

**Amyotrophic Lateral Sclerosis
(ALS) Society of Canada
Financial Statements**
For the year ended December 31, 2019

Amyotrophic Lateral Sclerosis (ALS) Society of Canada

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For the year ended December 31, 2019

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Independent Auditor's Report

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

Qualified Opinion

We have audited the financial statements of Amyotrophic Lateral Sclerosis (ALS) Society of Canada (the "Society"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Society 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 the Society and we were unable to determine whether any adjustments might be necessary to fundraising and donations revenues or excess (deficiency) of revenue over expenses for the years ended December 31, 2019 or December 31, 2018, or net assets or total assets as at December 31, 2019 or December 31, 2018.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged With Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement

resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Mississauga, Ontario

April 24, 2020

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

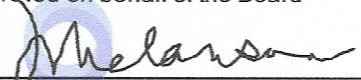
Amyotrophic Lateral Sclerosis (ALS) Society of Canada

Statement of Financial Position

As at December 31, 2019

In \$	General Fund	Research Fund	Tim E. Noël Endowment Fund	2019	2018
Assets					
Current assets					
Cash	4,260,288	350,674	1,300,000	5,910,962	3,933,526
Short-term investments (Note 3)	302,791	9,107,305	-	9,410,096	9,299,833
Accounts receivable (Note 4)	201,536	177,935	-	379,471	650,972
Prepaid expenses and other assets	144,771	-	-	144,771	124,146
	4,909,386	9,635,914	1,300,000	15,845,300	14,008,477
Long-term investments (Note 6)		1,140,753	-	1,140,753	1,215,173
Capital assets (Note 7)	56,081	-	-	56,081	70,739
Intangible assets (Note 7)	35,960	-	-	35,960	82,107
	5,001,427	10,776,667	1,300,000	17,078,094	15,376,496
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities (Note 4)	545,985	-	-	545,985	522,456
Current portion of deferred revenue (Note 8)	403,374	500,000	-	903,374	1,197,347
Current portion of research grants payable (Note 9)	-	3,989,242	-	3,989,242	2,198,877
	949,359	4,489,242	-	5,438,601	3,918,680
Long-term deferred revenue (Note 8)	692,956	266,364	-	959,320	608,213
Long-term research grants payable (Note 9)	-	1,635,145	-	1,635,145	4,228,504
	1,642,315	6,390,751	-	8,033,066	8,755,397
Commitments (Note 15)					
Net assets	3,359,112	4,385,916	1,300,000	9,045,028	6,621,099
	5,001,427	10,776,667	1,300,000	17,078,094	15,376,496

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, 2019

In \$	General Fund	Research Fund	Tim E. Noël Endowment Fund	2019	2018
Revenue					
Fundraising and donations (Note 11)	7,585,544	1,864,524	-	9,450,068	6,675,144
Direct mail campaign	1,072,135	59,561	-	1,131,696	1,092,267
Interest and investment income	331,072		39,000	370,072	229,828
	8,988,751	1,924,085	39,000	10,951,836	7,997,239
Expenses (Note 12)					
Research grants (Note 13)	-	1,575,250	-	1,575,250	1,525,268
Other research support	-	672,241	-	672,241	671,519
National programs	125,348	-	-	125,348	116,515
Ontario client support services (Note 14)	2,847,129	-	-	2,847,129	2,302,906
Public awareness	593,257	-	-	593,257	438,594
Advocacy	386,373	-	-	386,373	326,196
Volunteer development	63,717	-	-	63,717	89,838
	4,015,824	2,247,491	-	6,263,315	5,470,836
Other					
Fundraising	2,217,788	-	-	2,217,788	2,098,771
Administrative	252,699	-	-	252,699	288,416
Governance	90,251	90,251	-	180,502	189,541
Bad debt recovery	-	-	-	-	(45,000)
	2,560,738	90,251	-	2,650,989	2,531,728
	6,576,562	2,337,742	-	8,914,304	8,002,564
Excess (deficiency) of revenue over expenses before unrealized gain (loss) on investments	2,412,189	(413,657)	39,000	2,037,532	(5,325)
Unrealized gain (loss) on investments	386,397	-	-	386,397	(36,870)
Excess (deficiency) of revenue over expenses	2,798,586	(413,657)	39,000	2,423,929	(42,195)

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, 2019

In \$	General Fund	Research Fund	Tim E. Noël Endowment Fund	<i>Total</i>
Balance, December 31, 2017	650,128	4,713,166	1,300,000	6,663,294
Excess (deficiency) of revenue over expenses	(89,602)	46,938	469	(42,195)
Interfund transfers (<i>Note 5</i>)	-	469	(469)	-
Balance, December 31, 2018	560,526	4,760,573	1,300,000	6,621,099
Excess (deficiency) of revenue over expenses	2,798,586	(413,657)	39,000	2,423,929
Interfund transfers (<i>Note 5</i>)	-	39,000	(39,000)	-
Balance, December 31, 2019	3,359,112	4,385,916	1,300,000	9,045,028

