

**Amyotrophic Lateral Sclerosis  
(ALS) Society of Canada  
Financial Statements**  
*For the year ended December 31, 2017*

# Amyotrophic Lateral Sclerosis (ALS) Society of Canada

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*For the year ended December 31, 2017*

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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, 2017, 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 fundraising and donations revenue or excess (deficiency) of revenue over expenses for the years ended December 31, 2017 or December 31, 2016, or net assets or total assets as at December 31, 2017 or December 31, 2016.

### *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, 2017 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.

Mississauga, Ontario

April 28, 2018

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

**Amyotrophic Lateral Sclerosis (ALS) Society of Canada**  
**Statement of Financial Position**

*As at December 31, 2017*

In \$	General Fund	Research Fund	Tim E. Noël Endowment Fund	2017	2016
<b>Assets</b>					
<b>Current assets</b>					
Cash	1,403,423	7,665,893	-	9,069,316	11,844,337
Short-term investments (Note 3)	314,302	4,001,994	277,444	4,593,740	1,758,892
Accounts receivable (Note 4)	499,432	145,545	-	644,977	619,742
Prepaid expenses and other assets	49,197	-	-	49,197	87,221
	2,266,354	11,813,432	277,444	14,357,230	14,310,192
Long-term investments (Note 6)	-	1,405,736	1,022,556	2,428,292	4,709,847
Capital assets (Note 7)	217,436	-	-	217,436	249,041
	2,483,790	13,219,168	1,300,000	17,002,958	19,269,080
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities (Note 4)	464,157	1,424	-	465,581	736,313
Current portion of deferred revenue (Note 8)	660,385	694,968	-	1,355,353	2,119,052
Current portion of research grants payable (Note 9)	-	2,432,902	-	2,432,902	3,294,633
	1,124,542	3,129,294	-	4,253,836	6,149,998
Long-term deferred revenue (Note 8)	709,120	369,991	-	1,079,111	1,422,477
Long-term research grants payable (Note 9)	-	5,006,717	-	5,006,717	5,058,315
	1,833,662	8,506,002	-	10,339,664	12,630,790
Commitments (Note 16)					
<b>Net assets</b>	650,128	4,713,166	1,300,000	6,663,294	6,638,290
	2,483,790	13,219,168	1,300,000	17,002,958	19,269,080

Approved on behalf of the Board

  
 Director

  
 Director

The accompanying notes form part of the financial statements

# Amyotrophic Lateral Sclerosis (ALS) Society of Canada

## Statement of Operations

*For the year ended December 31, 2017*

In \$	General Fund	Research Fund	Tim E. Noël Endowment Fund	2017	2016
<b>Revenue</b>					
Fundraising and donations <i>(Notes 4 and 12)</i>	4,276,959	2,567,959	-	<b>6,844,918</b>	8,618,482
Direct mail campaign	961,128	88,094	-	<b>1,049,222</b>	1,039,116
Interest and investment income <i>(Note 11)</i>	133,421	71,273	22,777	<b>227,471</b>	243,407
	<b>5,371,508</b>	<b>2,727,326</b>	<b>22,777</b>	<b>8,121,611</b>	<b>9,901,005</b>
<b>Expenses <i>(Note 13)</i></b>					
Research grants <i>(Note 14)</i>	-	2,062,540	-	<b>2,062,540</b>	3,488,454
Other research support	-	725,775	-	<b>725,775</b>	842,984
National programs	101,155	-	-	<b>101,155</b>	43,705
Ontario client support services <i>(Note 15)</i>	2,404,806	-	-	<b>2,404,806</b>	2,308,098
Public awareness	87,820	-	-	<b>87,820</b>	228,486
Advocacy	234,216	-	-	<b>234,216</b>	112,095
Volunteer development	98,484	-	-	<b>98,484</b>	45,369
	<b>2,926,481</b>	<b>2,788,315</b>	<b>-</b>	<b>5,714,796</b>	<b>7,069,191</b>
<b>Other</b>					
Fundraising	1,808,418	-	-	<b>1,808,418</b>	1,690,974
Administrative	403,129	-	-	<b>403,129</b>	396,130
Governance	200,264	-	-	<b>200,264</b>	172,151
Bad debt expense (recovery) <i>(Note 4)</i>	-	(30,000)	-	<b>(30,000)</b>	75,000
	<b>2,411,811</b>	<b>(30,000)</b>	<b>-</b>	<b>2,381,811</b>	<b>2,334,255</b>
	<b>5,338,292</b>	<b>2,758,315</b>	<b>-</b>	<b>8,096,607</b>	<b>9,403,446</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>33,216</b>	<b>(30,989)</b>	<b>22,777</b>	<b>25,004</b>	<b>497,559</b>

