

ALS SOCIETY OF ALBERTA

Financial Statements

December 31, 2018

ALS SOCIETY OF ALBERTA
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For the Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of ALS Society of Alberta :

Opinion

We have audited the financial statements of ALS Society of Alberta (the "Society"), which comprise the statement of financial position, as at December 31, 2018, and the statement of operations, statement of change in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Society for the year ended December 31, 2017, were audited by the firm of Calvista LLP, whose practice now operates under BDO Canada LLP, and who expressed an unmodified opinion on those statements on May 23, 2018.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 cease operations, or has no realistic alternative but to do so.

(continues)



Independent Auditor's Report to the Members of ALS Society of Alberta *(continued)*

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

Auditor's Responsibilities for the Audit of 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.

BDO Canada LLP

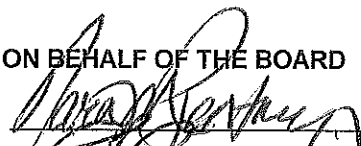
Chartered Professional Accountants

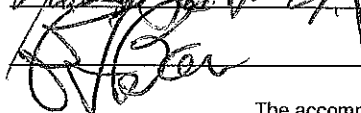
Calgary, Alberta
May 19, 2019

ALS SOCIETY OF ALBERTA
Statement of Financial Position
As at December 31

| | 2018 | 2017 |
|---|---------------------|---------------------|
| Assets | | |
| Current | | |
| Cash and cash equivalents | \$ 368,679 | \$ 463,977 |
| Restricted cash (Note 3) | 2,372 | 42,598 |
| Short term investments (Note 4) | 2,609,803 | 2,628,719 |
| Accounts receivable | 17,852 | 88,053 |
| Goods and services tax recoverable | 5,513 | 6,010 |
| Prepaid expenses | 37,127 | 38,779 |
| | <u>3,041,346</u> | <u>3,268,136</u> |
| Property and equipment (Note 5) | <u>671,174</u> | <u>883,831</u> |
| | <u>\$ 3,712,520</u> | <u>\$ 4,151,967</u> |
| Liabilities and Net Assets | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 99,945 | \$ 82,406 |
| Deferred contributions related to operations (Note 6) | 145,850 | 506,922 |
| Current portion of lease inducement (Note 7) | - | 3,824 |
| | <u>245,795</u> | <u>593,152</u> |
| Deferred contributions related to property and equipment (Note 8) | <u>235,765</u> | <u>303,882</u> |
| | <u>481,560</u> | <u>897,034</u> |
| Net Assets | | |
| Invested in property and equipment | 435,409 | 579,949 |
| Internally restricted (Note 9) | 1,273,882 | 354,172 |
| Unrestricted | 1,521,669 | 2,320,812 |
| | <u>3,230,960</u> | <u>3,254,933</u> |
| | <u>\$ 3,712,520</u> | <u>\$ 4,151,967</u> |

ON BEHALF OF THE BOARD

 Director

 Director

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

ALS SOCIETY OF ALBERTA
Statement of Operations
For the Year Ended December 31

| | 2018 | 2017 |
|---|--------------------|-------------------|
| Revenue | | |
| Donations | \$ 851,438 | \$ 1,220,831 |
| Walk for ALS | 742,636 | 654,791 |
| Betty's Run for ALS | 601,632 | 487,386 |
| Third party fundraisers | 317,587 | 326,566 |
| Amortization of deferred contributions related to property and equipment (Note 8) | 134,400 | 149,764 |
| Fundraising | 109,055 | 86,313 |
| Other | 86,652 | 115,615 |
| | <u>2,843,400</u> | <u>3,041,266</u> |
| Expenses | | |
| Equipment purchase and repairs | 698,948 | 762,664 |
| Client services | 463,156 | 484,187 |
| Administration | 409,610 | 437,020 |
| Amortization | 393,329 | 428,617 |
| Research expense - ALS Canada | 372,119 | 326,983 |
| Fundraising | 221,198 | 165,177 |
| Betty's Run | 137,791 | 148,836 |
| Volunteers | 80,185 | 94,297 |
| Awareness | 49,990 | 60,573 |
| Resource development | 51,002 | 59,322 |
| Partnership support | 3,496 | 5,368 |
| Advocacy | 381 | 928 |
| | <u>2,881,205</u> | <u>2,973,972</u> |
| Excess (deficiency) of revenue over expenses from operations | <u>(37,805)</u> | <u>67,294</u> |
| Other income | | |
| Unrealized gain (loss) on investments | (180,202) | 115,585 |
| Capital gain distributions | 105,989 | 101,539 |
| Interest income | 85,412 | 68,495 |
| Gain on sale of investments | 2,633 | 23,435 |
| | <u>13,832</u> | <u>309,054</u> |
| Excess (deficiency) of revenue over expenses | <u>\$ (23,973)</u> | <u>\$ 376,348</u> |

