

**AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA**  
**Financial Statements**  
**Year ended December 31, 2016**

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

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**Year ended December 31, 2016**

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## Independent Auditors' 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, 2016, and the statements of operations, changes in net assets and cash flows for the year 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.

### *Auditors' 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 the auditors' 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, the auditor considers internal control relevant to the entity'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 entity'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*

In common with many charitable organizations, Amyotrophic Lateral Sclerosis (ALS) Society of Canada derives significant revenues from public donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of receipts from those sources was limited to the amounts included in the records of Amyotrophic Lateral Sclerosis (ALS) Society of Canada and we were unable to determine whether any adjustments might be necessary to contribution revenue, excess of revenue over expenditures, net assets, or total assets.

### *Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Amyotrophic Lateral Sclerosis (ALS) Society of Canada as at December 31, 2016 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Other Matter*

The financial statements of Amyotrophic Lateral Sclerosis (ALS) Society of Canada for the year ended December 31, 2015 were audited by another auditor who expressed a qualified opinion on those financial statements on April 30, 2016. The basis for the qualified opinion was due to the inability to obtain satisfactory audit evidence over the completeness of donation revenue, which is consistent with the Basis for Qualified Opinion paragraph above. Comparative figures have been adjusted for the impact of a change in accounting policy described in Note 3 to the financial statements.

Mississauga, Ontario

April 29, 2017

**MNP LLP**

Chartered Professional Accountants

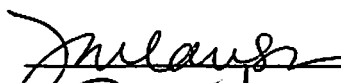
Licensed Public Accountants


**MNP**

**AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA**  
**Statement of Financial Position**  
**December 31, 2016**

	General Fund	Research Fund	Tim E. Noël Endowment Fund	2016 Total	2015 Total
<b>Assets</b>					
<b>Current</b>					
Cash	\$ 11,841,899	\$ -	\$ 2,438	\$ 11,844,337	\$ 13,652,909
Short-term investments (Note 4)	1,370,116	-	388,776	1,758,892	1,516,560
Accounts receivable (Note 5)	296,959	322,783	-	619,742	820,405
Inter-fund transfers (Note 6)	(14,196,946)	14,289,084	(92,138)	-	-
Prepaid expenditures	87,221	-	-	87,221	27,482
	(600,751)	14,611,867	299,076	14,310,192	16,017,356
Long-term investments (Note 7)	3,369,571	339,352	1,000,924	4,709,847	4,988,006
Capital assets (Note 8)	249,041	-	-	249,041	32,434
	\$ 3,017,861	\$ 14,951,219	\$ 1,300,000	\$ 19,269,080	\$ 21,037,796
<b>Liabilities</b>					
<b>Current</b>					
Accounts payable and accrued liabilities (Note 5)	\$ 703,413	\$ 32,900	\$ -	\$ 736,313	\$ 615,869
Current portion of deferred revenue (Note 9)	722,802	1,396,250	-	2,119,052	4,980,691
Current portion of research grants payable (Note 10)	-	3,294,633	-	3,294,633	3,056,389
Current portion of deferred lease inducement (Note 11)	-	-	-	-	27,191
	1,426,215	4,723,783	-	6,149,998	8,680,140
Long-term deferred revenue (Note 9)	886,640	535,837	-	1,422,477	1,487,199
Long-term research grants payable (Note 10)	-	5,058,315	-	5,058,315	4,729,726
	\$ 2,312,855	\$ 10,317,935	\$ -	\$ 12,630,790	\$ 14,897,065
<b>Commitments (Note 18)</b>					
<b>Net assets</b>	<b>705,006</b>	<b>4,633,284</b>	<b>1,300,000</b>	<b>6,638,290</b>	<b>6,140,731</b>
	\$ 3,017,861	\$ 14,951,219	\$ 1,300,000	\$ 19,269,080	\$ 21,037,796

Approved on behalf of the Board:

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

**AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA**  
**Statement of Operations**  
**Year ended December 31, 2016**