*The accompanying notes form part of the financial statements*

# Amyotrophic Lateral Sclerosis (ALS) Society of Canada

## Statement of Changes in Net Assets

For the year ended December 31, 2017

In \$	General Fund	Research Fund	Tim E. Noël Endowment Fund	Total
<b>Balance, December 31, 2015</b>	396,071	4,444,660	1,300,000	<b>6,140,731</b>
Excess of revenue over expenses	440,847	-	56,712	<b>497,559</b>
Interfund transfers (Note 5)	(131,912)	188,624	(56,712)	-
<b>Balance, December 31, 2016</b>	705,006	4,633,284	1,300,000	<b>6,638,290</b>
Excess (deficiency) of revenue over expenses	33,216	(30,989)	22,777	<b>25,004</b>
Interfund transfers (Note 5)	(88,094)	110,871	(22,777)	-
<b>Balance, December 31, 2017</b>	<b>650,128</b>	<b>4,713,166</b>	<b>1,300,000</b>	<b>6,663,294</b>

The accompanying notes form part of the financial statements

# Amyotrophic Lateral Sclerosis (ALS) Society of Canada

## Statement of Cash Flows

*For the year ended December 31, 2017*

In \$	2017	2016
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	25,004	497,559
Adjustments for non-cash items:		
Unrealized (gain) loss on investments	43,040	(7,499)
Amortization of bond premium	-	4,637
Amortization of deferred lease inducement	-	(27,191)
Amortization of capital assets	64,268	36,951
	<b>132,312</b>	<b>504,457</b>
Changes in non-cash working capital items		
Accounts receivable	(25,235)	200,663
Prepaid expenses and other assets	38,024	(59,739)
Accounts payable and accrued liabilities	(270,732)	120,444
Deferred revenue	(1,107,065)	(2,926,361)
Research grant commitments	2,062,540	3,488,454
Research grant payments	(2,975,869)	(2,921,621)
	<b>(2,146,025)</b>	<b>(1,593,703)</b>
<b>Investing activities</b>		
Purchase of investments	(2,484,342)	(242,332)
Proceeds on disposal of investments	1,888,009	281,021
Purchase of capital assets	(32,663)	(253,558)
	<b>(628,996)</b>	<b>(214,869)</b>
<b>(Decrease) in cash</b>	<b>(2,775,021)</b>	<b>(1,808,572)</b>
<b>Cash, beginning of year</b>	<b>11,844,337</b>	<b>13,652,909</b>
<b>Cash, end of year</b>	<b>9,069,316</b>	<b>11,844,337</b>

*The accompanying notes form part of the financial statements*

# Amyotrophic Lateral Sclerosis (ALS) Society of Canada

## Notes to the Financial Statements

*For the year ended December 31, 2017*

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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. Within Ontario, the Society has a role similar to that of the provincial ALS societies – providing services, support and advocacy to meet the needs of people living with ALS and through the national ALS Canada Research Program, investment in research for a future without ALS.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”) set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles, and include the following significant accounting policies:

#### **Fund accounting**

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

**General Fund:** This Fund recognizes all non-designated revenue and expenses 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 expenses in this Fund may be transferred to the Research Fund.

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

Externally restricted contributions are recognized as revenue in the year in which the related expenses 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 recognized in the fund to which it relates.

#### **Contributed materials and services (gifts in kind)**

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.



