



2011

Financial Statements

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION

TENNESSEE CHAPTER

FINANCIAL STATEMENTS

JANUARY 31, 2011

(With Independent Auditor's Report Thereon)

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
FINANCIAL STATEMENTS
JANUARY 31, 2011

CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1
Audited Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9



Charles Akersloot, III
Lisa L. Patterson
Sarah C. Hardee

Independent Auditor's Report

To the Board of Directors
Amyotrophic Lateral Sclerosis Association
Tennessee Chapter

We have audited the accompanying statements of financial position of the Amyotrophic Lateral Sclerosis Association, Tennessee Chapter, (a nonprofit organization) as of January 31, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Amyotrophic Lateral Sclerosis Association, Tennessee Chapter, as of January 31, 2011, the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

April 27, 2011

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
STATEMENT OF FINANCIAL POSITION
JANUARY 31, 2011

ASSETS

Current Assets:

Cash and cash equivalents	\$ 755,568	
Pledges receivable	3,980	
Inventory	59,826	
Prepaid expenses	<u>7,087</u>	
Total current assets		\$ 826,461

Equipment:

Equipment	14,678	
Less: accumulated depreciation	<u>(14,052)</u>	
		626

Assets Whose Use is Limited:

Cash		<u>5,000</u>
		<u>\$ 832,087</u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 29,970	
Accrued expenses	<u>7,758</u>	
Total current liabilities		\$ 37,728

Net Assets:

Temporarily restricted	5,000	
Unrestricted	<u>789,359</u>	
		<u>794,359</u>
		<u>\$ 832,087</u>

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JANUARY 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenue:				
Contributions	\$ 59,530	\$ -	\$ -	\$ 59,530
Revenues:				
Grants	-	10,000	-	10,000
Special events income	728,516	-	-	728,516
In-kind donations	89,454	-	-	89,454
Interest income	1,040	-	-	1,040
Revenue released from restriction	5,000	(5,000)	-	-
Total revenues	824,010	5,000	-	829,010
Total public support and revenue	883,540	5,000	-	888,540
Expenses:				
Program Services:				
Respite Care, Education and other expenses	568,243	-	-	568,243
Total program services	568,243	-	-	568,243
Supporting Services:				
Management and general	22,264	-	-	22,264
Fundraising	112,372	-	-	112,372
Total supporting services	134,636	-	-	134,636
Total program and supporting expenses	702,879	-	-	702,879
Increase in net assets	180,661	5,000	-	185,661
Net assets - beginning of year	608,698	-	-	608,698
Net assets - end of year	\$ 789,359	\$ 5,000	\$ -	\$ 794,359

See accompanying notes to financial statements.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 31, 2011

	Program Services	Supporting Services		
	Respite Care, Education and Other Expenses	Management and General	Fundraising	Total Expenses
Bank and credit card charges	\$ -	\$ 329	\$ 7,033	\$ 7,362
Communications program	6,133	-	-	6,133
Depreciation	300	20	80	400
Direct mailings	404	-	-	404
Dues and subscriptions	1,320	-	-	1,320
Equipment loan program	11,826	-	-	11,826
Equipment rental	1,722	115	459	2,296
Holiday support program	225	-	-	225
In-kind	94,964	-	-	94,964
Insurance	7,762	1,217	942	9,921
Office supplies	3,889	229	1,067	5,185
Payments to national affiliate	80,876	10,204	17,478	108,558
Payroll	231,762	7,240	29,062	268,064
Payroll taxes	17,353	537	2,149	20,039
Payroll service	1,543	515	-	2,058
Permits and licenses	83	6	321	410
Postage and delivery	2,797	44	228	3,069
Printing and reproduction	1,069	62	248	1,379
Professional fees	6,551	566	1,928	9,045
Rent	13,385	704	3,107	17,196
Research	10	-	-	10
Respite care	37,948	-	-	37,948
Special events	16,474	-	42,381	58,855
Telephone	9,044	312	1,279	10,635
Travel	16,207	-	1,826	18,033
Utilities	2,406	160	642	3,208
Website	2,190	4	2,142	4,336
Total	\$ 568,243	\$ 22,264	\$ 112,372	\$ 702,879

See accompanying notes to financial statements.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JANUARY 31, 2011

Cash Flows From Operating Activities:

Net income \$ 185,661

Adjustment to reconcile net income

to net cash provided by operating activities:

Depreciation \$ 400

Donated inventory 5,510

Changes in:

Pledges receivable 3,305

Prepaid expenses 1,257

Cash whose use is limited (5,000)

Accounts payable 3,721

Accrued expenses 18

Total adjustments 9,211

Net cash provided by operating activities 194,872

Net increase in cash 194,872

Cash - beginning of year 560,696

Cash - end of year \$ 755,568

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2011

NOTE 1 - Summary of Significant Accounting Policies

a. **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, 2011, were from the general public.