	General Fund	Research Fund	Tim E. Noël Endowment Fund	2016 Total	2015 Total
<b>Revenue</b>					
Fundraising and donations (Note 3, 5, 9 and 17)	\$ 4,299,556	\$ 4,318,926	\$ -	\$ 8,618,482	\$ 13,017,685
Direct mail campaign	1,029,711	9,405	-	1,039,116	1,030,329
Interest and investment income (Note 13)	11,280	186,775	37,853	235,908	239,984
Unrealized gain/(loss) on investments	12,524	(23,884)	18,859	7,499	(19,110)
	5,353,071	4,491,222	56,712	9,901,005	14,268,888
<b>Expenditures (Note 15)</b>					
Research grants (Note 16)	-	3,488,454	-	3,488,454	8,057,763
Other research support	194	842,790	-	842,984	868,848
National federation services	43,705	-	-	43,705	85,225
Ontario client support services (Note 3 and 17)	2,308,098	-	-	2,308,098	1,809,489
Public awareness	228,486	-	-	228,486	331,343
Advocacy	112,095	-	-	112,095	108,756
Volunteer development	45,369	-	-	45,369	94,301
	2,737,947	4,331,244	-	7,069,191	11,355,725
<b>Other (Note 15)</b>					
Fundraising	1,690,974	-	-	1,690,974	1,901,139
Administrative	396,130	-	-	396,130	536,549
Governance	87,173	84,978	-	172,151	246,610
Bad debt expense (Note 5)	-	75,000	-	75,000	-
	2,174,277	159,978	-	2,334,255	2,684,298
	4,912,224	4,491,222	-	9,403,446	14,040,023
<b>Excess of revenue over expenditures</b>	<b>\$ 440,847</b>	<b>\$ -</b>	<b>\$ 56,712</b>	<b>\$ 497,559</b>	<b>\$ 228,865</b>

**AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA**  
**Statement of Changes in Net Assets**  
**Year ended December 31, 2016**

	General Fund	Research Fund	Tim E. Noël Endowment Fund	<b>2016 Total</b>
<b>Balance, beginning of year</b>	\$ 396,071	\$ 4,444,660	\$ 1,300,000	\$ 6,140,731
Excess of revenue over expenditures	440,847	-	56,712	497,559
Inter-fund transfers (Note 6)	-	56,712	(56,712)	-
Inter-fund transfers (Note 6)	(131,912)	131,912	-	-
<b>Balance, end of year</b>	\$ 705,006	\$ 4,633,284	\$ 1,300,000	\$ 6,638,290

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

**AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA**  
**Statement of Cash Flows**  
**Year ended December 31, 2016**

	2016	2015
<b>Cash provided by/(used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenditures	\$ 497,559	\$ 228,865
Amortization	36,951	80,586
Amortization of bond premium	4,637	9,683
Amortization of deferred lease inducements	(27,191)	(29,663)
Unrealized (gain)/loss on investments	(7,499)	19,110
	504,457	308,581
Change in non-cash working capital items:		
Accounts receivable	200,663	706,529
Prepaid expenditures	(59,739)	76,009
Accounts payable and accrued liabilities	120,444	47,253
Deferred revenue	(2,926,361)	(7,334,307)
Research grant commitments	3,488,454	8,057,763
Research grant payments	(2,921,621)	(1,716,646)
	(1,593,703)	145,182
<b>Investing activities</b>		
Purchase of capital assets	(253,558)	-
Proceeds on disposition of long-term investments	281,021	(1,019,748)
Purchase of investments	(242,332)	(580,599)
	(214,869)	(1,600,347)
<b>Change in cash position</b>	(1,808,572)	(1,455,165)
<b>Cash, beginning of year</b>	13,652,909	15,108,074
<b>Cash, end of year</b>	\$ 11,844,337	\$ 13,652,909

# AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

## Notes to the Financial Statements

Year ended December 31, 2016

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### 1. Nature of operations

Amyotrophic Lateral Sclerosis (ALS) Society of Canada ("the Society") was founded in 1977 and is incorporated without share capital. The Society continued under the Canada Not-for-Profit Corporations Act in 2013. It is a registered charitable organization and, as such, is 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 financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") as issued by the Accounting Standards Board in Canada and include the following significant accounting policies.