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

ALS SOCIETY OF ALBERTA
Statement of Changes in Net Assets
For the Year Ended December 31

| | Invested in property and equipment | Internally restricted (Note 9) | Unrestricted | 2018 | 2017 |
|--|--|--------------------------------------|---------------------|---------------------|---------------------|
| Net assets - beginning of year | \$ 579,949 | \$ 354,172 | \$ 2,320,812 | \$ 3,254,933 | \$ 2,878,585 |
| Excess (deficiency) of revenue over expenses | (258,929) | - | 234,956 | (23,973) | 376,348 |
| Net purchase of property and equipment | 114,389 | - | (114,389) | - | - |
| Funds transfer (Note 9) | - | 919,710 | (919,710) | - | - |
| Net assets - end of year | \$ 435,409 | \$ 1,273,882 | \$ 1,521,669 | \$ 3,230,960 | \$ 3,254,933 |

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

ALS SOCIETY OF ALBERTA
Statement of Cash Flows
For the Year Ended December 31

| | 2018 | 2017 |
|---|-------------------|-------------------|
| Operating activities | | |
| Excess (deficiency) of revenue over expenses | \$ (23,973) | \$ 376,348 |
| Items not affecting cash: | | |
| Amortization of property and equipment | 393,329 | 428,617 |
| Gain on sale of investment | (2,633) | (23,435) |
| Lease inducement | (3,824) | (3,824) |
| Unrealized loss (gain) on investments | 180,202 | (115,585) |
| Interest reinvestment | (85,412) | (68,495) |
| Capital gain distributions reinvestment | (105,989) | (101,539) |
| Amortization of deferred contributions related to property and equipment (Note 8) | (134,400) | (149,764) |
| | <u>217,300</u> | <u>342,323</u> |
| Changes in non-cash working capital: | | |
| Accounts receivable | 70,201 | (83,828) |
| Restricted cash | 40,227 | 8,048 |
| Goods and services tax recoverable | 497 | 25,263 |
| Accounts payable and accrued liabilities | 17,538 | (34,668) |
| Deferred contributions related to operations | (361,072) | (815,630) |
| Prepaid expenses | 1,652 | (274) |
| | <u>(230,957)</u> | <u>(901,089)</u> |
| Cash flows used by operating activities | <u>(13,657)</u> | <u>(558,766)</u> |
| Investing activities | | |
| Purchase of property and equipment | (114,391) | (230,926) |
| Redemption of short term investments | 32,750 | 432,317 |
| Cash flows from (used by) investing activities | <u>(81,641)</u> | <u>201,391</u> |
| Decrease in cash flows | <u>(95,298)</u> | <u>(357,375)</u> |
| Cash - beginning of year | <u>463,977</u> | <u>821,352</u> |
| Cash - end of year | <u>\$ 368,679</u> | <u>\$ 463,977</u> |

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

ALS SOCIETY OF ALBERTA
Notes to Financial Statements
Year Ended December 31, 2018

1. Purpose of the organization

The 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. In 2017, the Society, which was originally incorporated as the Amyotrophic Lateral Sclerosis Society of Alberta, changed its name to ALS Society of Alberta.

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:

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 relates.

