

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION

TENNESSEE CHAPTER

FINANCIAL STATEMENTS

JANUARY 31, 2006

(With Independent Auditors' Report Thereon)

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
FINANCIAL STATEMENTS
JANUARY 31, 2006

<u>CONTENTS</u>	<u>PAGE</u>
Independent Auditors' 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 - 8



Charles Akersloot, III

Lisa L. Patterson

Akersloot, Patterson & Associates, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

3326 Aspen Grove Drive • Suite 500 • Franklin, TN 37067

Phone: (615) 376-8800 Fax: (615) 376-8816

www.ap-cpas.com

Member of the
American Institute of
Certified Public
Accountants

Member of the
Tennessee Society of
Certified Public
Accountants

INDEPENDENT AUDITORS' 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, 2006, 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, 2006, 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.

As discussed in Note 6, a prior period adjustment has been recorded for \$4,341.

Akersloot, Patterson & Associates, P.L.L.C.

April 24, 2006

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
STATEMENT OF FINANCIAL POSITION
JANUARY 31, 2006

ASSETS

Current Assets:

Cash	\$	309,997	
Certificates of deposit		302,589	
Accounts receivable		600	
Inventory		67,782	
Prepaid expenses		<u>875</u>	
Total current assets			\$ 681,843

Equipment		15,242	
Less: accumulated depreciation		<u>(8,152)</u>	
			<u>7,090</u>

\$ 688,933

LIABILITY AND NET ASSETS

Current Liability:

Accounts payable	\$	<u>17,527</u>	
Total current liability			17,527

Net Assets:

Unrestricted		<u>671,406</u>	
			<u>671,406</u>
			<u>\$ 688,933</u>

See accompanying notes to financial statements.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JANUARY 31, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenues:				
Contributions	\$ 58,632	\$ -	\$ -	\$ 58,632
Revenues:				
Grants	21,000	-	-	21,000
Special events income	334,615	-	-	334,615
In-kind donations	66,375	-	-	66,375
Interest income	13,494	-	-	13,494
Miscellaneous income	4,451	-	-	4,451
Total revenues	<u>439,935</u>	<u>-</u>	<u>-</u>	<u>439,935</u>
Total public support and revenues	<u>498,567</u>	<u>-</u>	<u>-</u>	<u>498,567</u>
Expenses:				
Program Services:				
Respite Care, Education				
and other program expenses	<u>303,866</u>	<u>-</u>	<u>-</u>	<u>303,866</u>
Total program services	<u>303,866</u>	<u>-</u>	<u>-</u>	<u>303,866</u>
Supporting Services:				
Management and general	43,863	-	-	43,863
Fundraising	<u>82,974</u>	<u>-</u>	<u>-</u>	<u>82,974</u>
Total supporting services	<u>126,837</u>	<u>-</u>	<u>-</u>	<u>126,837</u>
Total program				
and supporting expenses	<u>430,703</u>	<u>-</u>	<u>-</u>	<u>430,703</u>
Increase in net assets	<u>67,864</u>	<u>-</u>	<u>-</u>	<u>67,864</u>
Net assets - beginning of year, as previously reported	607,883	-	-	607,883
Prior period adjustment	<u>(4,341)</u>	<u>-</u>	<u>-</u>	<u>(4,341)</u>
Net assets - beginning of year, as restated	<u>603,542</u>	<u>-</u>	<u>-</u>	<u>603,542</u>
Net assets - end of year	<u>\$ 671,406</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 671,406</u>

See accompanying notes to financial statements.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION

TENNESSEE CHAPTER

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JANUARY 31, 2006

	<u>Program Services</u>		<u>Supporting Services</u>		
	<u>Respite Care, Education, and Other Expenses</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Advertising	\$ 44	\$ 44	\$ -	\$ -	\$ 44
Bank service charges	-	-	594	188	782
Board appreciation	219	219	121	-	340
Depreciation	-	-	3,253	-	3,253
Dues and subscriptions	1,702	1,702	709	1,081	3,492
Education and training	49	49	-	55	104
Equipment loan program	29,010	29,010	-	-	29,010
Equipment rental	328	328	164	164	656
Grants to patients	3,668	3,668	-	-	3,668
In-kind	4,150	4,150	-	-	4,150
Insurance	4,608	4,608	1,116	1,116	6,840
Internet	913	913	-	237	1,150
Meals	833	833	313	586	1,732
Miscellaneous	-	-	143	254	397
Newsletter	6,282	6,282	-	3,454	9,736
Office supplies	2,789	2,789	1,060	1,291	5,140
Other program expenses	436	436	-	-	436
Payroll and payroll taxes	119,122	119,122	20,203	23,030	162,355
Payroll service	638	638	319	319	1,276
Permits and licenses	-	-	310	-	310
Postage and delivery	1,757	1,757	407	683	2,847
Printing and reproduction	1,149	1,149	145	392	1,686
Professional fees	9,150	9,150	6,178	3,350	18,678
Rent	4,951	4,951	2,350	2,350	9,651
Repairs and maintenance	712	712	666	333	1,711
Respite care	46,313	46,313	-	150	46,463
Revenue sharing	45,287	45,287	4,697	8,342	58,326
Strikeout ALS	1,177	1,177	-	1,967	3,144
Symposium	942	942	-	-	942
Telephone	6,674	6,674	917	962	8,553
Travel	9,723	9,723	-	1,301	11,024
Utilities	855	855	198	351	1,404
Walk	385	385	-	31,018	31,403
Total program and supporting services	\$ 303,866	\$ 303,866	\$ 43,863	\$ 82,974	\$ 430,703