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, 2019

In \$	2019	2018
Cash provided by (used for) the following activities		
Operating activities		
Excess (deficiency) of revenue over expenses	2,423,929	(42,195)
Adjustments for non-cash items:		
Unrealized loss (gain) on investments	(386,397)	36,869
Reinvested dividends received on investments	(243,446)	-
Amortization of capital and intangible assets	60,805	64,590
	1,854,891	59,264
Changes in non-cash working capital items		
Accounts receivable	271,501	(5,995)
Prepaid expenses and other assets	(20,625)	(74,949)
Accounts payable and accrued liabilities	23,529	56,875
Deferred revenue	57,134	(628,904)
Research grant commitments	1,469,278	1,668,763
Research grant payments	(2,272,272)	(2,681,001)
	1,383,436	(1,605,947)
Investing activities		
Purchase of investments	-	(4,742,961)
Proceeds on disposal of investments	594,000	1,213,118
	594,000	(3,529,843)
Increase (decrease) in cash	1,977,436	(5,135,790)
Cash, beginning of year	3,933,526	9,069,316
Cash, end of year	5,910,962	3,933,526

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, 2019

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 and intangible 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.

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

Under the deferral method for recognizing contributions revenue, 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 general fund, with the exception of endowment funds, which are reinvested.

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, 2019

2. Significant accounting policies (continued)

Allocation of expenses

Administration, communication and awareness costs and senior management expenses are incurred to operate the Society 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, equities and pooled funds, all of which are chosen within the guidelines of an approved investment policy. 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:

	Rate	Method
Furniture and fixtures	5 years	straight-line
Leasehold improvements	Lease term	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 lives as follows:

	Rate	Method
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, 2019

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 and intangible 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, 2019

3. Short-term investments

In \$	Maturity	Coupon interest rate	2019	2018
General Fund				
Enbridge Income Fund Inc.	Nov-20	4.85%	102,791	-
Ontario Saving Bond	Jun-19	2.50%	-	110,754
Insurance Policy			200,000	200,000
			302,791	310,754
Research Fund				
Canso Corporate Bond Fund Series C			7,348,655	6,815,429
RP Fixed Income Plus Fund - Series A			1,758,650	1,679,951
Ontario Saving Bond	Jun-19	2.50%	-	395,856
Home Trust Company	Jul-19	2.70%	-	97,843
			9,107,305	8,989,079
			9,410,096	9,299,833

Investment funds with Canso Fund Management Ltd and RP Investment Advisors LP are in pooled funds as shown above and include all unrealized gains and losses since the funds were invested in. These unrealized gains have been reinvested; fund balances are reviewed quarterly by the board to ensure they maintain the 80 / 20 required ratio within a 5% acceptable threshold.

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

Included in the accounts receivable are balances owing from ALS provincial societies, before any allowances for doubtful accounts, of \$124,450 (2018 - \$214,844).

Included in accounts payable and accrued liabilities is \$6,885 (2018 - \$37,365) owing on corporate credit cards that have a combined credit limit of \$61,000 (2018 - \$61,000).

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 assets in the Tim Noel fund are included in the cash remaining in the RBC investment account awaiting transfer and reinvestment.

The amount transferred from the Tim E. Noël Endowment Fund to the Research Fund was \$39,000 (2018 - \$469).

Amyotrophic Lateral Sclerosis (ALS) Society of Canada

Notes to the Financial Statements

For the year ended December 31, 2019

6. Long-term investments

In \$	Maturity	Coupon interest rate	2019
Research Fund			
Pembina Pipeline Corp	Oct-22	3.77%	208,581
Canadian Utilities Ltd.	Nov-22	3.12%	257,874
Bell Canada	Mar-23	3.35%	259,092
Telus Corporation	Apr-24	3.35%	311,326
Westcoast Energy Inc.	Oct-21	Preferred Shares	103,880
			1,140,753
In \$	Maturity	Coupon interest rate	2018
Research Fund			
Enbridge Income Fund Inc.	Nov-20	4.85%	104,232
Pembina Pipeline Corp	Oct-22	3.77%	203,688
Canadian Utilities Ltd.	Nov-22	3.12%	253,757
Bell Canada	Mar-23	3.35%	252,372
Telus Corporation	Apr-24	3.35%	300,724
Westcoast Energy Inc.	Oct-21	Preferred Shares	100,400
			1,215,173

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

All long-term investments were held in the RBC Investment portfolio in fiscal 2019.

