

**AMYOTROPHIC LATERAL SCLEROSIS
SOCIETY OF ALBERTA**

Financial Statements

As at December 31, 2010

Amyotrophic Lateral Sclerosis Society of Alberta
Index to the Audited Financial Statements
Year Ended December 31, 2010

| | Page |
|---|------|
| INDEPENDENT AUDITOR'S REPORT | 1-2 |
| FINANCIAL STATEMENTS | |
| Statement of Financial Position | 3 |
| Statement of Operations | 4 |
| Statement of Changes in Net Assets | 5 |
| Statement of Cash Flows | 6 |
| Notes to the Audited Financial Statements | 7-10 |

INDEPENDENT AUDITOR'S REPORT

To the Members of Amyotrophic Lateral Sclerosis Society of Alberta:

Report on the financial statements

We have audited the accompanying financial statements of Amyotrophic Lateral Sclerosis Society of Alberta, which is comprised of the statement of financial position as at December 31, 2010, 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 financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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.

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenue over expenses, current assets and net assets.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

.../Continued



INDEPENDENT AUDITOR'S REPORT (continued)

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 Society of Alberta as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Thompson Penner & Lo LLP

Certified General Accountants

May 10, 2011
Calgary, Alberta, Canada

Amyotrophic Lateral Sclerosis Society of Alberta
Statement of Financial Position
As at December 31, 2010

| | 2010 | 2009 |
|---|---------------------|---------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 567,967 | \$ 563,219 |
| Short term investments (note 3) | 502,558 | 487,681 |
| Accounts receivable | 10,074 | 9,958 |
| Prepaid expenses | 24,272 | 6,705 |
| | <u>1,104,871</u> | <u>1,067,563</u> |
| Property and equipment | <u>653,945</u> | <u>559,163</u> |
| | <u>\$ 1,758,816</u> | <u>\$ 1,626,726</u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 115,385 | \$ 96,086 |
| Deferred contributions related to operations (note 6) | 35,656 | 51,636 |
| Deferred contributions related to property and equipment (note 6) | 208,254 | 227,169 |
| | <u>243,911</u> | <u>278,805</u> |
| Net assets | | |
| Invested in property and equipment | 445,686 | 331,989 |
| Unrestricted | 953,834 | 919,846 |
| | <u>1,399,520</u> | <u>1,251,835</u> |
| | <u>\$ 1,758,816</u> | <u>\$ 1,626,726</u> |

Approved on behalf of the Board:

Director: Gathie Martin
 Director: David Kentney

Amyotrophic Lateral Sclerosis Society of Alberta
Statement of Operations
For the Year Ended December 31, 2010

| | 2010 | 2009 |
|--|-------------------|-------------------|
| Revenue | | |
| Walk for ALS (note 7) | \$ 534,711 | \$ 439,208 |
| Betty's Run for ALS (note 7) | 468,039 | 466,698 |
| Third party fundraisers | 311,028 | 181,108 |
| Donations | 252,193 | 236,227 |
| Fundraising | 221,720 | 221,454 |
| Other | 132,316 | 196,082 |
| Gift in kind donations | 5,610 | 19,813 |
| Amortization of deferred contributions related to property and equipment | 155,325 | 128,043 |
| | <u>2,080,942</u> | <u>1,888,633</u> |
| Expenses | | |
| Administration | \$ 349,484 | \$ 356,813 |
| Research | 310,419 | 296,006 |
| Equipment purchase and repairs | 303,301 | 339,826 |
| Client services | 243,617 | 235,656 |
| Fundraising | 196,124 | 120,716 |
| Betty's run | 98,003 | 83,532 |
| Volunteer | 75,857 | 58,296 |
| Resource development | 66,502 | 75,716 |
| Education | 17,785 | - |
| Awareness | 7,051 | 9,369 |
| Advocacy | 267 | 659 |
| Amortization | 264,847 | 194,250 |
| | <u>1,933,257</u> | <u>1,770,839</u> |
| Excess of revenue over expenses | <u>\$ 147,685</u> | <u>\$ 117,794</u> |

Amyotrophic Lateral Sclerosis Society of Alberta
Statement of Changes in Net Assets
For the Year Ended December 31, 2010

| | Invested in property and equipment | Unrestricted | 2010 | 2009 |
|---------------------------------|--|--------------|--------------|--------------|
| Balance, beginning of year | \$ 331,989 | \$ 919,846 | \$ 1,251,835 | \$ 1,134,041 |
| Excess of revenue over expenses | (109,522) | 257,207 | 147,685 | 117,794 |
| Interfund transfers | 223,219 | (223,219) | - | - |
| Balance, end of year | \$ 445,686 | \$ 953,834 | \$ 1,399,520 | \$ 1,251,835 |

