%	254,872
Telus Corporation	Apr 2024	3.35%	303,214
Total General Fund			2,812,567
Research Fund			
Royal Bank of Canada	Jan 2017	4.53%	421,406
Bell Canada	Jun 2019	3.30%	259,773
Total Research Fund			681,179
Tim E. Noël Endowment Fund			
Ontario Savings Bond	Jun 2019	1.25%	503,305
Total Tim E. Noël Endowment Fund			503,305
Total long-term investments			\$ 3,997,051

The amortized cost of these investments as at year-end was \$4,892,149 (2014: \$3,877,928). These investments are comprised of both annual and semi-annual yield percentages.

AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

Notes to the Financial Statements

Years ended December 31, 2015 and 2014

7. Capital assets

		2015		2014
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and fixtures	\$ 5,820	\$ 2,910	\$ 2,910	\$ 4,074
Leasehold improvements	264,321	241,354	22,967	79,731
Website	35,667	32,100	3,567	10,700
Client service equipment – donated	197,326	197,326	-	-
Client service equipment – purchased	144,762	141,772	2,990	18,515
	\$ 647,896	\$ 615,462	\$ 32,434	\$ 113,020

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

8. Deferred revenue

Deferred revenue represents restricted 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	2015	2014
Balance, beginning of year	\$ 1,995,741	\$ 11,806,458	\$13,802,199	\$ 125,071
Contributions received	390,179	1,823,662	2,213,841	13,729,075
Contributions recognized	(452,459)	(9,085,175)	(9,537,634)	(41,433)
Amortization of life insurance policy (Note 3)	(10,516)	-	(10,516)	(10,516)
	1,922,945	4,544,945	6,467,890	13,802,197
Less current portion	1,201,076	3,779,615	4,980,691	2,244,557
	\$ 721,869	\$ 765,330	\$ 1,487,199	\$11,557,640

In 2015, the Society was the grateful recipient of \$160,959 (2014: \$14,355,956) in ALS Ice Bucket Challenge (IBC) donations as the result of the generosity of donors.

AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

Notes to the Financial Statements

Years ended December 31, 2015 and 2014

8. Deferred revenue - cont'd

In the prior year, the Society changed its accounting policy to the deferral method, in order to provide greater transparency in the future use of designated funds (Note 16). As a result, 2015 deferred revenue includes \$4,544,945 (2014: \$11,536,546) designated for research and \$1,640,562 (2014: \$1,895,265) designated for Ontario Services.

Included in revenue of the general fund in 2015 was \$34,106 (2014: \$924,146) to recognize the cost of realizing the IBC challenge - primarily online processing fees and credit card fees.

Recognition of IBC donations:	2015	2014
Deferred revenue - Research	\$ 98,566	\$ 11,536,546
Deferred revenue - Ontario Services	28,287	1,895,265
IBC revenue – recognized	34,106	924,146
	\$ 160,959	\$ 14,355,957

The Society intends to use \$3,779,615 of IBC research funds and \$1,201,076 of IBC Ontario services funds in the next fiscal year, therefore these amounts have been classified as current in the respective Funds.

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:

2016	\$ 3,056,389
2017	2,060,411
2018	1,265,472
2019	825,670
2020	578,173
Total due	\$ 7,786,115

AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA**Notes to the Financial Statements****Years ended December 31, 2015 and 2014****10. Deferred lease inducement**

	2015	2014
Tenant inducement	\$ 27,191	\$ 56,854
Less current portion	27,191	29,663
	\$ -	\$ 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 \$29,663 (2014: \$30,354).

11. Gaming

The Society sells Nevada break-open ticket lotteries through agents. The revenue and expenditures have been included in the fundraising and donation income and expenditures.

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.

	2015	2014
Revenue	\$ 102,664	\$ 81,912
Expenditures	64,498	61,378
Excess of revenue over expenditures	\$ 38,166	\$ 20,534

AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA**Notes to the Financial Statements****Years ended December 31, 2015 and 2014****11. Gaming – cont'd****b) Bingo**

	2015	2014
Revenue	\$ 10,852	\$ 12,931
Expenditures	2,853	6,080
Excess of revenue over expenditures	\$ 7,999	\$ 6,851

c) Raffle

During the year the Society held a raffle in partnership with a third party which required the purchase of a raffle licence.

	2015	2014
Revenue	\$ 15,080	\$ -
Expenditures	5,702	-
Excess of revenue over expenditures	\$ 9,378	\$ -

12. Interest and investment income

	2015	2014
Interest realized on investments	\$ 224,115	\$ 193,348
Amortization of bond premiums	9,683	15,798
Realized gain/(loss) on sale of investments	6,186	(1,431)
	\$ 239,984	\$ 207,715

AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

Notes to the Financial Statements

Years ended December 31, 2015 and 2014

13. 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	\$ 208,518	\$ 40,727
National federation services	41,658	8,135
Ontario client support services	714,520	138,220
Public awareness	180,358	47,772
Volunteer and organizational development	72,778	17,661
Fundraising	555,640	181,984
Administrative	528,117	205,659
Governance	92,407	90,474
Total	\$ 2,393,996	\$ 730,632

14. Research grants

ALS Canada Research grants are awarded based on the results of a rigorous, competitive peer reviewed process, with measures to ensure conflict of interest is mitigated. With a relatively small community of ALS researchers in Canada, it is not uncommon that there will be overlap between applicants to the competitions and individuals involved with the organization.

During the year, the grant recipients included a member of the Board of Directors, who was awarded \$100,000 (2014: \$50,000). Two other members of the Board of Directors were co-investigators on grants awarded with direct benefits of \$543,045. Seven members of the Scientific and Medical Advisory Council received \$4,602,533 in research grants as principal investigators and co-investigators. These amounts have been included in research grant expenditures in the current year.

In addition, in the prior year, the Society entered an agreement with Brain Canada which has seen 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.

AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

Notes to the Financial Statements

Years ended December 31, 2015 and 2014

15. Ontario client support services

	2015	2014
Equipment program	\$ 800,146	\$ 812,490
Client services	739,562	581,454
	<u>\$ 1,539,708</u>	<u>\$ 1,393,944</u>

Included in the equipment program costs are purchases of equipment with individual costs of less than \$5,000 each (Note 2).

16. Change in accounting policy

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

17. 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 payment for the next year is as follows:

2016	\$ 156,000
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18. 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.

18. Financial Instruments - cont'd

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.