

**Amyotrophic Lateral Sclerosis
(ALS) Society of Canada
Financial Statements**
For the year ended December 31, 2023

Amyotrophic Lateral Sclerosis (ALS) Society of Canada

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For the year ended December 31, 2023

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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, 2023, 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, 2023, 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, 2023 or December 31, 2022, or net assets or total assets as at December 31, 2023 or December 31, 2022.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under Statements section of our report. We are independent of the Society in accordance with the ethical requirements that are those standards are further described in the Auditor's Responsibilities for the Audit of the Financial 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

May 1, 2024

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

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

As at December 31, 2023

In \$	2023	2022
Assets		
Current assets		
Cash	1,019,306	1,365,103
Short-term investments (Note 3)	11,020,165	10,513,431
Accounts receivable	218,417	419,529
Prepaid expenses and other assets	300,376	265,825
	12,558,264	12,563,888
Capital assets (Note 4)	548,828	14,063
	13,107,092	12,577,951
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	614,558	457,130
Current portion of deferred revenue (Note 7)	952,679	342,959
Current portion of research grants payable (Note 8)	1,229,838	1,685,819
	2,797,075	2,485,908
Long-term deferred revenue (Note 7)	737,149	861,721
Long-term research grants payable (Note 8)	1,252,781	906,950
	4,787,005	4,254,579
Commitments (Note 14)		
Net assets		
General Fund	3,408,860	2,589,768
Research Fund	611,227	1,433,604
Tim E. Noel Endowment Fund	1,300,000	1,300,000
Reserve Fund	3,000,000	3,000,000
	8,320,087	8,323,372
	13,107,092	12,577,951

Approved on behalf of the Board
 e-Signed by Richard Ellis
 2024-05-01 18:13:12:12 GMT

 Director

e-Signed by Laura Gay
 2024-05-01 19:16:11:11 GMT

 Director

The accompanying notes form part of these financial statements

Amyotrophic Lateral Sclerosis (ALS) Society of Canada
Statement of Operations

For the year ended December 31, 2023

In \$	General Fund	Research Fund	Tim E. Noël Endowment Fund	2023	2022
Revenue					
Fundraising and donations (Notes 9, 10 and 13)	7,344,967	1,530,580	-	8,875,547	9,207,791
Interest and investment income	407,734	-	50,241	457,975	398,941
	7,752,701	1,530,580	50,241	9,333,522	9,606,732
Expenses (Note 11)					
Research grants (Note 12)	-	1,241,009	-	1,241,009	911,950
Other research support	-	935,680	-	935,680	737,104
Ontario community services (Note 13)	2,971,167	-	-	2,971,167	2,874,165
Advocacy	454,796	-	-	454,796	602,681
National programs	219,279	-	-	219,279	187,523
Public awareness	355,558	-	-	355,558	290,928
Volunteer development	50,871	-	-	50,871	59,886
	4,051,671	2,176,689	-	6,228,360	5,664,237
Other expenses					
Fundraising	2,675,641	-	-	2,675,641	2,844,618
Administrative	184,091	68,088	-	252,179	197,869
Governance	126,099	126,099	-	252,198	255,285
	2,985,831	194,187	-	3,180,018	3,297,772
	7,037,502	2,370,876	-	9,408,378	8,962,009
Excess (deficiency) of revenue over expenses before other items					
	715,199	(840,296)	50,241	(74,856)	644,723
Other items					
Gain (loss) on investments	103,893	-	(32,322)	71,571	(1,347,753)
	103,893	-	(32,322)	71,571	(1,347,753)
Excess (deficiency) of revenue over expenses					
	819,092	(840,296)	17,919	(3,285)	(703,030)

