

**2016**  
**Financial Statements**  
**With**  
**Auditor's Letters**

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION TENNESSEE CHAPTER

d.b.a THE ALS ASSOCIATION TENNESSEE CHAPTER

FINANCIAL STATEMENTS

JANUARY 31, 2016

(With Independent Auditor's Report Thereon)

**AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION TENNESSEE CHAPTER**  
**d.b.a THE ALS ASSOCIATION TENNESSEE CHAPTER**  
**FINANCIAL STATEMENTS**  
**JANUARY 31, 2016**

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**PATTERSON, HARDEE & BALLENTINE, P.C.**

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Amyotrophic Lateral Sclerosis Association Tennessee Chapter  
d.b.a The ASL Association Tennessee Chapter

We have audited the accompanying financial statements of Amyotrophic Lateral Sclerosis Association, Tennessee Chapter, (a nonprofit organization) which comprise the statement of financial position as of January 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation 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 auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 referred to above present fairly, in all material respects, the financial position of Amyotrophic Lateral Sclerosis Association Tennessee Chapter, as of January 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Patterson Hardee & Ballentine*

April 1, 2016

**AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION TENNESSEE CHAPTER**  
**d.b.a THE ALS ASSOCIATION TENNESSEE CHAPTER**  
**STATEMENT OF FINANCIAL POSITION**  
**JANUARY 31, 2016**

**ASSETS**

Current Assets:

Cash and cash equivalents	\$ 558,858	
Pledges receivable	8,475	
Inventory	123,048	
Prepaid expenses	11,341	
Investments	597,012	
Total current assets		\$ 1,298,734

Equipment:

Equipment	15,827	
Less: accumulated depreciation	(11,595)	
		4,232

Assets Whose Use is Limited:

Cash and cash equivalents	614,963	
		614,963

Total Assets		<u>\$ 1,917,929</u>
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**LIABILITIES AND NET ASSETS**

Current Liabilities:

Accounts payable	\$ 31,876	
Accrued payroll	7,910	
Total current liabilities		\$ 39,786

Net Assets:

Unrestricted	1,263,180	
Unrestricted board-designated	300,000	
	1,563,180	
Temporarily restricted	314,963	
		1,878,143

Total Liabilities and Net Assets		<u>\$ 1,917,929</u>
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**AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION TENNESSEE CHAPTER**  
**d.b.a THE ALS ASSOCIATION TENNESSEE CHAPTER**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JANUARY 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenue:				
Contributions	\$ 85,593	\$ 208,555	\$ -	\$ 294,148
Revenues:				
Grants	3,700	5,000	-	8,700
Special events income	626,922	-	-	626,922
In-kind donations	161,078	-	-	161,078
Interest income	1,070	-	-	1,070
Investment income, net	(15,791)	-	-	(15,791)
Net assets released from restriction	4,000	(4,000)	-	-
Total revenues	780,979	1,000	-	781,979
Total public support and revenue	866,572	209,555	-	1,076,127
Expenses:				
Program Services:				
Respite care, education and other expenses	909,089	-	-	909,089
Total program services	909,089	-	-	909,089
Supporting Services:				
Management and general	34,823	-	-	34,823
Fundraising	143,488	-	-	143,488
Total supporting services	178,311	-	-	178,311
Total program and supporting expenses	1,087,400	-	-	1,087,400
Increase (decrease) in net assets	(220,828)	209,555	-	(11,273)
Net assets - beginning of year	1,784,008	105,408	-	1,889,416
Net assets - end of year	\$ 1,563,180	\$ 314,963	\$ -	\$ 1,878,143

See accompanying notes to financial statements.



**AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION TENNESSEE CHAPTER**  
**d.b.a THE ALS ASSOCIATION TENNESSEE CHAPTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JANUARY 31, 2016**

	Program Services	Supporting Services		
	Respite Care, Education and Other Expenses	Management and General	Fundraising	Total
Advertising	\$ -	\$ -	\$ 21	\$ 21
Bank and credit card charges	-	88	6,750	6,838
Bad debts	-	350	-	350
Communications program	8,126	-	-	8,126
Depreciation	1,081	65	261	1,407
Direct mailings	-	-	120	120
Dues and subscriptions	2,408	-	-	2,408
Education and training	3,574	-	921	4,495
Equipment loan program	19,618	-	-	19,618
Equipment rental	1,657	110	442	2,209
Holiday support program	3,695	-	-	3,695
In-kind	145,571	-	-	145,571
Insurance	12,618	2,064	1,475	16,157
Office supplies	4,434	265	747	5,446
Payments to national affiliate	102,430	6,154	19,614	128,198
Payroll	386,455	21,306	56,040	463,801
Payroll taxes	29,068	1,606	4,191	34,865
Payroll service	1,709	569	-	2,278
Permits and licenses	99	7	267	373
Postage and delivery	3,102	110	535	3,747
Printing and reproduction	660	28	152	840
Professional fees	9,503	300	2,782	12,585
Program expense and miscellaneous	36,855	-	-	36,855
Rent	15,648	972	3,888	20,508
Research	50	-	-	50
Repairs and maintenance	412	28	110	550
Respite care	52,810	-	-	52,810
Special events	24,401	-	34,680	59,081
Telephone	13,645	581	1,814	16,040
Travel	21,784	41	2,489	24,314
Utilities	2,593	173	691	3,457
Website	5,083	6	5,498	10,587
	<u>\$ 909,089</u>	<u>\$ 34,823</u>	<u>\$ 143,488</u>	<u>\$ 1,087,400</u>

