

AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF ALBERTA

Financial Statements

December 31, 2015

AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF ALBERTA
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For the Year Ended December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Amyotrophic Lateral Sclerosis (ALS) Society of Alberta, which comprise the statement of financial position as at December 31, 2015 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

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.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Amyotrophic Lateral Sclerosis (ALS) Society of Alberta as at December 31, 2015 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.

Calgary, Alberta
May 12, 2016

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AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF ALBERTA
Statement of Financial Position
As at December 31, 2015

	2015	2014
Assets		
Current		
Cash and cash equivalents	\$ 1,263,399	\$ 1,641,332
Short term investments (Note 3)	2,839,871	1,765,380
Accounts receivable (Note 5)(b))	28,878	115,544
Goods and services tax recoverable	14,550	12,893
Prepaid expenses	37,999	62,976
	<u>4,184,697</u>	<u>3,598,125</u>
Property and equipment (Note 4)	<u>815,388</u>	<u>685,900</u>
	<u>\$ 5,000,085</u>	<u>\$ 4,284,025</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 91,368	\$ 112,140
Deferred contributions related to operations (Note 5)	1,814,278	1,651,569
Deferred contributions related to property and equipment (Note 6)	255,518	211,907
	<u>2,161,164</u>	<u>1,975,616</u>
Net assets		
Invested in property and equipment	559,870	473,993
Internally restricted (Note 11)	354,172	354,172
Unrestricted	1,924,879	1,480,244
	<u>2,838,921</u>	<u>2,308,409</u>
	<u>\$ 5,000,085</u>	<u>\$ 4,284,025</u>

On behalf of the Board


 _____ Director

 _____ Director

The accompanying notes are an integral part of these financial statements.

AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF ALBERTA**Statement of Operations****For the Year Ended December 31, 2015**

	2015	2014
Revenue		
Donations (Note 9)	\$ 1,176,544	\$ 533,142
Walk for ALS (Note 9)	612,182	752,217
Betty's run for ALS (Note 9)	550,465	589,296
Third Party fundraisers (Note 9)	466,242	762,097
Fundraising	200,849	178,616
Amortization of deferred contributions related to property and equipment (Note 6)	125,461	116,263
Other	45,260	107,031
	<u>3,177,003</u>	<u>3,038,662</u>
Expenses		
Equipment purchase and repairs	684,125	619,074
Administration	418,300	371,412
Client services	418,771	399,356
Amortization	381,458	347,427
Research	340,132	348,093
Fundraising (Note 9)	210,139	334,576
Betty's run (Note 9)	130,678	117,014
Resource development	87,295	30,084
Volunteer expense	79,029	75,351
Awareness	53,677	35,610
Partnership support	16,528	14,383
Education	5,025	6,449
Advocacy	1,491	2,201
	<u>2,826,648</u>	<u>2,701,030</u>
Excess of revenue over expenses before other income (expenses)	<u>350,355</u>	<u>337,632</u>
Other income (expenses)		
Loss on sale of investment	(437)	(623)
Interest income	10,830	48,266
Unrealized loss on investments	(26,684)	(105,364)
Capital gain distributions	196,449	65,659
	<u>180,158</u>	<u>7,938</u>
Excess of revenue over expenses	<u>\$ 530,513</u>	<u>\$ 345,570</u>

The accompanying notes are an integral part of these financial statements.

AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF ALBERTA
Statement of Changes in Net Assets
For the Year Ended December 31, 2015

	Invested in property and equipment	Internally restricted (Note 11)	Unrestricted	2015	2014
Net assets - beginning of year	\$ 473,993	\$ 354,172	\$ 1,480,244	\$ 2,308,409	\$ 1,962,839
Excess (deficiency) of revenue over expenses	(255,997)	-	786,509	530,512	345,570
Net purchase of property and equipment	341,874	-	(341,874)	-	-
Net assets - end of year	\$ 559,870	\$ 354,172	\$ 1,924,879	\$ 2,838,921	\$ 2,308,409

AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF ALBERTA**Statement of Cash Flows****For the Year Ended December 31, 2015**

	2015	2014
Operating activities		
Excess of revenue over expenses	\$ 530,513	\$ 345,570
Items not affecting cash:		
Amortization	381,458	347,427
Unrealized loss on investments	26,684	105,364
Loss on sale of investment	437	623
Amortization of deferred contributions related to property and equipment	(125,461)	(116,263)
Interest reinvestment	(10,830)	(40,330)
Capital gain distributions reinvestment	(196,449)	(65,659)
	<u>606,352</u>	<u>576,732</u>
Changes in non-cash working capital:		
Accounts receivable	86,666	(115,544)
Goods and services tax recoverable	(1,657)	(1,412)
Accounts payable and accrued liabilities	(20,772)	(148,980)
Deferred contributions related to operations	162,709	404,689
Prepaid expenses	24,977	(24,960)
	<u>251,923</u>	<u>113,793</u>
Cash flows from operating activities	<u>858,275</u>	<u>690,525</u>
Investing activities		
Purchase of property and equipment	(368,533)	(272,299)
Purchase of short term investments	(894,335)	(1,199,255)
Cash flows used by investing activities	<u>(1,262,868)</u>	<u>(1,471,554)</u>
Financing activity		
Restricted capital funds received	<u>26,660</u>	-
Decrease in cash flows	(377,933)	(781,029)
Cash and cash equivalents - beginning of year	<u>1,641,332</u>	<u>2,422,361</u>
Cash and cash equivalents - end of year	<u>\$ 1,263,399</u>	<u>\$ 1,641,332</u>

The accompanying notes are an integral part of these financial statements.

AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF ALBERTA

Notes to Financial Statements

Year Ended December 31, 2015

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)(f) 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. 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 CPA Canada 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. 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.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions related to property and equipment are recognized in revenue using the same rates and methods to amortize the assets to which the contribution relate.

(b) Cash and cash equivalents

Cash consists of cash on hand balances with Canadian financial institutions. Cash equivalents consist of short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change of value.

(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:

Client equipment	5 years	straight-line
Motor vehicles	3.3 years	Straight-line
Computer software	3.3 years	straight-line
Furniture and fixtures	6.7 years	straight-line

The Society regularly reviews its property and equipment to eliminate obsolete items. Property and equipment purchases with a cost below \$2,000 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.

(continues)

AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF ALBERTA

Notes to Financial Statements

Year Ended December 31, 2015

2. Summary of significant accounting policies (continued)

(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 as expenses 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 and cash equivalents and accounts receivable. The financial assets measured at fair value include short term investments that are quoted in an active market. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

3. Short term investments

	<u>2015</u>	<u>2014</u>
Mutual funds	\$ 2,659,880	\$ 1,607,769
Fixed income	175,941	153,611
Other	4,050	4,000
	<u>\$ 2,839,871</u>	<u>\$ 1,765,380</u>

4. Property and equipment

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2015 Net book value</u>	<u>2014 Net book value</u>
Client equipment	\$ 4,381,768	\$ 3,599,421	\$ 782,347	\$ 667,050
Motor vehicles	26,661	7,998	18,663	-
Computer software	21,639	18,169	3,470	6,073
Furniture and fixtures	82,150	71,242	10,908	12,777
	<u>\$ 4,512,218</u>	<u>\$ 3,696,830</u>	<u>\$ 815,388</u>	<u>\$ 685,900</u>

AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF ALBERTA

Notes to Financial Statements

Year Ended December 31, 2015

5. Deferred contributions related to operations

	2014	Additions	Utilizations	2015
Dutton Estate Bequest (a)	\$ 1,125,650	\$ 1,000,000	\$ 703,859	\$ 1,421,791
Ice Bucket Challenge (b)	441,680	25,879	139,000	328,559
Casino	84,139	84,393	104,604	63,928
Betty's Run	100	-	100	-
	<u>\$ 1,651,569</u>	<u>\$ 1,110,272</u>	<u>\$ 947,563</u>	<u>\$ 1,814,278</u>

