

# 2012

## Financial Statements

**AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION**

**TENNESSEE CHAPTER**

**FINANCIAL STATEMENTS**

**JANUARY 31, 2013**

(With Independent Auditor's Report Thereon)

**AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION**  
**TENNESSEE CHAPTER**  
**FINANCIAL STATEMENTS**  
**JANUARY 31, 2013**

**CONTENTS**

	<b><u>PAGE</u></b>
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



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

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Amyotrophic Lateral Sclerosis 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, 2013, 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, 2013, 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*

March 25, 2013

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION  
TENNESSEE CHAPTER  
STATEMENT OF FINANCIAL POSITION  
JANUARY 31, 2013

ASSETS

Current Assets:

Cash and cash equivalents	\$ 1,129,567	
Accounts receivable	919	
Pledges receivable	6,755	
Inventory	94,465	
Prepaid expenses	10,413	
Total current assets		\$ 1,242,119

Equipment:

Equipment	16,387	
Less: accumulated depreciation	(13,886)	
		2,501

Assets Whose Use is Limited:

Cash		11,000
		<u>\$ 1,255,620</u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 26,890	
Accrued expenses	4,958	
Total current liabilities		\$ 31,848

Net Assets:

Temporarily restricted	11,000	
Unrestricted	1,212,772	
		<u>1,223,772</u>
		<u>\$ 1,255,620</u>

**AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION**  
**TENNESSEE CHAPTER**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JANUARY 31, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenue:				
Contributions	\$ 65,928	\$ 11,000	\$ -	\$ 76,928
Revenues:				
Grants	25,863	-	-	25,863
Special events income	849,068	-	-	849,068
In-kind donations	107,294	-	-	107,294
Interest income	1,142	-	-	1,142
Revenue released from restriction	10,500	(10,500)	-	-
Total revenues	993,867	(10,500)	-	983,367
Total public support and revenue	1,059,795	500	-	1,060,295
Expenses:				
Program Services:				
Respite Care, Education and other expenses	680,002	-	-	680,002
Total program services	680,002	-	-	680,002
Supporting Services:				
Management and general	30,349	-	-	30,349
Fundraising	144,681	-	-	144,681
Total supporting services	175,030	-	-	175,030
Total program and supporting expenses	855,032	-	-	855,032
Increase in net assets	204,763	500	-	205,263
Net assets - beginning of year	1,008,009	10,500	-	1,018,509
Net assets - end of year	\$ 1,212,772	\$ 11,000	\$ -	\$ 1,223,772

See accompanying notes to financial statements.



**AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION**  
**TENNESSEE CHAPTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JANUARY 31, 2013**

	Program Services	Supporting Services		
	Respite Care, Education and Other Expenses	Management and General	Fundraising	Total Expenses
Bank and credit card charges	\$ -	\$ 35	\$ 6,357	\$ 6,392
Bad debts	-	525	-	525
Communications program	8,271	-	-	8,271
Depreciation	591	39	158	788
Direct mailings	50	-	-	50
Dues and subscriptions	2,100	-	-	2,100
Education and training	2,511	-	67	2,578
Equipment loan program	12,761	-	-	12,761
Equipment rental	1,387	92	370	1,849
Holiday support program	(6)	-	-	(6)
In-kind	102,559	190	2,221	104,970
Insurance	11,215	1,945	1,303	14,463
Office supplies	5,518	378	839	6,735
Payments to national affiliate	86,659	14,810	27,302	128,771
Payroll	294,864	9,545	38,178	342,587
Payroll taxes	22,020	742	2,967	25,729
Payroll service	889	297	-	1,186
Permits and licenses	81	5	322	408
Postage and delivery	2,769	91	387	3,247
Printing and reproduction	1,231	39	324	1,594
Professional fees	7,415	284	2,167	9,866
Program expense and miscellaneous	9,256	-	-	9,256
Rent	14,061	859	3,438	18,358
Respite care	42,140	-	-	42,140
Special events	19,405	-	50,829	70,234
Telephone	9,380	287	1,147	10,814
Travel	17,341	43	1,854	19,238
Utilities	2,086	139	556	2,781
Website	3,448	3	3,896	7,347
	<u>\$ 680,002</u>	<u>\$ 30,349</u>	<u>\$ 144,681</u>	<u>\$ 855,032</u>

See accompanying notes to financial statements.

**AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION**  
**TENNESSEE CHAPTER**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JANUARY 31, 2013**

Cash Flows From Operating Activities:

Increase in net assets	\$	205,263
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Adjustment to reconcile increase in net assets  
to net cash provided by operating activities:

Depreciation	\$	788
Donated inventory		(2,324)
Changes in:		
Accounts receivable		(919)
Pledges receivable		2,824
Prepaid expenses		(1,742)
Cash whose use is limited		(500)
Accounts payable		5,209
Accrued expenses		(425)
Total adjustments		2,911
Net cash provided by operating activities		208,174

Cash Flows From Investing Activities:

Purchase of property and equipment	(3,063)	
Net cash used in investing activities		(3,063)
Net increase in cash and cash equivalents		205,111

Cash and cash equivalents - beginning of year		924,456
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Cash and cash equivalents - end of year	\$	1,129,567
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**AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION**  
**TENNESSEE CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**JANUARY 31, 2013**

**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, 2013 was 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, 2013, we had one certificate of deposit totaling \$205,843, 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 or 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, 2013, 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, 2013**

**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.

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 years before 2009.

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, 2013.

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, 2013, we were due 89% of all outstanding receivables from one donor. We owed 79% of all payables to one vendor, which is our national affiliate. See Note 6.

During the year ended January 31, 2013, we received 68% 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, 2013**

**NOTE 2 - Certificate of Deposit**

At January 31, 2013, 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, 2013</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Nashville Bank and Trust	\$ 205,843	.15%	February 12, 2013

**NOTE 3 - Pledges Receivable**

At January 31, 2013, we had an \$6,000 pledge receivable that had been promised in equal installments of \$2,000 for three years, which is recorded as a temporarily restricted asset. See Note 4. We have not discounted this pledge to present value, since it is not expected to be significantly different from the carrying value.

**NOTE 4 - Temporarily Restricted Net Assets**

At January 31, 2013, we had one restricted grant for \$5,000, which is designated for use in our respite program for the 2013-14 fiscal year. We also have \$6,000 in pledges receivable which is limited by time restrictions. See Note 3.

**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 are given to clients or disposed from inventory. In-kind revenues differ from in-kind expenses in fiscal year 2013 because more items were received than given to clients and disposed.

**NOTE 6 - 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, 2013, we remitted a total of \$128,771 to the national organization. As of January 31, 2013, we owed the national organization \$15,274.

**NOTE 7 - Operating Leases**

We lease office space and equipment under leases classified as operating leases. Total rental expense for the year ended January 31, 2013, was \$18,358.



**AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION**  
**TENNESSEE CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**JANUARY 31, 2013**

**NOTE 7 - Operating Leases (continued)**

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

For the years ending January 31,	
2014	\$ 17,454
2015	16,800
2016	16,800
2017	1,400
	<u>\$ 52,454</u>

**NOTE 8 - Joint Costs**

During the year ended January 31, 2013, 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 and G&amp;A</u>	<u>Fundraising</u>	<u>Totals</u>
Special events	\$ 19,405	\$ 50,829	\$ 70,234
Website	3,451	3,896	7,347
	<u>\$ 22,856</u>	<u>\$ 54,725</u>	<u>\$ 77,581</u>

**NOTE 9 - Subsequent Events**

We have evaluated events subsequent to the year ending January 31, 2013. As of March 25, 2013, 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, 2013.