Walk for ALS and Betty's Run for ALS revenue are recognized as revenue in the year in which the event is held.

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

Interest and capital gain distributions are recognized as revenue on an accrual basis when it is earned.

Gain (loss) on sale of investments were recognized as revenue when transactions occurred.

Unrealized gains or losses are measured between carrying value and fair market value as at reporting date.

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. The Society currently hold no cash equivalents.

Restricted cash

The Society has received cash that is to be used for specific purposes and keep this cash in separate bank account if there is a requirement from funders.

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ALS SOCIETY OF ALBERTA
Notes to Financial Statements
Year Ended December 31, 2018

2. Summary of significant accounting policies (continued)

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 |
| Furniture and fixtures | 6.7 years | straight-line |
| Computer software | 3.3 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 acquired.

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. No attempt has been made to quantify the value of volunteer services in these financial statements. Donated materials are recorded as expenses at their fair market value at the date of contribution when fair values can be reasonably determined and would otherwise be purchased with a corresponding amount recorded as donation revenue.

Financial instruments

The Society initially measures its financial assets and financial liabilities at fair value. It subsequently measures investments in equity securities traded in the open market at fair value, and all other financial assets and financial liabilities at amortized cost.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Estimates and assumptions made in the preparation of these financial statements include the useful life of property and equipment, and the amount of revenue recognized from deferred related to property and equipment.

3. Restricted Cash

The restricted cash is unused casino funds in a separate bank.

ALS SOCIETY OF ALBERTA
Notes to Financial Statements
Year Ended December 31, 2018

4. Short term investments

| | <u>2018</u> | <u>2017</u> |
|-----------------------------|---------------------|---------------------|
| Mutual funds, at fair value | \$ 2,605,754 | \$ 2,624,670 |
| Other | 4,049 | 4,049 |
| | <u>\$ 2,609,803</u> | <u>\$ 2,628,719</u> |

5. Property and equipment

| | <u>Cost</u> | <u>Accumulated amortization</u> | <u>2018 Net book value</u> | <u>2017 Net book value</u> |
|------------------------|---------------------|-------------------------------------|------------------------------------|------------------------------------|
| Client equipment | \$ 5,435,437 | \$ 4,773,274 | \$ 662,163 | \$ 860,333 |
| Motor vehicles | 66,196 | 62,243 | 3,953 | 18,480 |
| Furniture and fixtures | 84,486 | 79,428 | 5,058 | 5,018 |
| Computer software | 21,639 | 21,639 | - | - |
| | <u>\$ 5,607,758</u> | <u>\$ 4,936,584</u> | <u>\$ 671,174</u> | <u>\$ 883,831</u> |

6. Deferred contributions related to operations

Deferred contributions related to operations is funding received for future period operations.

| | <u>2017</u> | <u>Additions</u> | <u>Utilizations</u> | <u>2018</u> |
|-----------------------------|-------------------|------------------|---------------------|-------------------|
| Dutton Estate Bequest | \$ 330,357 | \$ - | \$ 244,838 | \$ 85,519 |
| Ice Bucket Challenge | 59,461 | - | 7,465 | 51,996 |
| Betty's Run | 6,203 | 6,354 | 6,203 | 6,354 |
| Casino | 110,901 | - | 108,920 | 1,981 |
| Support for Champions | - | 1,100 | 1,100 | - |
| Support for research | - | 13,023 | 13,023 | - |
| Support for client services | - | 16,000 | 16,000 | - |
| Support for small equipment | - | 15,000 | 15,000 | - |
| | <u>\$ 506,922</u> | <u>\$ 51,477</u> | <u>\$ 412,549</u> | <u>\$ 145,850</u> |

On July 3, 2013, the Society was named as a residuary beneficiary of the Dutton Estate (the "Estate"). As a result of this bequest, the Society was entitled to receive a portion of the Estate when the assets were sold. The total bequest received was \$2,564,742. The funds were restricted for the purchase of equipment and ancillary activities directly related to the equipment supply program.