(a) On July 3, 2013, the Society was named as a residuary beneficiary of the Dutton Estate (the "Estate"). As a result, the Society is entitled to receive a portion of the Estate once the assets are sold. The funds are used for the purchase of equipment and ancillary activities directly related to the equipment supply program. As of December 31, 2015, the total amount of distribution received and interest earned was \$2,125,650 (2014: \$1,125,650). The remaining amount to be received cannot be determined therefore has not been reflected in the financial statements.

(b) During 2015, the funds were raised from the Ice Bucket Challenge and processed through ALS Canada. As of December 31, 2015, the amount received related to the client services purposes was \$467,559 (2014: \$441,680).

6. Deferred contributions related to property and equipment

	2014	Additions	Utilizations	2015
	\$ 211,907	\$ 169,072	\$ 125,461	\$ 255,518

7. Additional information to comply with the disclosure requirements of the Alberta Charitable Fundraising Act and Regulations

Gross contributions received were \$1,736,608 (2014: \$2,199,913). All expenses incurred for the purposes of soliciting contributions were \$422,839 (2014: \$488,199). A total amount \$338,379 (2014: \$451,589) was paid for fund-raising activities. Salaries and related cost was \$84,460 (2014: \$36,529).

AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF ALBERTA

Notes to Financial Statements

Year Ended December 31, 2015

8. Lease commitments

The Society has lease commitments for the office and storage in Calgary and Edmonton.

The lease agreement for Calgary office's previous location will expire on May 31, 2016. The Society signed a new lease agreement for Calgary office's current location on January 9, 2016. The new lease commenced on February 15, 2016 and will expire on December 30, 2018 with two months free rent period. On February 3, 2016, the Society signed another lease agreement for Calgary office's current location to extend the lease term for another seven years, which will commence on January 1, 2019 and will expire on December 31, 2025 with three months free rent period.

The lease agreement for Calgary storage commenced on February 1, 2012 and will expire on June 29, 2016.

The lease agreement for Edmonton office commenced on January 1, 2014 and will expire on December 31, 2018.

Future minimum lease payments:

	Calgary Office	Calgary Storage	Edmonton Office	Total
2016	\$ 55,093	\$ 1,190	\$ 28,000	\$ 84,283
2017	67,338	-	30,800	98,138
2018	67,338	-	30,800	98,138
2019	52,651	-	-	52,651
2020	71,578	-	-	71,578
	<u>\$ 313,998</u>	<u>\$ 1,190</u>	<u>\$ 89,600</u>	<u>\$ 404,788</u>

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

2016	\$ 4,992
2017	\$ 4,992
2018	\$ 4,992
2019	\$ 1,248

9. Donations and fundraising events

In the current year \$703,859 was recorded as revenue related to the utilization of deferred contributions(note 5).

The revenue and expenses for the Walk for ALS, Betty's Run, and third party fundraisers include \$162,924 gifts in kind.

AMYOTROPHIC LATERAL SCLEROSIS (ALS) SOCIETY OF ALBERTA

Notes to Financial Statements

Year Ended December 31, 2015

10. Financial instruments

The Society's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities, all of which are reported at amortized cost. The Society's financial instruments also consist of short term investments, reported at fair value.

The Society can be exposed to various risks through its financial instruments. It is management's opinion that the Society is not exposed to significant interest risk and credit risk. Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in the market prices. The Society exposed to price risk in its short term investments.

11. Internal restricted net assets

During 2014, the Society raised \$354,172 Ice Bucket Challenge funds through the third parties other than ALS Canada. The funds have been restricted for client services by the board. No funds have been used as of December 31, 2015.