# Amyotrophic Lateral Sclerosis (ALS) Society of Canada

## Notes to the Financial Statements

For the year ended December 31, 2017

### 2. Significant accounting policies (continued)

#### Allocation of expenses

Administration, communication and awareness costs 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.

#### 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).

#### Capital assets

Capital assets are recorded at cost. Amortization is calculated using the methods set out below applied to the cost of the assets, at annual rates based on their estimated useful lives as follows:

	<b>Rate</b>	<b>Method</b>
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

Client service equipment is comprised of assets acquired through the merger with ALS Society of Ontario in 2012. As at December 31, 2017, these assets are fully depreciated. Subsequent donations and purchases of client services equipment have been expensed during the year in which they are purchased.

#### 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.

	<b>Rate</b>	<b>Method</b>
Website	5 years	straight-line
Financial system	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

*For the year ended December 31, 2017*

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### 2. Significant accounting policies (continued)

#### Financial instruments

The Society recognizes its financial instruments when the Society becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

The Society subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equities quoted in an active market which are measured at fair value, and investments in bonds and guaranteed investment certificates, 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 excess (deficiency) of revenue 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 conformity with ASNPO requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

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.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess (deficiency) of revenue over expenses in the periods in which they become known.

# Amyotrophic Lateral Sclerosis (ALS) Society of Canada

## Notes to the Financial Statements

*For the year ended December 31, 2017*

### 3. Short-term investments

In \$	Maturity	Coupon interest rate	2017	2016
<b>General Fund</b>				
RBC Investment Savings			114,302	144,381
RBC GIC	Jan-17	3.66%	-	406,885
Manulife Bank CDA Insurance Policy	Jul-17	1.60%	-	618,850
			<b>200,000</b>	<b>200,000</b>
			<b>314,302</b>	<b>1,370,116</b>
<b>Research Fund</b>				
Bank of Nova Scotia GIC	Jan-18	1.60%	1,014,729	-
Royal Bank of Canada	Feb-18	0.85%	778,657	-
Ontario Saving Bond	Jun-18	2.00%	506,887	-
RBC GIC	Sep-18	2.75%	504,370	-
RBC Mutual Funds			1,197,351	-
			<b>4,001,994</b>	<b>-</b>
<b>Tim E. Noël Endowment Fund</b>				
RBC Investment Savings			277,444	388,776
			<b>4,593,740</b>	<b>1,758,892</b>

The amortized cost of investments as at year-end was \$3,993,148 (2016 - \$1,559,187).

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.

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

Included in the accounts receivable are balances owing from ALS provincial societies, before any allowances for doubtful accounts, of \$178,008 (2016 - \$241,493). In 2016, an allowance for doubtful accounts of \$75,000 was recorded to reduce the ALS Society of New Brunswick and Nova Scotia receivable from the 2016 WALK for ALS. During 2017, \$30,000 of this bad debt was recovered, and \$45,000 remains outstanding.

Included in accounts payable and accrued liabilities are balances owing to ALS provincial societies in the amount of \$11,359 (2016 - \$64,204). Included in accounts payable and accrued liabilities is \$10,695 (2016 - \$10,302) owing on corporate credit cards that have a combined credit limit of \$59,000 (2016 - \$59,000).

During the year, the Society earned \$726,064 (2016 - \$772,737) from ALS provincial societies for ALS walk revenue and \$102,727 (2016 - \$70,507) in other donations from the provinces.

# Amyotrophic Lateral Sclerosis (ALS) Society of Canada

## Notes to the Financial Statements

*For the year ended December 31, 2017*

### 5. Interfund 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 from the Tim E. Noël Endowment Fund to the Research Fund was \$22,777 (2016 - \$56,712).

During the year, \$88,094 was transferred from the General Fund to the Research Fund. This represents 70% of the net proceeds of the Direct Mail fundraising campaigns for the 2017 year for funds received from outside of Ontario in Canada.