The accompanying notes form part of these financial statements

Amyotrophic Lateral Sclerosis (ALS) Society of Canada

Statement of Changes in Net Assets

For the year ended December 31, 2023

In \$	General Fund	Research Fund	Tim E. Noël Endowment Fund	Internally Restricted	<i>Total</i>
Balance, January 1, 2022	2,839,498	1,886,904	1,300,000	3,000,000	9,026,402
Deficiency of revenue over expenses	(249,730)	(305,791)	(147,509)	-	(703,030)
Interfund transfers (<i>Note 15</i>)	-	(147,509)	147,509	-	-
Balance, December 31, 2022	2,589,768	1,433,604	1,300,000	3,000,000	8,323,372
Excess (deficiency) of revenue over expenses	819,092	(840,296)	17,919	-	(3,285)
Interfund transfers (<i>Note 15</i>)	-	17,919	(17,919)	-	-
Balance, December 31, 2023	3,408,860	611,227	1,300,000	3,000,000	8,320,087

The accompanying notes form part of these financial statements

Amyotrophic Lateral Sclerosis (ALS) Society of Canada Statement of Cash Flows

For the year ended December 31, 2023

In \$	2023	2022
Cash (used for) provided by the following activities		
Operating activities		
Excess of expenses over revenues	(3,285)	(703,030)
Adjustments for non-cash items:		
(Gain) loss on investments	(71,571)	1,347,753
Reinvested dividends received on investments	(435,138)	(342,497)
Deferred contributions received	153,904	63,990
Amortization of deferred revenue received	(205,322)	(696,674)
Deferred lease inducement	10,691	-
Amortization of capital assets	12,982	12,981
	(537,739)	(317,477)
Changes in non-cash working capital items		
Accounts receivable	201,112	(170,755)
Prepaid expenses and other assets	(34,551)	(117,408)
Accounts payable and accrued liabilities	157,428	(78,951)
Research grant commitments	1,241,009	911,950
Research grant payments	(1,351,159)	(1,250,817)
	(323,900)	(1,023,458)
Investing activities		
Purchase of investments	(25)	-
Purchase of capital assets	(21,872)	-
	(21,897)	-
Decrease in cash	(345,797)	(1,023,458)
Cash, beginning of year	1,365,103	2,388,561
Cash, end of year	1,019,306	1,365,103
Supplementary cash flow information		
Leasehold improvements paid by landlord	525,875	-

The accompanying notes form part of these financial statements

Amyotrophic Lateral Sclerosis (ALS) Society of Canada

Notes to the Financial Statements

For the year ended December 31, 2023

1. Nature of operations

The 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 is working to change what it means to live with amyotrophic lateral sclerosis, an unrelenting and currently terminal disease. Grounded in and informed by the Canadian ALS community, the Society addresses the urgent unmet need for life-changing treatments by investing in high-quality research that will fuel scientific discovery and by engaging industry, supporting increased clinical capacity and advocating for equitable, affordable, and timely access to proven therapies.

Responding to the tremendous need for current and credible ALS knowledge, awareness, and education, the Society empowers Canadians affected by ALS to navigate the current realities of ALS, be informed consumers of ALS information, and advocate effectively for change by providing information resources, training and education programs.

Through the ALS Canada research program, the Society funds peer-reviewed research grants, fosters collaboration and builds capacity within Canada's ALS research and clinical community, and invests in new areas of research positioned to have high impact. As the only national dedicated source of funding for ALS research across Canada, the ALS Canada research program aims to accelerate research impact by providing funding for the most promising ALS projects focused on translating scientific discoveries into treatments for ALS.

Within the province of Ontario, the Society provides community-based services to people dealing with an ALS diagnosis, including direct interaction, support groups, assistance with navigating resources as well as providing assistive devices and mobility equipment offered through a loan program and funding assistance for certain purchased or rented equipment.

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 directly associated research costs. Donations designated for research purposes are allocated to this Fund.

Tim E. Noël Endowment Fund: This Fund was established in honor 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 Tim E. Noël Endowment Fund is designated for ALS research.

Reserve Fund: This fund was established by the Society based on the reserve policy of the organization. Under this policy, certain net assets are internally restricted, at the sole discretion of the Board of Directors, to establish a reserve that represents approximately six months of certain operational expenses of the organization.