ALS SOCIETY OF ALBERTA
Notes to Financial Statements
Year Ended December 31, 2018

7. Lease inducement

The Society received 2 months of free rent in 2016 under the lease in place at the time, which expired at December 31, 2018. This inducement is reported as a reduction of rent expense over the period of the lease in place at the time.

| | <u>2018</u> | <u>2017</u> |
|---------------------------------------|----------------|----------------|
| Lease inducement, beginning | \$ 3,824 | \$ 7,648 |
| Amortization | <u>(3,824)</u> | <u>(3,824)</u> |
| Balance, end of the year | - | 3,824 |
| Less: current portion | - | <u>(3,824)</u> |
| Long term portion of lease inducement | <u>\$ -</u> | <u>\$ -</u> |

8. Deferred contributions related to property and equipment

Contributions received for property and equipment are deferred and amortized over the useful life of the asset.

| | <u>2017</u> | <u>Additions</u> | <u>Utilizations</u> | <u>2018</u> |
|--|-------------|------------------|---------------------|-------------|
| | \$ 303,882 | \$ 66,283 | \$ 134,400 | \$ 235,765 |

9. Internally restricted

During 2014, the Society received \$354,172 through the Ice Bucket Challenge. These contributions were accepted and distributed to the Society by third parties other than ALS Canada. The contributions have been restricted by the Board of Directors for client services and cannot be used without the board's approval.

During the year, the board has approved to reserve an additional \$919,710 (2017: Nil) for the future operations. The reserve funds cannot be used without the board's approval.

10. Fundraising costs

Fundraising contributions received were \$1,661,855 (2017: \$1,615,252). All expenses incurred for the purposes of soliciting contributions were \$405,060 (2017: \$366,671). A total amount \$358,990 (2017: \$314,013) was for fund-raising activities. Salaries and related cost was \$46,070 (2017: \$52,658).

ALS SOCIETY OF ALBERTA
Notes to Financial Statements
Year Ended December 31, 2018

11. Lease commitments

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

In 2016, the Society extended its lease in Calgary from its original expiry date of December 30, 2018 to December 31, 2025.

The lease agreement for Edmonton office was renewed in 2018 with term from January 1, 2019 to December 31, 2024.

Future minimum lease payments are as follows:

| | Calgary Office | Edmonton Office | Total |
|------|-------------------|--------------------|-------------------|
| 2019 | \$ 52,651 | \$ 30,800 | \$ 83,451 |
| 2020 | 71,578 | 30,800 | 102,378 |
| 2021 | 71,578 | 30,800 | 102,378 |
| 2022 | 72,955 | 30,800 | 103,755 |
| 2023 | 72,955 | 30,800 | 103,755 |
| 2024 | 74,331 | 30,800 | 105,131 |
| 2025 | 75,708 | - | 75,708 |
| | <u>\$ 491,756</u> | <u>\$ 184,800</u> | <u>\$ 676,556</u> |

12. Donations and gift in kind

In the current year \$244,838 (2017: \$810,526) of the Dutton Estate bequest described in Note 6 was utilized for its intended purposes and was recognized as donation revenue.

The donated capital equipment in the current year is \$66,283 (2017: \$130,043).

The following gifts in kind received during the year have been recorded in both revenue and expenses in statement of operations.

| | 2018 | 2017 |
|---------------------------|-------------------|-------------------|
| Betty's Run | \$ 67,146 | \$ 85,384 |
| Walk for ALS | 117,331 | 71,400 |
| Small equipment donations | 29,777 | 33,455 |
| Fundraising | 27,443 | 15,604 |
| | <u>\$ 241,697</u> | <u>\$ 205,843</u> |

ALS SOCIETY OF ALBERTA
Notes to Financial Statements
Year Ended December 31, 2018

13. 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, and short term investments in mutual funds, which are 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 market risk to which the Society is exposed is price risk in its short term investments. Management reduces this risk by application of an investment policy approved and monitored by the Board of Directors.

14. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation. This reclassification has no effect on prior year excess (deficiency) of revenues over expenses.
