

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

Financial Statements

December 31, 2012

Amyotrophic Lateral Sclerosis (ALS) Society of Alberta
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For the Years Ended December 31, 2011 and 2012

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INDEPENDENT AUDITOR'S REPORT

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

Report on the financial statements

We have audited the accompanying financial statements of Amyotrophic Lateral Sclerosis (ALS) Society of Alberta, which comprise the statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011 and the statements of operations, changes in net assets and cash flows for the years ended December 31, 2012 and December 31, 2011, 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 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 revenues 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 on next page)

INDEPENDENT AUDITOR'S REPORT

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 Alberta as at December 31, 2012, December 31, 2011 and January 1, 2011 and the results of its operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

Thompson Penner & Lo
Certified General Accountants

May 13, 2013
Calgary, Alberta, Canada

Amyotrophic Lateral Sclerosis (ALS) Society of Alberta
Statements of Financial Position
As at December 31, 2011 and 2012 and January 1, 2011

	2012	2011	January 1, 2011
ASSETS			
Current			
Cash	\$ 837,746	\$ 559,348	\$ 567,967
Short term investments (Note 4)	535,262	518,688	502,558
Goods and services tax recoverable	11,010	9,163	10,074
Prepaid expenses	22,467	27,906	24,272
	<u>1,406,485</u>	<u>1,115,105</u>	<u>1,104,871</u>
Property and equipment (Note 5)	<u>604,208</u>	<u>703,301</u>	<u>653,945</u>
	<u>\$ 2,010,693</u>	<u>\$ 1,818,406</u>	<u>\$ 1,758,816</u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable and accrued liabilities	\$ 114,075	\$ 55,539	\$ 115,385
Deferred contributions related to operations (Note 7)	37,955	52,991	35,656
Deferred contributions related to property and equipment (Note 7)	65,100	154,244	208,255
Restricted for future period property and equipment (Note 7)	-	2,050	-
	<u>217,130</u>	<u>264,824</u>	<u>359,296</u>
Net assets			
Invested in property and equipment	539,108	549,057	445,686
Internally restricted (Note 10)	-	20,000	-
Unrestricted	1,254,455	984,525	953,834
	<u>1,793,563</u>	<u>1,553,582</u>	<u>1,399,520</u>
	<u>\$ 2,010,693</u>	<u>\$ 1,818,406</u>	<u>\$ 1,758,816</u>

Approved on behalf of the Board:

Director: _____

Director: _____

Amyotrophic Lateral Sclerosis (ALS) Society of Alberta
Statements of Operations
For the Years Ended December 31, 2011 and 2012

	2012	2011
Revenue		
Walk for ALS (Note 8)	\$ 685,979	\$ 628,545
Betty's Run for ALS (Note 8)	574,855	543,472
Donations	544,651	284,934
Third party fundraisers (Note 8)	340,113	189,765
Amortization of deferred contributions related to property and equipment	203,531	180,654
Other	136,747	190,121
Fundraising	157,608	161,594
Gift in kind donations	-	7,598
	<u>2,643,484</u>	<u>2,186,683</u>
Expenses		
Amortization	398,426	339,899
Research	366,448	334,730
Administration	345,511	329,403
Equipment purchase and repairs	340,308	311,633
Client services	334,728	210,833
Betty's run (Note 8)	107,326	107,137
Fundraising (Note 8)	300,244	215,519
Volunteer	81,266	86,501
Awareness	53,014	34,915
Advocacy	36,431	1,629
Resource development	33,150	50,277
Education	6,651	10,145
	<u>2,403,503</u>	<u>2,032,621</u>
Excess of revenue over expenses	<u>\$ 239,981</u>	<u>\$ 154,062</u>

Amyotrophic Lateral Sclerosis (ALS) Society of Alberta
Statements of Changes in Net Assets
For the Years Ended December 31, 2011 and 2012

	Invested in property and equipment	Internally restricted	Unrestricted	2012	2011
Balance, beginning of year	\$ 549,057	\$ 20,000	\$ 984,525	\$ 1,553,582	\$ 1,399,520
Excess of revenue over expenses	(194,895)	(20,000)	454,876	239,981	154,062
Interfund transfers	184,946	-	(184,946)	-	-
Balance, end of year	\$ 539,108	\$ -	\$ 1,254,455	\$ 1,793,563	\$ 1,553,582

Amyotrophic Lateral Sclerosis (ALS) Society of Alberta
Statements of Cash Flows
For the Years Ended December 31, 2011 and 2012

	2012	2011
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 239,981	\$ 154,062
Non-cash transactions		
Amortization of property and equipment	398,426	339,899
Amortization of deferred contributions - property and equipment	<u>(203,531)</u>	<u>(180,654)</u>
	434,876	313,307
Change in non-cash working capital		
Accounts payable and accrued liabilities	58,536	(59,846)
Goods and services tax recoverable	(1,847)	911
Prepaid expenses	5,439	(3,634)
Deferred contributions related to operations	<u>(15,036)</u>	<u>17,335</u>
	481,968	268,073
INVESTING ACTIVITY		
Purchase of property and equipment	(299,333)	(389,256)
FINANCING ACTIVITIES		
Capital contributions received	112,337	128,694
Short term investments	<u>(16,574)</u>	<u>(16,130)</u>
Increase (decrease) in cash and cash equivalents	278,398	(8,619)
Cash and cash equivalents, beginning of the year	<u>559,348</u>	<u>567,967</u>
Cash and cash equivalents, end of the year	\$ 837,746	\$ 559,348

Amyotrophic Lateral Sclerosis (ALS) Society of Alberta

Notes to the Financial Statements

For the Years Ended December 31, 2011 and 2012

1. PURPOSE OF THE ORGANIZATION

The Amyotrophic Lateral Sclerosis (ALS) 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 amyotrophic lateral sclerosis by providing support, facilitating the provision of care, promoting awareness, helping find a cure and advocating for change.