b. **Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States. 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:

- i. **Unrestricted net assets** - Net assets that are not subject to donor-imposed stipulations.
- ii. **Temporarily restricted net assets** - Net assets subject to donor-imposed stipulations that may or will be met, either by our actions and/or by the passage of time. Restrictions that are fulfilled in the same accounting period in which the contributions are received are reported in the Statement of Activities as unrestricted.
- iii. **Permanently restricted net assets** - Net assets subject to donor-imposed stipulations that we must maintain them permanently. 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.

c. **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, 2011, we had one certificate of deposit totaling \$204,879, shown in Note 2, which is included as a cash equivalent.

d. **Promises to Give**

Unconditional promises to give are recognized as support and revenues in the period promised and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

e. **Accounts Receivable**

We believe that credit risk is limited with current receivables. If at any time during the year, we determine an account to be uncollectible, the account is directly written off. At January 31, 2011, all outstanding receivables are deemed collectible.

f. **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.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2011

NOTE 1 - Summary of Significant Accounting Policies (continued)

g. **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.

In 2009, new generally accepted accounting principles provided guidance regarding the recognition, measurement, presentation, and disclosure in the financial statements of tax positions taken or expected to be taken on a tax return. We have adopted the new accounting principle in our 2009 financial statements and we have evaluated the impact of the adoption of this standard on the financial statements and 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 years before 2007. We do not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

We recognize interest and penalties related to unrecognized tax benefits in interest and income tax expense, respectively. We have no amounts accrued for interest or penalties as of January 31, 2011.

h. **Advertising**

Advertising is expensed as incurred.

i. **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.

j. **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.

k. **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.

l. **Concentration of Credit Risk**

At January 31, 2011, we were due 50% of all outstanding receivables from one donor and owed 85% of all payables to one vendor.

During the year ended January 31, 2011, we received 67% of total revenue from one type of event.

We maintain cash in banks, which, at times, may exceed federally insured limits.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2011

NOTE 2 - Certificate of Deposit

At January 31, 2011, we had one certificate of deposit that will mature in the next fiscal year. The certificate of deposit is held at Nashville Bank and Trust, has a maturity date of 90 days, and has been reported as a cash equivalent.

<u>Bank</u>	<u>Balance at January 31, 2011</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Nashville Bank and Trust	\$ 204,879	.30%	February 23, 2011

NOTE 3 - Accounts Receivable

At January 31, 2009, we had a \$6,000 pledge receivable that had been promised in equal installments of \$2,000 for three years. At January 31, 2011, \$2,000 of this pledge remains outstanding and is included in accounts receivable.

NOTE 4 - Temporarily Restricted Net Assets

At January 31, 2011, we had one restricted grant for \$5,000, which is designated for use in our respite program for the 2011-12 fiscal year.

NOTE 5 - Inventory and In-Kind Revenues and Expenses

Inventory, which is comprised of donated items such as wheelchairs, cushions, mattresses, 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 items received and recognize in-kind expenses at fair value as the donated items given to clients and those items disposed from inventory. In-kind revenues differ from in-kind expenses in fiscal year 2011 because more items were given to clients and disposed than were received.

NOTE 6 - Revenue Sharing and Related Parties

We are a member of a national affiliate that is required to remit a percentage of all of our revenues to the national office. In exchange for this remittance to National, our Chapter receives updated education materials and information to assist in its mission. During the year ended January 31, 2011, we remitted a total of \$108,558 to the national affiliate. As of January 31, 2011, we owed the national affiliate \$25,328.

NOTE 7 - Operating Lease

We lease office space and equipment under leases classified as operating leases. Total rental expense for the year ended January 31, 2011, was \$19,522.

The following is a schedule of future minimum lease payments under the noncancellable operating leases as of January 31:

For the year ending <u>January 31,</u>	
2012	\$ 17,663
2013	<u>1,333</u>
Total	<u>\$ 18,996</u>

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2011

NOTE 8 - Joint Costs

During the year ended January 31, 2011, we had certain joint costs pertaining to special events and website costs that have been allocated between fundraising and program expense as follows:

	<u>Programs,</u> <u>G&A</u>	<u>Fundraising</u>	<u>Totals</u>
Special events	\$ 16,474	\$ 42,381	\$ 58,855
Website	<u>2,194</u>	<u>2,142</u>	<u>4,336</u>
	<u>\$ 18,668</u>	<u>\$ 44,523</u>	<u>\$ 63,191</u>

NOTE 9 - Subsequent Events

We have evaluated events subsequent to the year ending January 31, 2011. As of April 27, 2011, the date that the financial statements were available to be issued, no events subsequent to the balance sheet date are considered necessary to be included in the financial statements for the year ended January 31, 2010.