Amyotrophic Lateral Sclerosis Society of Alberta
Statement of Cash Flows
For the Year Ended December 31, 2010

| | 2010 | 2009 |
|---|---------------------|---------------------|
| Operating activities | | |
| Excess of revenue over expenses | \$ 147,685 | \$ 117,794 |
| Non-cash transactions | | |
| Amortization of property and equipment | 264,847 | 194,250 |
| Amortization of deferred contributions - property and equipment | <u>(155,325)</u> | <u>(128,043)</u> |
| | 257,207 | 184,001 |
| Change in non-cash working capital | | |
| Accounts payable and accrued liabilities | 19,299 | 25,767 |
| Accounts receivable | (116) | (2,043) |
| Prepaid expenses | (17,566) | 5,373 |
| Deferred contributions | <u>(15,980)</u> | <u>(87,735)</u> |
| | 242,844 | 125,363 |
| Investing activities | | |
| Purchase of property and equipment | (359,629) | (230,572) |
| Financing activities | | |
| Capital contributions received | <u>136,410</u> | 45,250 |
| Increase in cash | 19,625 | (59,959) |
| Cash and cash equivalents, beginning of the year | <u>1,050,900</u> | <u>1,110,859</u> |
| Cash and cash equivalents, end of year | <u>\$ 1,070,525</u> | <u>\$ 1,050,900</u> |
| Cash and cash equivalents consists of: | | |
| Cash | \$ 567,967 | \$ 563,219 |
| Short term investments | <u>502,558</u> | <u>487,681</u> |
| | <u>\$ 1,070,525</u> | <u>\$ 1,050,900</u> |

Amyotrophic Lateral Sclerosis Society of Alberta
Notes to the Audited Financial Statements
For the Year Ended December 31, 2010

1. PURPOSE OF THE ORGANIZATION

The Amyotrophic Lateral Sclerosis Society of Alberta (the "Society") is incorporated under the Societies Act of the Province of Alberta and is a registered charity. Under Section 149(1) of the Income Tax Act it is therefore exempt from the payment of income tax. The mission of the Society is to make each day the best possible day for people living with and affected by ALS by providing support, facilitating the provision of care, promoting awareness, helping find a cure and advocating for change.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and, in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

a) Revenue recognition

The Society follows the deferral method of accounting for externally restricted contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions and donations are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

b) Cash and cash equivalents

Cash includes cash and cash equivalents, which include term deposits with a maturity of three months or less, money market funds, and other investments in mutual funds that can be liquidated immediately. All are carried at fair value in accordance with the Society's accounting policy for financial instruments.

c) Property and equipment

Property and equipment are recorded at cost when purchased. Contributed property and equipment are recorded at fair market value when received. Property and equipment are amortized over their estimated useful lives at the following rates and methods:

| | | |
|--------------------------------|-----|---------------|
| Office furniture and equipment | 15% | straight-line |
| Client equipment | 20% | straight-line |
| Automotive equipment | 20% | straight-line |
| Computer software | 30% | straight-line |

Equipment purchases with a cost below \$500 are expensed in the year.

d) Contributed materials and services

The Society, in common with many non-profit organizations, makes extensive use of volunteers and donated materials in conducting its activities. Donated materials are recorded at their fair market value with a corresponding amount recorded for donation revenue. No attempt has been made to quantify the value of volunteer services in these financial statements.

Continued on page 8

Amyotrophic Lateral Sclerosis Society of Alberta
Notes to the Audited Financial Statements
For the Year Ended December 31, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Financial Instruments

Except as noted below, the Society classifies all financial instruments as trading and they are therefore carried at their fair value. Unrealized gains and losses on trading assets, if any, are recognized as part of the excess of revenue over expenses. The value of financial instruments reported at fair value is based on current interest rates, market values, and pricing of financial instruments with comparative terms. Because the fair value of financial instruments held by the Society approximates their carrying value, the application of this accounting standard does not have a significant effect on the Society's financial statements.

Financial instruments not classified as trading are accounts receivable which are classified as "loans and receivables", and financial liabilities. These instruments are accordingly carried at cost.

3. SHORT TERM INVESTMENTS

Short term investments are held in a money market fund invested in a Canadian chartered bank. The amounts reported in the financial statements are at cost plus interest, which is substantially equal to fair value.