See accompanying notes to financial statements.

**AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION TENNESSEE CHAPTER**  
**d.b.a THE ALS ASSOCIATION TENNESSEE CHAPTER**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JANUARY 31, 2016**

Cash Flows From Operating Activities:

Decrease in net assets	\$	(11,273)
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Adjustment to reconcile decrease in net assets

to net cash used in operating activities:

Depreciation	\$	1,407	
Unrealized gain on investments		28,966	
Dividends and interest reinvested, net of fees		(13,829)	
Donated inventory		(15,507)	
Changes in:			
Pledges receivable		3,906	
Prepaid expenses		(773)	
Assets whose use is limited		(209,555)	
Accounts payable		19,053	
Accrued expenses		894	
Total adjustments			(185,438)
Net cash used in operating activities			(196,711)

Cash Flows From Investing Activities:

Purchase of equipment	(1,810)	
Net cash used in investing activities		(1,810)

Net decrease in cash and cash equivalents	(198,521)
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Cash and cash equivalents - beginning of year	757,379
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Cash and cash equivalents - end of year	\$ 558,858
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**AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION TENNESSEE CHAPTER**  
**d.b.a THE ALS ASSOCIATION TENNESSEE CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**JANUARY 31, 2016**

**NOTE 1 - Summary of Significant Accounting Policies**

**Nature of Activities**

In these notes, the terms "Organization", "we", "us" or "our" mean the Amyotrophic Lateral Sclerosis Association Tennessee Chapter. We are a nonprofit organization and a locally governed affiliate of our national organization, Amyotrophic Lateral Sclerosis Association. Our mission is to find a cure for and improve living for people with Amyotrophic Lateral Sclerosis (ALS). Virtually all of our revenue and support for the year ended January 31, 2016, was from the general public.

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, our net assets and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations, which may or will be met, either by our actions and/or by the passage of time. Restrictions fulfilled in the same accounting period in which the contributions are received are reported in the Statement of Activities as unrestricted.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations which require the assets to be permanently maintained. Generally, the donors of these assets permit us to use all or part of the income earned and any related investments for general or specific purposes. We had no permanently restricted net assets as of January 31, 2016.

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, we consider all unrestricted cash, certificates of deposit, and investment instruments purchased with original maturities of three months or less to be cash equivalents. At January 31, 2016, we had one certificate of deposit totaling \$206,793, shown in Note 2, which is included as a cash equivalent.

**Pledges Receivable**

Unconditional promises to give (pledges) are recognized as contribution revenue when the donor's commitment is received or pledged. Pledges with payments due to us in future periods are recorded as increases in temporarily restricted or permanently restricted net assets at the estimated present value of future cash flows, net of an allowance for estimated uncollectible promises. The allowance is based on prior years' experience and our analysis of specific accounts. At January 31, 2016, no allowance was considered necessary.

In contrast to unconditional promises as described above, conditional promises are not recorded until donor contingencies are substantially met.

**Prepaid expenses**

Prepaid expenses consist of insurance premiums and professional fees paid by us in advance.

**AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION TENNESSEE CHAPTER**  
**d.b.a THE ALS ASSOCIATION TENNESSEE CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**JANUARY 31, 2016**

NOTE 1 - Summary of Significant Accounting Policies (continued)

Equipment

Equipment is recorded at cost or, if donated, at the estimated fair market value at the date of donation. Depreciation is provided utilizing the straight-line method over the estimated useful lives of the respective assets. Expenditures for repairs and maintenance are charged to expense as incurred. It is our policy to capitalize purchases of fixed assets with a value of \$500 or more or with a useful life of over one year.

Investments

We use a framework for measuring fair value and disclosing fair values. We define fair value at the price which would be received to sell an asset in an orderly transaction between market participants at the measurement date. We use this framework for all assets and liabilities measured and reported on a fair value basis and enable the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Each asset and liability carried at fair value is classified into one of the following categories:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities
- Level 2 - Observable market based inputs or unobservable inputs corroborated by market data
- Level 3 - Unobservable inputs not corroborated by market data.