Amyotrophic Lateral Sclerosis (ALS) Society of Canada

Notes to the Financial Statements

For the year ended December 31, 2019

7. Capital assets and intangible assets

In \$	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2019 Net book value</i>	<i>2018 Net book value</i>
Capital assets				
Furniture and fixtures	14,253	11,179	3,074	4,751
Leasehold improvements	93,997	40,990	53,007	65,988
	108,250	52,169	56,081	70,739
Intangible assets				
Website	143,797	108,764	35,033	61,828
Finance systems	69,322	68,395	927	20,279
	213,119	177,159	35,960	82,107

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	<i>2019</i>	<i>2018</i>
Balance, beginning of year	1,039,295	766,265	1,805,560	2,434,464
Contributions	165,203	746,517	911,720	829,821
Revenue recognized	(97,652)	(746,418)	(844,070)	(1,448,209)
Amortization of life insurance policy	(10,516)	-	(10,516)	(10,516)
Balance, end of year	1,096,330	766,364	1,862,694	1,805,560
Less: current portion	403,374	500,000	903,374	1,197,347
Long-term portion	692,956	266,364	959,320	608,213

9. Research grants payable

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

2020	3,989,242
2021	1,635,145
Total due	5,624,387
Less: current portion	(3,989,242)
	<u>1,635,145</u>

Amyotrophic Lateral Sclerosis (ALS) Society of Canada

Notes to the Financial Statements

For the year ended December 31, 2019

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 \$	2019	2018
Revenue	78,499	75,248
Expenses	43,098	47,164
	35,401	28,084

11. Funds recorded from provincial societies

Provincial partner	WALK for ALS	Additional research funds	2019
ALS Society of Alberta	251,966	-	251,966
ALS Society of British Columbia	223,009	-	223,009
ALS Society of Manitoba	70,141	-	70,141
ALS Society of Newfoundland and Labrador	47,839	-	47,839
ALS Society of Prince Edward Island	12,578	-	12,578
ALS Society of Quebec	108,738	15,712	124,450
ALS Society of Saskatchewan	16,534	-	16,534
	730,805	15,712	746,517

Provincial partner	WALK for ALS	Additional research funds	2018
ALS Society of Alberta	360,522	12,170	372,692
ALS Society of British Columbia	176,139	7,885	184,024
ALS Society of Manitoba	64,732	-	64,732
ALS Society of Newfoundland and Labrador	54,847	-	54,847
ALS Society of Prince Edward Island	6,748	1,646	8,394
ALS Society of Quebec	110,900	-	110,900
ALS Society of Saskatchewan	34,232	-	34,232
	808,120	21,701	829,821

Amyotrophic Lateral Sclerosis (ALS) Society of Canada

Notes to the Financial Statements

For the year ended December 31, 2019

12. Allocation of expenses

The Society allocates marketing and communications support costs and 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 \$	2019	2018
Research	173,340	158,100
Advocacy	134,196	171,084
Ontario client support services	381,840	150,264
National programs	94,848	88,008
Volunteer development	45,168	44,304
Fundraising	553,836	363,396
Governance	121,392	138,660
	1,504,620	1,113,816

To respond to the strategic plan, ALS Canada increased the investment in marketing, communications and public awareness. These costs have been allocated to charitable purposes and fundraising, accounting for the increase in allocated expenses from the previous year.

13. 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, for this reason, external, international ALS researchers adjudicate the competitions.

In fiscal 2018, the grant recipients included a member of the Board of Directors and Scientific and Medical Advisory Council, who was awarded \$125,000. This amount was included in research grant expenditures in fiscal 2018.

In addition, \$374,555 (2018 - \$306,475) was paid to the institutions for current or past Board Members for grants awarded in previous years.

14. Ontario client support services

In \$	2019	2018
Equipment program	1,593,580	1,299,899
Client services	1,253,549	1,003,007
	2,847,129	2,302,906

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 \$361,443 (2018 - \$292,152) 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, 2019

15. 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 until the end of the lease is as follows:

2020	157,166
2021	157,166
2022	157,166
2023	157,166
2024	13,097
	<u>641,761</u>

16. Use of Surplus

ALS Canada was fortunate to receive two significant unanticipated gifts in the latter portion of 2019. Due to the timing within the fiscal year, the funds were not utilized in 2019, resulting in an operating surplus of \$2,037,532 and a total surplus of \$2,423,929 when including the unrealized gain on investments.

In November 2019, the Board approved a plan that would carry the use of the surplus into 2020, including a commitment of \$1,000,000 to leverage a potential match with Brain Canada for the CAPTURE-ALS research project. It was anticipated that the 2020 year end may reflect an offsetting deficit to the surplus of 2019.

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 will reduce 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. Accounts receivable is primarily from the ALS provincial societies, the collectability of which is assessed periodically, and a valuation reserve is recorded as necessary.

18. Comparative figures

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

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Notes to the Financial Statements

For the year ended December 31, 2019

19. Subsequent event

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses and organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Society as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, the Society's ability to generate revenue and deliver its objectives may be negatively impacted.