#### 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.

#### Revenue recognition

The Society follows the deferral method of accounting for contributions, and reports using fund accounting.

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.

Endowment contributions are recognized as direct increases in net assets.

Investment income includes realized gains or losses and interest. The interest is recognized as it is earned over the life of the investment. All interest and investment income earned on investments for the year is allocated to the research fund. This policy is consistent with previous years and is in accordance with the direction and approval of the Board of Directors. Any change from this policy would require approval from the Board of Directors



# AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

## Notes to the Financial Statements

Year ended December 31, 2016

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

#### Allocation of expenses

Administration and senior management expenses are incurred to operate the organization and its programs in a cost-effective manner to ensure the success of the Society's mission. These expenses include, but are not limited to, human resources, information technology, facilities, finance, senior management, corporate governance, compliance and strategic planning. Administrative expenses necessary for research, programs and mission success have been allocated accordingly based on the percentage of the employees' time spent supporting each activity, with the exception of facilities costs which are allocated on square footage. All allocations are reviewed and approved annually along with the Society's strategic plan and budget. No fundraising costs have been allocated.

#### 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.

#### 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 4 and 9).

#### Capital assets

Capital assets are recorded at cost. Amortization is provided using the following methods and rates intended to amortize the cost of the capital asset over its estimated useful life:

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

#### Intangible Assets

Intangible assets recognized separately from goodwill and subject to amortization are recorded at cost. Contributed intangible assets are recorded at fair value at the date of contribution if fair value can be reasonably determined. Amortization is provided using the following methods and rates intended to amortize the cost of the intangible assets over their estimated useful life.

Website	5 years	straight-line
Financial systems	3 years	straight-line

#### Long-lived assets

Long-lived assets consist of capital assets and intangible assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Society determines that a long-lived asset no longer has any long-term service potential to the Society, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

# AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

## Notes to the Financial Statements

Year ended December 31, 2016

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

#### **Contributed materials and services**

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Society's operations and would otherwise have been purchased.

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.

The Society receives donations of equipment from the public, which are recorded as both a contribution and as a client support service expense at the appraised amount as of the date of the contribution.

#### **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 the Society has irrevocably elected to subsequently measure 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.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

#### **Measurement uncertainty (use of estimates)**

The preparation of financial statements in accordance with ASNPO 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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

# AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

## Notes to the Financial Statements

Year ended December 31, 2016

### 3. Change in accounting policy

Effective January 1, 2016, the Society changed its policy for recognizing contributed materials, to recognize donations of equipment. The change was applied retrospectively, and prior periods have been restated. The impact of this change in accounting policy for December 31, 2016 was to increase fundraising and donations revenue and client support service expense in the General Fund by \$250,762. The effect in the prior year, for the year ended December 31, 2015 was to increase both fundraising and donations revenue and client support service expense by \$188,876 each, with no change in the excess (deficiency) of revenue over expenses.

### 4. Short-term investments

Description	Maturity	Coupon Interest Rate	2016 Market Value	2015 Market Value
<b>General Fund</b>				
RBC Investment Savings			\$ 144,381	\$ -
Bank of Nova Scotia GIC Common shares (various)	Jan, 2016	1.75%	-	1,016,493
Metropolitan Toronto RBC Guaranteed Investments Certificate	Sep, 2016	3.39%	-	8,181
Manulife Bank CDA Insurance policy	Jan, 2017	3.66%	406,885	291,886
	Jul, 2017	1.60%	618,850	-
			200,000	200,000
Total General Fund			\$1,370,116	\$1,516,560
<b>Tim E. Noël Endowment Fund</b>				
Bank of Nova Scotia GIC	Jul, 2017	1.60%	\$ 388,776	\$ -
Total Tim E. Noël Endowment Fund			\$ 388,776	\$ -
Total short-term investments			\$ 1,758,892	\$ 1,516,560

The amortized cost of investments as at year-end was \$1,559,187 (2015: \$1,511,082).