For the year ended January 31, 2016, all of our investments were based on level 1 inputs at the active market prices.

Income Tax Status

We are a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and are classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying financial statements. We do not believe there are any uncertain tax positions. Further, we do not believe that we have any unrelated business income, which would be subject to federal taxes. We are not subject to examination by U.S. federal or state taxing authorities for fiscal years before 2012.

Advertising

Advertising is expensed as incurred.

Functional Allocation of Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Fair Values of Financial Instruments

The carrying values of current assets and current liabilities approximate fair values due to the short maturities of these instruments.

**AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION TENNESSEE CHAPTER**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JANUARY 31, 2016**

NOTE 1 - Summary of Significant Accounting Policies (continued)

Concentration of Credit Risk

At January 31, 2016, 94% of our pledges receivable was due from one donor and 86% of our accounts payable was due to one vendor.

During the year ended January 31, 2016, we received 45% of total revenue from one type of event.

Cash Concentrations

We maintain our cash in bank accounts which, at times, may exceed federally insured limits. We have not experienced any losses in such accounts and do not believe that it is exposed to any significant credit risk on our cash.

NOTE 2 - Certificate of Deposit

At January 31, 2016, we had one certificate of deposit that will mature in the next fiscal year. The certificate of deposit is held at Truxton Trust, has an original maturity date of 90 days, and has been reported as a cash equivalent.

The following is a summary of the certificate of deposit at January 31, 2016:

	<u>Balance</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Truxton Trust	\$206,793	.15%	April 27, 2016

NOTE 3 - Pledges Receivable

Pledges receivable consisted of the following at January 31, 2016:

Due in less than one year	\$ 8,475
Due in one to five years	<u>-</u>
	<u>\$ 8,475</u>

Pledges receivable due in one to five years have not been discounted to present value since they are not expected to be significantly different from the carrying values.



**AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION TENNESSEE CHAPTER**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JANUARY 31, 2016**

**NOTE 4 - Investments**

Investments consisted of the following at January 31, 2016:

Equities	29,316
Fixed income	<u>567,696</u>
	<u>\$ 597,012</u>

Investment income (loss) consisted of the following for the year ended January 31, 2016:

Interest and dividend income	19,190
Unrealized loss	(28,966)
Investment fees	<u>(6,015)</u>
Investment income, net	<u>\$ (15,791)</u>

**NOTE 5 - Temporarily Restricted Net Assets**

The following is a summary of temporarily restricted net assets at January 31, 2016:

Golf sponsorship	\$ 8,000
New clinic location	301,963
Respite care services	<u>5,000</u>
	<u>\$ 314,963</u>

**NOTE 6 - Inventory and In-Kind Revenues and Expenses**

Inventory, which is comprised of donated items such as wheelchairs, cushions, mattresses, iPads, ramps, and walkers, etc., is valued at each item's fair value on the date received based on values of comparable items. We recognize in-kind revenues at the fair value for the inventory items received and recognize in-kind expenses at the fair value of the inventory items as they are given to clients or disposed from inventory. In-kind revenues differ from in-kind expenses in the year ended January 31, 2016, due to more inventory items being received than given to clients or disposed.

**NOTE 7 - Revenue Sharing and Related Parties**

We are a locally governed affiliate of the national organization that is required to remit a percentage of all of our revenues to the national office. In exchange for this remittance to the national organization, we receive updated education materials and information to assist in our mission. During the year ended January 31, 2016, we remitted a total of \$128,198 to the national organization. As of January 31, 2016, we owed the national organization \$24,349.

**AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION TENNESSEE CHAPTER**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JANUARY 31, 2016**

**NOTE 8 - Operating Leases**

We lease office space and equipment under leases classified as operating leases. Total rental expense for the year ended January 31, 2016, was \$22,717.

A schedule of future minimum lease payments under the noncancellable operating leases is as follows:

For the years ended January 31,

2017	\$ 18,927
2018	3,527
2019	2,127
2020	886
	<u>\$ 25,467</u>

**NOTE 9 - Joint Costs**

During the year ended January 31, 2016, we had certain joint costs pertaining to special events and website costs that have been allocated between fundraising and program expense as follows:

	<u>Program and Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
Special events	\$ 24,401	\$ 34,680	\$ 59,081
Website	5,089	5,498	10,587
	<u>\$ 29,490</u>	<u>\$ 40,178</u>	<u>\$ 69,668</u>

**NOTE 10 - Subsequent Events**

We have evaluated events subsequent to the year ending January 31, 2016. As of April 1, 2016, the date that the financial statements were available to be issued, no events subsequent to the statement of financial position date are considered necessary to be included in the financial statements for the year ended January 31, 2016.