2. IMPACT OF THE CHANGES IN THE BASIS OF ACCOUNTING

Effective January 1, 2012, the Society adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook – Accounting, electing to adopt the new accounting framework: Canadian accounting standards for not-for-profit organizations. These are the Society's first financial statements prepared in accordance with these accounting standards, which has been applied retrospectively. The accounting policies set out in the following significant accounting policy note have been applied in preparing the financial statements for the year ended December 31, 2012, the comparative information presented in these financial statements for the year ended December 31, 2011 and in the preparation of an opening statement of financial position as at January 1, 2011 (the Society's date of transition).

The Society issued financial statements for the year ended December 31, 2011 using generally accepted accounting principles prescribed by the CICA Handbook – Accounting XFI. The adoption of Canadian accounting standards for not-for-profit organizations had no impact on the Society's excess of revenues over expenses for the year ended December 31, 2011 or on the net assets as at January 1, 2011, the date of transition. Certain of the Society's disclosures included in these financial statements reflect the new disclosure requirements of Canadian accounting standards for not-for-profit organizations.

Note that the Society's 2012 statement of financial position is three columns: December 31, 2012, December 31, 2011 and January 1, 2011. The balances for the January 1, 2011 statement of financial position are the same as those shown for December 31, 2010 because there were no transitional adjustments to these numbers.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CICA Handbook*, 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.

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Amyotrophic Lateral Sclerosis (ALS) Society of Alberta
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (/...Continued)

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) Goods and Services Tax

Goods and services tax is recoverable at 50% as a rebate. The unrecoverable 50% is recorded as part of the expense with the rebate treated as a receivable.

e) 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.

f) Financial instruments

The Society initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and financial liabilities at amortized cost.

The financial assets measured at amortized cost include cash, guaranteed investment certificates, accounts receivable and grants receivable. The financial liabilities measured at amortized cost include the bank loan and accounts payable and accrued liabilities.

4. 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.

Amyotrophic Lateral Sclerosis (ALS) Society of Alberta
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2012

5. PROPERTY AND EQUIPMENT

	Cost		Accumulated Amortization		Net Book Value	
	2012	2011	2012	2011	2012	2011
Client equipment	\$ 3,230,681	\$ 2,932,220	\$ (2,637,788)	\$ (2,245,744)	\$ 592,893	\$ 686,476
Office furniture and equipment	69,759	68,887	(58,444)	(52,062)	11,315	16,825
Computer software	12,964	12,964	(12,964)	(12,964)	-	-
	<u>\$ 3,313,404</u>	<u>\$ 3,014,071</u>	<u>\$ (2,709,196)</u>	<u>\$ (2,310,770)</u>	<u>\$ 604,208</u>	<u>\$ 703,301</u>

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

Gross contributions received of \$1,388,308 (2011: \$1,237,515) were used for program activities throughout the year.

All expenses incurred for the purposes of soliciting contributions were \$440,718 (2011: \$370,712).

A total amount of \$407,901 (2011: \$336,393) was paid for fund-raising activities. Salaries and related cost was \$32,817 (2011: \$34,318).

7. DEFERRED CONTRIBUTIONS

	Beginning Balance	Additions	Utilizations	Ending Balance
Betty's Run	\$ 200	\$ 2,500	\$ (200)	\$ 2,500
Vehicles & Violins	-	5,000	-	5,000
Designated donations	6,650	75,303	(54,303)	27,650
Anonymous Donor	-	50,000	(50,000)	-
Client transport	1,000	-	(1,000)	-
Support for champions	4,042	-	(4,042)	-
Casino	41,099	-	(38,294)	2,805
Related to operations	52,991	132,803	(147,839)	37,955
Related to property and equipment	154,244	114,387	(203,531)	65,100
Deferred contributions restricted for future period equipment purchase	2,050	-	(2,050)	-
	<u>\$ 209,285</u>	<u>\$ 247,190</u>	<u>\$ (353,420)</u>	<u>\$ 103,055</u>

8. FUNDRAISING EVENTS

The revenue and expenses for the Walk for ALS, Betty's Run, and third party fundraising includes gifts in kind.

Amyotrophic Lateral Sclerosis (ALS) Society of Alberta
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2012

9. LEASE COMMITMENTS

The Society has lease commitments for the office and storage in Calgary and Edmonton. The lease on Calgary storage commenced February 1, 2012 and will expire on June 29, 2016. The lease on Calgary and Edmonton office will expire on May 31, 2016 and February 28, 2015 respectively.

The minimum office lease commitments are as follows:

	Calgary		Edmonton	Total
	Office	storage	Office	
2013	26,680	28560	15,568	70,808
2014	26,680	28560	15,568	70,808
2015	26,680	28560	2,595	57,835
2016	11,117	14280	-	25,397

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:

2013	5,088
2014	5,088
2015	1,434

10. INTERNALLY RESTRICTED FUNDS

\$20,000 was raised in 2011 from fundraising events. These funds were designated by the board of directors as restricted funds for clinical services purposes. These funds were paid for clinical services during the current year. The payment was approved by board.

11. FINANCIAL INSTRUMENTS

The Society is required to report financial instruments under the new accounting framework of Accounting Standards for Not-for-Profit Organizations as described in CICA Handbook Section 3856.

The Society's financial instruments consist of cash and cash equivalents, short-term investment, accounts receivable, goods and services tax recoverable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that due to the nature of these financial instruments, the Society is not exposed to significant market, interest rate, or credit risk. The carrying value of these financial instruments approximates their fair value, unless otherwise noted.

12. COMPARATIVE FIGURES

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