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

Year ended December 31, 2016

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### 5. Accounts receivable, payable, and transactions with provincial societies

Included in the accounts receivable are balances owing from ALS provincial societies, before any allowances for doubtful accounts, in the amount of \$241,493 (2015: \$469,345). Included in the accounts payable and accrued liabilities are balances owing to ALS provincial societies in the amount of \$64,204 (2015: \$50,143). At year end, an allowance for doubtful accounts of \$75,000 was recorded to reduce the ALS New Brunswick/Nova Scotia receivable from the 2016 WALK for ALS.

Included in accounts payable and accrued liabilities is \$10,302 (2015 - \$23,101) owing on corporate credit cards that have a combined credit limit of \$59,000 (2015 - \$96,000).

During the year, the Society earned \$772,737 (2015: \$729,150) from ALS provincial societies for ALS walk revenue and \$70,507 (2015: \$195,647) in other donations.

### 6. Inter-fund transfers and balances

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 from the Tim E. Noël Endowment Fund to the Research Fund was \$56,712 (2015: \$2,251 transferred from the Research Fund to the Tim E. Noël Endowment Fund).

At the end of the year \$131,912 (2015: \$247,646) was transferred from the General Fund to the Research Fund. This represents 40% of the net proceeds of the Direct Mail fundraising campaigns for the 2016 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

Year ended December 31, 2016

### 7. Long-term investments

Description	Maturity	Coupon Interest Rate	2016 Market Value
<b>General Fund</b>			
Bank of Nova Scotia	Jan 2018	1.60%	\$ 1,015,245
Ontario Saving Bond	Jun 2018	2.00%	505,260
Royal Bank of Canada	Sep 2018	2.75%	504,408
Bell Canada	Jun 2019	3.35%	260,190
Ontario Saving Bond	Jun 2019	2.00%	506,510
Westcoast Energy Inc	Oct 2021	Preferred shares	103,200
Pembina Pipeline Corp	Oct 2022	3.77%	210,452
Canadian Utilities Limited	Nov 2022	3.12%	264,306
Total General Fund			\$ 3,369,571
<b>Research Fund</b>			
Sun Life Financial	Jan 2023	5.59%	\$ 339,352
Total Research Fund			\$ 339,352
<b>Tim E. Noël Endowment Fund</b>			
Fairfax Holdings	Aug 2019	3.06%	\$ 318,070
Enbridge Income	Nov 2020	4.85%	110,330
Bell Canada	Mar 2023	3.35%	261,919
Telus Corporation	Apr 2024	3.35%	310,605
Total Tim E. Noël Endowment Fund			\$ 1,000,924
Total long-term investments			\$ 4,709,847

# AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

## Notes to the Financial Statements

Year ended December 31, 2016

### 7. Long-term investments - cont'd

Description	Maturity	Coupon Interest Rate	2015 Market Value
<b>General Fund</b>			
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
<b>Research Fund</b>			
Sun Life Financial	Jan 2023	5.59%	\$ 349,664
Total Research Fund			\$ 349,664
<b>Tim E. Noël Endowment Fund</b>			
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

The amortized cost of these investments as at year-end was \$4,600,718 (2015: \$4,892,149). These investments are comprised of both annual and semi-annual yield percentages.

# AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

## Notes to the Financial Statements

Year ended December 31, 2016

### 8. Capital assets

			2016	2015
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
<b>Tangible capital assets</b>				
Furniture and fixtures	\$ 14,253	\$ 4,356	\$ 9,897	\$ 2,910
Leasehold improvements	90,096	2,095	88,001	22,967
Client service equipment – donated	197,326	197,326	-	-
Client service equipment – purchased	144,762	143,799	963	2,990
	<b>\$ 446,437</b>	<b>\$ 347,576</b>	<b>\$ 98,861</b>	<b>\$ 28,867</b>
<b>Intangible capital assets</b>				
Website	\$ 132,497	\$ 35,667	\$ 96,830	\$ 3,567
Finance systems	58,200	4,850	53,350	-
	<b>\$ 190,697</b>	<b>\$ 40,517</b>	<b>\$ 150,180</b>	<b>\$ 3,567</b>
	<b>\$ 637,134</b>	<b>\$ 388,093</b>	<b>\$ 249,041</b>	<b>\$ 32,434</b>

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

The client service equipment are those assets acquired through the merger with the ALS Society of Ontario in 2012 (Note 17).

In 2016 ALS Canada went through a restructuring of all the financial systems. This project included the conversion to a more comprehensive financial reporting solution. It has resulted in improved access to financial information that was not previously available, in addition to the automation of internal processes and statement preparation and improved cash management systems. The cost in 2016 for this project was \$86,822, of which \$58,200 has been capitalized in accordance with generally accepted accounting principles. The balance of the cost has been expensed in 2016. Only the portion of the project cost that has been expensed has been released from deferred revenue at the end of 2016. The remaining funds will be released with the amortization of the capital amount. The amortization of the capital portion of this project will be over three (3) years.

During the year, ALS Canada designed a new website to allow for an improved information and donation facility for our stakeholders. To the end of December 2016, \$96,830 was spent and capitalized in this project. The launch of this new website is scheduled for March 2017, at which time amortization on a straight line basis over five years will commence.

ALS Canada relocated to a more central space in the latter part of 2016, entering into a lease with another health charity for seven years. Leasehold improvements of \$90,096 have been recorded and are being amortized over the period of the lease. Two months of amortization have been included in these financial statements. The net book value of leasehold improvements at December 31, 2015 was fully amortized prior to the relocation.

# AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

## Notes to the Financial Statements

Year ended December 31, 2016

### 9. Deferred revenue

Deferred revenue represents restricted contributions received in advance for projects or expenditures that are provided in future years and unamortized premiums of life insurance policy.

	General Fund	Research Fund	2016	2015
Balance, beginning of Year	\$ 1,922,945	\$ 4,544,945	\$6,467,890	\$13,802,199
Contributions received	398,019	1,195,988	1,594,007	2,213,841
Revenue recognized	(701,006)	(3,808,846)	(4,509,852)	(9,537,634)
Amortization of life insurance policy (Note 4)	(10,516)	-	(10,516)	(10,516)
	1,609,442	1,932,087	3,541,529	6,467,890
Less current portion	722,802	1,396,250	2,119,052	4,980,691
	\$ 886,640	\$ 535,837	\$ 1,422,477	\$1,487,199

### 10. 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:

2017	\$ 3,294,633
2018	2,207,324
2019	1,406,395
2020	1,039,818
2021	404,778
Total due	\$ 8,352,948
Less: current portion	(3,294,633)
Long-term research grants payable	\$ 5,058,315

### 11. Deferred lease inducement

	2016	2015
Lease inducement	\$ -	\$ 27,191
Less current portion	-	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 \$27,191 (2015: \$29,663). This was fully amortized during the year. There are no lease inducements on the new leased space.



# AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

## Notes to the Financial Statements

Year ended December 31, 2016

### 12. 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.

	2016	2015
Revenue	\$ 89,302	\$ 102,664
Expenditures	56,493	64,498
Excess of revenue over expenditures	\$ 32,809	\$ 38,166

#### b) Bingo

	2016	2015
Revenue	\$ 5,800	\$ 10,852
Expenditures	1,136	2,853
Excess of revenue over expenditures	\$ 4,664	\$ 7,999

#### c) Raffle

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

	2016	2015
Revenue	\$ -	\$ 15,080
Expenditures	-	5,702
Excess of revenue over expenditures	\$ -	\$ 9,378

### 13. Interest and investment income

	2016	2015
Interest and gains realized on investments	\$ 231,271	\$ 230,301
Amortization of bond premiums	4,637	9,683
	\$ 235,908	\$ 239,984

# AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

## Notes to the Financial Statements

Year ended December 31, 2016

### 14. Funds recorded from provincial societies

The Society recorded funds from provincial partners for use in research programs as follows:

Provincial partner	WALK for ALS	Additional Research Funds	2016 Total
ALS Society of Alberta	\$ 337,034	\$ -	\$337,034
ALS Society of British Columbia	144,759	100	144,859
ALS Society of Manitoba	66,643	-	66,643
ALS Society of New Brunswick/ Nova Scotia	75,000	-	75,000
ALS Society of Newfoundland and Labrador	47,329	-	47,329
ALS Society of Prince Edward Island	5,480	1,199	6,679
ALS Society of Quebec	85,492	69,208	154,700
ALS Society of Saskatchewan	11,000	-	11,000
	<u>\$772,737</u>	<u>\$ 70,507</u>	<u>\$843,244</u>

Provincial partner	WALK for ALS	Additional Research Funds	2015 Total
ALS Society of Alberta	\$319,268	\$ 2,315	\$321,583
ALS Society of British Columbia	126,042	13,080	139,122
ALS Society of Manitoba	90,256	64,157	154,413
ALS Society of New Brunswick/ Nova Scotia	64,157	-	64,157
ALS Society of Newfoundland and Labrador	41,408	-	41,408
ALS Society of Prince Edward Island	6,894	12,159	19,053
ALS Society of Quebec	68,737	103,688	172,425
ALS Society of Saskatchewan	12,388	248	12,636
	<u>\$729,150</u>	<u>\$195,647</u>	<u>\$924,797</u>

# AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

## Notes to the Financial Statements

Year ended December 31, 2016

### 15. Expenditure allocation

The Society allocates support and other administrative expenses across its charitable purposes. Administration expenditures, including human resources, finance and management support, information technology and facilities costs have been allocated based on time and effort spent for the programs in each area of charitable purpose. The method of allocation applied is consistent with the previous year. Administration expenditures have been allocated as follows:

	2016
Research	\$ 180,852
Advocacy	32,110
Ontario client support services	279,655
Public awareness	49,177
Volunteer development	35,641
Fundraising	236,070
Governance	148,264
Total	\$ 961,769

Due to technological changes at the Society during the year, the Society gained the ability to charge direct costs to each charitable purpose. In the prior year, direct costs were included in the expense allocation. The following comparative information includes the direct costs which were allocated during the year ended December 31, 2015.

	2015	
	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 an 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	\$ 30,632

# AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

## Notes to the Financial Statements

Year ended December 31, 2016

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### 16. 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 \$50,000 (2015: one member, \$100,000). One member of the Scientific and Medical Advisory Council received \$75,000 (2015: seven members, \$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 2014, the Society entered an agreement with Brain Canada Foundation which has seen Brain Canada match specific research commitments dollar for dollar, to a maximum of \$10,000,000. The matched funding is available for disbursement until March 31, 2020. The Society anticipates using the IBC funds designated for research to fund its half of this potential \$20,000,000 opportunity.

### 17. Ontario client support services

	2016	2015
Equipment program	\$ 1,291,749	\$ 1,043,347
Client services	1,000,606	766,142
	<u>\$ 2,292,355</u>	<u>\$ 1,809,489</u>

Included in this total are the costs associated with accepting and carrying generous donations of equipment from the public. These equipment donations need to be appraised, transported, cleaned and stored prior to being made available for use by clients. The total value of the donated equipment is significant at \$250,762 (2015: \$188,876), and is included in fundraising and donations revenue and in Ontario client support service expense at the appraised amount as of the date of the contribution.

### 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 commitment on these lease payments for the next five years is as follows:

2017	\$ 156,458
2018	\$ 156,458
2019	\$ 156,458
2020	\$ 156,458
2021	\$ 156,458

# AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF CANADA

## Notes to the Financial Statements

Year ended December 31, 2016

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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. Change in comparative figures

Certain comparative figures have been reclassified to conform to current year presentation.