4. PROPERTY AND EQUIPMENT

| | Cost | | Accumulated Amortization | | Net Book Value | |
|--------------------------------|---------------------|---------------------|--------------------------|-----------------------|-------------------|-------------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Client equipment | \$ 2,547,077 | \$ 2,194,217 | \$ (1,913,391) | \$ (1,658,067) | \$ 633,686 | \$ 536,150 |
| Office furniture and equipment | 59,141 | 58,006 | (40,178) | (40,178) | 18,963 | 17,828 |
| Computer software | 12,964 | 12,964 | (11,668) | (7,779) | 1,296 | 5,185 |
| | \$ 2,619,182 | \$ 2,265,187 | \$ (1,965,237) | \$ (1,706,024) | \$ 653,945 | \$ 559,163 |

5. ADDITIONAL INFORMATION TO COMPLY WITH THE DISCLOSURE REQUIREMENTS OF THE ALBERTA CHARITABLE FUND-RAISING ACT AND REGULATIONS

Gross contributions received of \$ 1,161,073 (2009: \$ 1,018,429) were used for program activities throughout the year.

All expenses incurred for the purposes of soliciting contributions were \$ 410,460 (2009: \$ 271,342).

A total amount of \$ 352,819 (2009: \$ 204,437) was paid for fund-raising activities. Salaries and related cost was \$ 57,641 (2009: \$ 66,905).

Amyotrophic Lateral Sclerosis Society of Alberta
Notes to the Audited Financial Statements
For the Year Ended December 31, 2010

6. DEFERRED CONTRIBUTIONS

| | Beginning Balance | Additions | Utilizations | Ending Balance |
|-----------------------------------|----------------------|------------|--------------|-------------------|
| Related to operations | | | | |
| Betty's Run | \$ 10,000 | \$ 458,039 | \$ (468,039) | \$ - |
| Edmonton Walk 2010 | 2,000 | 2,500 | (2,000) | 2,500 |
| Designated donations | 1,000 | - | (1,000) | - |
| Charity golf tournament | 13,789 | 147,892 | (151,681) | 10,000 |
| Seed grant | 21,000 | - | (18,000) | 3,000 |
| Support for champions | 2,936 | 11,076 | (3,936) | 10,076 |
| Casino | 911 | 66,857 | (57,688) | 10,080 |
| | 51,636 | 686,364 | (702,344) | 35,656 |
| Related to property and equipment | 227,169 | 136,411 | (155,325) | 208,254 |
| | \$ 278,805 | \$ 822,775 | \$ (857,669) | \$ 243,911 |

7. FUNDRAISING EVENTS

The revenue and expenses for the Walk for ALS and Betty's Run include gifts in kind.

8. LEASE COMMITMENTS

The Society has minimum lease commitments under an office lease for the Calgary and Edmonton offices. The Calgary office has signed a 5 year lease agreement on March 1, 2011, the minimum lease commitment expires on May 31, 2016. The lease on the Edmonton property will expire on February 28, 2015.

The minimum office lease commitments are as follows:

| | Calgary | Edmonton | Total |
|------|-----------|-----------|-----------|
| 2011 | \$ 20,010 | \$ 15,568 | \$ 35,578 |
| 2012 | 26,680 | 15,568 | 42,248 |
| 2013 | 26,680 | 15,568 | 42,248 |
| 2014 | 26,680 | 15,568 | 42,248 |
| 2015 | 26,680 | 2,595 | 29,275 |

In addition, the Society has entered into a lease agreement for a photocopier and a mail machine. The Society's minimum equipment lease commitments are as follows:

| | |
|------|----------|
| 2011 | \$ 7,139 |
| 2012 | 8,330 |
| 2013 | 6,548 |
| 2014 | 4,765 |
| 2015 | 1,191 |

Amyotrophic Lateral Sclerosis Society of Alberta
Notes to the Audited Financial Statements
For the Year Ended December 31, 2010

9. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, money market funds, short term interest bearing securities, accounts receivable, accounts payable and accrued liabilities, all of which are reported at fair value. Due to their short term nature, the carrying value of these financial instruments approximate their fair value.

Management has determined that the Society is not exposed to significant credit, market or interest rate risk.

10. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

11. ACCOUNTING STANDARDS CHANGES

In 2010, the Accounting Standards Board issued new accounting standards for Not for Profit organizations which must be adopted for years beginning on or after January 1, 2012. Management is currently reviewing the standards to determine the potential effect of their adoption on the financial statements of the Society, but it currently appears that the changes will not be significant.