See accompanying notes to financial statements.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JANUARY 31, 2006

Cash Flows From Operating Activities:		
Increase in net assets		\$ 67,864
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	\$ 3,253	
Non-cash donations	(62,225)	
Interest earned on certificates of deposit	(2,589)	
Changes in:		
Accounts receivable	(600)	
Inventory	(5,557)	
Prepaid assets	2,560	
Accounts payable	8,294	
Total adjustments		<u>(56,864)</u>
Net cash provided by operating activities		11,000
Cash Flows From Investing Activities:		
Purchase of property and equipment	(1,382)	
Purchase of investments	<u>(300,000)</u>	
Net cash used in investing activities		<u>(301,382)</u>
Net decrease in cash		(290,382)
Cash - beginning of year		<u>600,379</u>
Cash - end of year		<u>\$ 309,997</u>

See accompanying notes to financial statements.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2006

NOTE 1 - Summary of Significant Accounting Policies

a. Nature of Activities

The Amyotrophic Lateral Sclerosis Association, Tennessee Chapter, a nonprofit organization, is a locally governed affiliate of the national organization, Amyotrophic Lateral Sclerosis Association. The Organization's mission is to find a cure for and improve living with Amyotrophic Lateral Sclerosis (ALS). Virtually all of the Organization's revenues and support for the year ended January 31, 2006, 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, net assets of the Organization and changes therein are classified and reported as follows:

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

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or 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.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization 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, the Organization considers 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, 2006, the Organization had no cash equivalents.

d. 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 the Organization's policy to capitalize purchases of fixed assets with a value of \$500 or more or with a useful life of over one year.

e. Income Tax Status

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and the Organization is 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.

f. Advertising

Advertising is expensed as incurred.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2006

NOTE 1 - Summary of Significant Accounting Policies (continued)

g. 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.

h. Use of Estimates

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

i. Fair Values of Financial Instruments

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

j. Concentration of Credit Risk

At January 31, 2005, and at various times through the year, the Organization had cash balances with banks exceeding \$100,000, which is the maximum insured by the Federal Deposit Insurance Corporation.

During the year ended January 31, 2006, the Organization received 64% of total revenue from one event.

NOTE 2 - Donated Items

The Organization typically receives donated items each year for various reasons. The amount recognized for the year ended January 31, 2006, was \$66,375. In-kind revenues differ from in-kind expenses due to donated inventory equipment.

NOTE 3 - Revenue Sharing

The Organization is a member of a national affiliate and is required to pass through a percentage of all revenues to the national office. In exchange for this percentage, the Tennessee Chapter receives updated education materials and information to assist in its mission. During the year ended January 31, 2006, the Organization had remitted \$58,326 to the national affiliate.

NOTE 4 - Geographic Expansion

During the year ended January 31, 2005, the Amyotrophic Lateral Sclerosis Association, Central Tennessee Chapter filed merger papers with the Attorney General's office in order to merge with the Amyotrophic Lateral Sclerosis Association, Midsouth Chapter and create a state-wide chapter, named the Amyotrophic Lateral Sclerosis Association, Tennessee Chapter. The merger was effective February 1, 2005.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2006

NOTE 4 - Geographic Expansion (continued)

This merger was accounted for using the pooling of interests method. Since the merger occurred on February 1, 2005, there were no changes in net assets for the separate organizations for the year ended January 31, 2006. Net assets for each organization before the merger were as follows:

Central Tennessee Chapter	\$ 380,959
Midsouth Chapter	<u>222,583</u>
	<u>\$ 603,542</u>

NOTE 5 - Operating Lease

The Organization leases office space under a lease classified as an operating lease. Total rental expense for the year ended January 31, 2006, was \$9,651. The lease expires in November 2006. Future minimum lease payments for the year ended January 31, 2006, are \$7,875.

NOTE 6 - Prior Period adjustment

During the year ended January 31, 2005, the Midsouth Chapter understated its accounts payable by \$4,341, which resulted in understated net assets.

NOTE 7 - Contingency

The Association has been named in a Lawsuit and plans to vigorously defend their position. The case does not have a trial date set and possible liabilities can not be estimated at this time. However the National affiliate has been paying all attorney costs for the defense of the Tennessee Chapter and it is expected that they will take responsibility for any liability resulting from the final settlement of this case, as well. Liability for the Tennessee Chapter is not considered to be likely.