### 6. Long-term investments

In \$	Maturity	Coupon interest rate	2017
<b>Research Fund</b>			
Ontario Saving Bond	Jun-19	Various	<b>507,137</b>
Pembina Pipeline Corp	Oct-22	4.03%	<b>208,073</b>
Canadian Utilities Limited	Nov-22	3.53%	<b>258,540</b>
Sun Life Financial	Jan-23	4.38%	<b>327,386</b>
Westcoast Energy	Oct-21	Preferred Shares	<b>104,600</b>
			<b>1,405,736</b>
<b>Tim E. Noël Endowment Fund</b>			
Bell Canada	Jun-19	3.30%	<b>254,510</b>
Home Trust Company	Jul-19	2.70%	<b>95,266</b>
Enbridge Income Fund	Nov-20	4.86%	<b>106,565</b>
Bell Canada	Mar-23	3.96%	<b>258,011</b>
TELUS Corporation	Apr-24	4.24%	<b>308,204</b>
			<b>1,022,556</b>
			<b>2,428,292</b>

# Amyotrophic Lateral Sclerosis (ALS) Society of Canada

## Notes to the Financial Statements

*For the year ended December 31, 2017*

### 6. Long-term investments (continued)

In \$	Maturity	Coupon interest rate	2016
<b>General Fund</b>			
Bank of Nova Scotia	Jan-18	1.60%	1,015,245
Ontario Saving Bond	Jun-18	2.00%	505,260
Royal Bank of Canada	Sep-18	2.75%	504,408
Bell Canada	Jun-19	3.35%	260,190
Ontario Saving Bond	Jun-19	2.00%	506,510
Westcoast Energy Inc.	Oct-21	Preferred Shares	103,200
Pembina Pipeline Corp	Oct-22	3.77%	210,452
Canadian Utilities Limited	Nov-22	3.12%	264,306
			3,369,571
<b>Research Fund</b>			
Sun Life Financial	Jan-23	5.59%	339,352
<b>Tim E. Noël Endowment Fund</b>			
Fairfax Holdings	Aug-19	3.06%	318,070
Enbridge Income Fund	Nov-20	4.85%	110,330
Bell Canada	Mar-23	3.35%	261,919
TELUS Corporation	Apr-24	3.35%	310,605
			1,000,924
			4,709,847

The amortized cost of investments as at year-end was \$2,369,541 (2016 - \$4,600,718).

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

# Amyotrophic Lateral Sclerosis (ALS) Society of Canada

## Notes to the Financial Statements

For the year ended December 31, 2017

### 7. Capital assets

In \$	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
<b>Tangible capital assets</b>				
Furniture and fixtures	14,253	7,169	7,084	9,897
Leasehold improvements	93,997	15,028	78,969	88,001
Client service equipment - donated	197,326	197,326	-	-
Client service equipment - purchased	144,762	144,762	-	963
	<b>450,338</b>	<b>364,285</b>	<b>86,053</b>	<b>98,861</b>
<b>Intangible capital assets</b>				
Website	143,797	55,175	88,622	96,830
Finance systems	69,322	26,561	42,761	53,350
	<b>213,119</b>	<b>81,736</b>	<b>131,383</b>	<b>150,180</b>
	<b>663,457</b>	<b>446,021</b>	<b>217,436</b>	<b>249,041</b>

### 8. 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.

In \$	General Fund	Research Fund	2017	2016
<b>Balance, beginning of year</b>	1,609,442	1,932,087	<b>3,541,529</b>	6,467,890
Contributions	172,186	66,478	<b>238,664</b>	1,594,007
Revenue recognized	(401,607)	(933,606)	<b>(1,335,213)</b>	(4,509,852)
Amortization of life insurance policy	(10,516)	-	<b>(10,516)</b>	(10,516)
<b>Balance, end of year</b>	1,369,505	1,064,959	<b>2,434,464</b>	3,541,529
Less: current portion	660,385	694,968	<b>1,355,353</b>	2,119,052
Long-term portion	709,120	369,991	<b>1,079,111</b>	1,422,477

# Amyotrophic Lateral Sclerosis (ALS) Society of Canada

## Notes to the Financial Statements

*For the year ended December 31, 2017*

### 9. Research grants payable

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

2018	2,432,902
2019	1,197,865
2020	2,541,962
2021	1,266,890
<hr/>	
Total due	7,439,619
Less: current portion	(2,432,902)
<hr/>	
	5,006,717
<hr/>	

### 10. Gaming

The Society sells Nevada break-open ticket lotteries through agents. The revenues and expenses have been included in the fundraising and donations revenue and expenses.