Amyotrophic Lateral Sclerosis (ALS) Society of Canada

Notes to the Financial Statements

For the year ended December 31, 2023

2. Significant accounting policies (continued)

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, except for 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 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 mobility equipment and assistive devices from the public, which are recorded as both a contribution and as an Ontario community services expense at the appraised amount as of the date of the contribution.

Allocation of expenses

Administration, communications and public 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 annually. No fundraising costs have been allocated.

Investments

Investments consist of pooled funds, all of which are chosen within the guidelines of an approved investment policy.

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 (see Notes 3).

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
Leasehold improvements	Lease term	straight-line

Amyotrophic Lateral Sclerosis (ALS) Society of Canada

Notes to the Financial Statements

For the year ended December 31, 2023

2. Significant accounting policies (continued)

Long-lived assets

Long-lived assets consist of capital assets with finite useful lives. Long-lived assets held for use are measured and amortized as described above. The Society writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Society's ability to provide goods and services. The asset is also written down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Society determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value or replacement cost. Write-downs are not reversed.

Financial instruments

The Society recognizes its arm's length 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 with published prices 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.

Financial asset impairment

The Society assesses impairment of all its financial assets measured at cost or amortized cost. The Society groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant. Management considers various factors in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Society determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Society reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess (deficiency) of revenue over expenses in the year the reversal occurs.

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 receivables are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where 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, 2023

3. Short-term investments

Investment funds with investment managers are in pooled funds and include all unrealized gains and losses since the funds were invested. All distributions earned on pooled investments are reinvested. Fund balances are reviewed quarterly to ensure they are within an acceptable threshold as outlined in the Society's approved investment policy.

Included in short-term investments, is a life insurance policy of \$200,000 (2022 - \$200,000). 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. Capital assets

In \$	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2023 Net book value</i>	<i>2022 Net book value</i>
Capital assets				
Leasehold improvements	641,744	92,916	548,828	14,063
	641,744	92,916	548,828	14,063

5. Accounts payable and accrued liabilities

The Society maintains corporate credit cards for use by certain employees. At December 31, 2023, the amount owing on corporate credit cards was \$37,915 (2022 - \$30,478). The maximum credit limit for corporate credit cards at December 31, 2023 was \$100,000 (2022 - \$100,000).

6. Line of credit

The Society has an agreement for a demand operating line of credit of \$650,000 with its commercial banking institution which is intended to be used as overdraft protection for short-term timing differences between the receipt of fundraising and donations revenue and the expenses incurred by the Society. Any amounts drawn from the demand operating line of credit bear interest at the prime rate less 0.25% per annum, are repayable on demand and are secured by a general security agreement. At December 31, 2023, there was \$Nil (2022 - \$Nil) drawn by the Society from the demand operating line of credit.

7. Deferred revenue

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

In \$	General Fund	Research Fund	2023	2022
Balance, beginning of year	626,972	577,707	1,204,679	1,837,364
Contributions	153,904	-	153,904	63,990
Revenue recognized	(91,379)	(113,943)	(205,322)	(696,674)
Deferred lease inducements	536,567	-	536,567	-
Balance, end of year	1,226,064	463,764	1,689,828	1,204,680
Less: current portion	682,679	270,000	952,679	342,959
Long-term portion	543,385	193,764	737,149	861,721

Amyotrophic Lateral Sclerosis (ALS) Society of Canada

Notes to the Financial Statements

For the year ended December 31, 2023

8. Research grants payable

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

2024	1,229,838
2025	975,428
2026	277,353
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Total due	2,482,619
Less: current portion	(1,229,838)
<hr/>	
	1,252,781

9. Gaming

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

The Alcohol and Gaming Commission of Ontario requires various terms and conditions to be met 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 ticket sales.

The following information regarding the sale of break-open ticket lotteries under provincial license is required by provincial authorities.