#### 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.

In \$	<b>2017</b>	2016
Revenue	<b>85,326</b>	89,302
Expenses	<b>53,871</b>	56,493
	<b>31,455</b>	32,809

#### Bingo

ALS Canada did not participate in any Bingo activities in 2017.

In \$	<b>2017</b>	2016
Revenue	-	5,800
Expenses	-	1,136
	-	4,664

# Amyotrophic Lateral Sclerosis (ALS) Society of Canada

## Notes to the Financial Statements

*For the year ended December 31, 2017*

### 11. Interest and investment income

In \$	2017	2016
Interest and gains realized on investments	270,511	231,271
Unrealized gain (loss) on investments	(43,040)	7,499
Amortization of bond premiums	-	4,637
	<b>227,471</b>	<b>243,407</b>

### 12. Funds recorded from provincial societies

Provincial partner	WALK for ALS	Additional research funds	2017
ALS Society of Alberta	295,246	30,578	325,824
ALS Society of British Columbia	133,644	23,100	156,744
ALS Society of Manitoba	82,133	-	82,133
ALS Society of New Brunswick and Nova Scotia	-	-	-
ALS Society of Newfoundland and Labrador	39,530	4,000	43,530
ALS Society of Prince Edward Island	6,623	-	6,623
ALS Society of Quebec	113,043	45,049	158,092
ALS Society of Saskatchewan	55,845	-	55,845
	726,064	102,727	828,791

Provincial partner	WALK for ALS	Additional research funds	2016
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 and 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
	772,737	70,507	843,244

In 2017, \$30,000 of the \$75,000 bad debt provision made in 2016 related to the ALS Society of New Brunswick and Nova Scotia, was recovered, and \$45,000 remains outstanding.



# Amyotrophic Lateral Sclerosis (ALS) Society of Canada

## Notes to the Financial Statements

*For the year ended December 31, 2017*

### 13. Allocation of expenses

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:

In \$	<b>2017</b>	2016
Research	<b>210,025</b>	180,852
Advocacy	<b>148,612</b>	32,110
Ontario client support services	<b>253,153</b>	279,655
Public awareness	-	49,177
Volunteer development	<b>41,532</b>	35,641
Fundraising	<b>412,110</b>	236,070
Governance	<b>165,064</b>	148,264
	<b>1,230,496</b>	961,769

In 2017, ALS Canada increased their Marketing / Communications / Public Awareness budget to improve public perception of the ALS Society of Canada, to sharpen brand awareness and to enhance the website content for research, fundraising and client services. These costs have been allocated to the charitable purposes that derived the most benefit.

### 14. Research grants awarded

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 \$1,727,424 (2016 - one member, \$50,000). The Scientific and Medical Advisory Council received \$NIL in 2017 (2016 - one member, \$75,000) in research grants. These amounts have been included in research grant expenditures in the current year.

In addition, \$273,950 was paid to current or past Board Members for grants awarded in previous years.

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.

### 15. Ontario client support services

In \$	<b>2017</b>	2016
Equipment program	<b>1,264,944</b>	1,291,749
Client services	<b>1,139,862</b>	1,000,606
	<b>2,404,806</b>	2,292,355

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 \$280,170 (2016 - \$250,762), 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.

# Amyotrophic Lateral Sclerosis (ALS) Society of Canada

## Notes to the Financial Statements

For the year ended December 31, 2017

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### 16. 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 four years is as follows:

2018	156,458
2019	156,458
2020	156,458
2021	156,458

### 17. Financial instruments

The Society, as part of its operations, carries a number of financial instruments. It is Management's opinion that the Society is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

#### ***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets and liabilities, known as price 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.

#### ***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 is in excess of the CDIC insurance limit.

### 18. Comparative figures

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