In \$	2023	2022
Revenue	41,802	57,065
Expenses	23,924	31,197
<hr/>		
	17,878	25,868

10. Funds recorded from provincial societies

Provincial partner	WALK for ALS	Additional research funds	2023
ALS Society of Manitoba	38,590	-	38,590
ALS Society of Newfoundland and Labrador	21,597	-	21,597
ALS Society of Prince Edward Island	27,448	-	27,448
ALS Society of Quebec	90,005	175,000	265,005
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	177,640	175,000	352,640

Amyotrophic Lateral Sclerosis (ALS) Society of Canada

Notes to the Financial Statements

For the year ended December 31, 2023

10. Funds recorded from provincial societies (continued)

Provincial partner	WALK for ALS	Additional research funds	2022
ALS Society of Manitoba	38,930	-	38,930
ALS Society of Newfoundland and Labrador	25,733	-	25,733
ALS Society of Prince Edward Island	15,285	-	15,285
ALS Society of Quebec	100,000	175,000	275,000
	179,948	175,000	354,948

11. 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 \$	2023	2022
Research	322,370	309,106
Advocacy	276,314	295,863
Ontario client support services	558,513	588,979
National programs	71,554	74,982
Volunteer development	50,721	59,886
Fundraising	738,315	802,515
Governance	167,709	182,160
	2,185,496	2,313,490

12. Research grants

ALS Canada research grants are awarded based on the results of a rigorous, competitive peer reviewed process, with measures to ensure any conflicts of interest are mitigated. With a relatively small community of ALS researchers in Canada, there can be overlap between applicants to the competitions and individuals involved with the organization. Thus, external, international ALS researchers adjudicate the competitions.

For the year ended December 31, 2023, the grant recipients included one current member of the Board of Directors who was also member of the Society's Scientific and Medical Advisory Council, in the total amount of \$62,500 (2022 - \$62,500). This amount was included in research grants expenses.

In addition, \$113,111 (2022 - \$55,750) was paid to the institutions for current or past Board of Directors Members for grants awarded in previous years.

In partnership with Brain Canada, for the year ended December 31, 2023, \$2,103,000 (2022 - \$2,113,900) was awarded in research grants. The Society's portion of these research grant awards were \$1,051,500 (2022 - \$1,056,950). Additionally, for the year ended December 31, 2023 the Society made additional research grant awards of \$214,480 (2022 - \$Nil).

Amyotrophic Lateral Sclerosis (ALS) Society of Canada

Notes to the Financial Statements

For the year ended December 31, 2023

12. Research grants (continued)

Offsetting the Society's research grant funding in 2023 was the settlement of grants issued in previous years of \$24,971 (2022 - \$145,000) less than the original grant amount due to circumstances that arose in the current year.

13. Ontario community services

In \$	2023	2022
Equipment program	1,664,877	1,561,231
Client services	1,306,290	1,312,934
	2,971,167	2,874,165

Included in equipment program expense are the costs associated with accepting and carrying donations of equipment from the public. These equipment donations are appraised, transported, cleaned, and stored prior to being made available for use by clients. The total value of the donated equipment is \$198,713 (2022 - \$255,055) and is included in fundraising and donations revenue and in Ontario community services expense at the appraised amount as of the date of the contribution. Additional purchases of client equipment were necessary to accommodate the needs of the Society's clients.

14. 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 leases are as follows:

2024	71,223
2025	122,096
2026	125,777
2027	128,406
2028	132,087
Thereafter	767,580
	<u>1,347,169</u>

15. 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.

For the year ended December 31, 2023, the Tim E. Noël Endowment Fund had an unrealized gain of original capital after all dividends were reinvested of \$17,919 (2021 – loss of \$147,509). A transfer to the research fund has been made to return the capital amount to \$1,300,000.

16. Financial instruments

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

Amyotrophic Lateral Sclerosis (ALS) Society of Canada

Notes to the Financial Statements

For the year ended December 31, 2023

16. Financial instruments (continued)

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 influence 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.

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.

Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is exposed to fluctuations in equity markets on its investments, which are invested in publicly listed equities. Other price risk is managed through construction of a diversified portfolio of instruments traded on various markets and across various industries.