

2015

Financial Statements

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION

TENNESSEE CHAPTER

FINANCIAL STATEMENTS

JANUARY 31, 2015

(With Independent Auditor's Report Thereon)

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
FINANCIAL STATEMENTS
JANUARY 31, 2015

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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

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, 2015, 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, 2015, 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 14, 2015

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
STATEMENT OF FINANCIAL POSITION
JANUARY 31, 2015

ASSETS

Current Assets:

Cash and cash equivalents	\$ 757,379	
Pledges receivable	12,381	
Inventory	107,541	
Prepaid expenses	10,568	
Investments	<u>612,149</u>	
Total current assets		\$ 1,500,018

Equipment:

Equipment	14,017	
Less: accumulated depreciation	<u>(10,188)</u>	
		3,829

Assets Whose Use is Limited:

Cash	<u>405,408</u>	
		<u>405,408</u>
		<u>\$ 1,909,255</u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 12,823	
Accrued payroll	<u>7,016</u>	
Total current liabilities		\$ 19,839

Net Assets:

Unrestricted	1,484,008	
Unrestricted board-designated	<u>300,000</u>	
	1,784,008	
Temporarily restricted	<u>105,408</u>	
		<u>1,889,416</u>
		<u>\$ 1,909,255</u>

See accompanying notes to financial statements.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JANUARY 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenue:				
Contributions	\$ 149,662	\$ -	\$ -	\$ 149,662
Revenues:				
Grants	8,700	2,000	-	10,700
Special events income	1,091,800	-	-	1,091,800
In-kind donations	153,916	-	-	153,916
Interest income	775	-	-	775
Investment income, net	10,710	-	-	10,710
Net assets released from restriction	9,000	(9,000)	-	-
Total revenues	1,274,901	(7,000)	-	1,267,901
Total public support and revenue	1,424,563	(7,000)	-	1,417,563
Expenses:				
Program Services:				
Respite care, education and other expenses	740,770	-	-	740,770
Total program services	740,770	-	-	740,770
Supporting Services:				
Management and general	27,169	-	-	27,169
Fundraising	130,365	-	-	130,365
Total supporting services	157,534	-	-	157,534
Total program and supporting expenses	898,304	-	-	898,304
Increase (decrease) in net assets	526,259	(7,000)	-	519,259
Net assets - beginning of year	1,257,749	112,408	-	1,370,157
Net assets - end of year	\$ 1,784,008	\$ 105,408	\$ -	\$ 1,889,416

See accompanying notes to financial statements.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 31, 2015

	Program Services	Supporting Services		
	Respite Care, Education and Other Expenses	Management and General	Fundraising	Total
Bank and credit card charges	\$ -	\$ 508	\$ 10,796	\$ 11,304
Bad debts	-	100	-	100
Communications program	12,971	-	-	12,971
Depreciation	886	59	236	1,181
Direct mailings	-	-	73	73
Dues and subscriptions	2,728	-	121	2,849
Education and training	5,174	-	804	5,978
Equipment loan program	18,146	-	-	18,146
Equipment rental	1,537	102	409	2,048
Holiday support program	520	-	-	520
In-kind	119,970	-	2,095	122,065
Insurance	14,089	2,045	1,620	17,754
Office supplies	6,895	460	1,838	9,193
Payroll	352,184	19,723	51,730	423,637
Payroll taxes	26,504	1,478	3,865	31,847
Payroll service	1,786	595	-	2,381
Permits and licenses	103	7	327	437
Postage and delivery	3,650	157	549	4,356
Printing and reproduction	1,687	90	1,145	2,922
Professional fees	8,468	380	2,457	11,305
Program expense and miscellaneous	38,376	-	-	38,376
Rent	14,031	857	3,430	18,318
Research	315	-	-	315
Repairs and maintenance	427	29	114	570
Respite care	49,225	-	-	49,225
Special events	23,341	-	40,464	63,805
Telephone	11,232	339	1,391	12,962
Travel	20,672	83	2,297	23,052
Utilities	2,270	151	606	3,027
Website	3,583	6	3,998	7,587
	<u>\$ 740,770</u>	<u>\$ 27,169</u>	<u>\$ 130,365</u>	<u>\$ 898,304</u>

See accompanying notes to financial statements.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JANUARY 31, 2015

Cash Flows From Operating Activities:

Increase in net assets	\$	519,259
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Adjustment to reconcile increase in net assets

to net cash provided by operating activities:

Depreciation	\$	1,181	
Unrealized gain on investments		75	
Dividends and interest reinvested, net of fees		(10,595)	
Donated inventory		(31,851)	
Changes in:			
Pledges receivable		(11,731)	
Prepaid expenses		897	
Assets whose use is limited		(293,000)	
Accounts payable		420	
Accrued expenses		492	
Total adjustments		(344,112)	
Net cash provided by operating activities		175,147	

Cash Flows From Investing Activities:

Purchase of investments		(200,000)	
Purchase of equipment		(1,044)	
Net cash used in investing activities		(201,044)	

Net decrease in cash and cash equivalents		(25,897)
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Cash and cash equivalents - beginning of year		783,276
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Cash and cash equivalents - end of year	\$	757,379
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See accompanying notes to financial statements.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2015

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, 2015, 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, 2015.

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, 2015, we had one certificate of deposit totaling \$206,478, 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, 2015, 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 paid by us in advance.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2015

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, 2015, 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 2011.

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
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2015

NOTE 1 - Summary of Significant Accounting Policies (continued)

Concentration of Credit Risk

At January 31, 2015, 95% of our pledges receivable was due from two donors and 43% of our accounts payable was due to three vendors.

During the year ended January 31, 2015, we received 56% 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, 2015, 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 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, 2015:

	<u>Balance</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Nashville Bank and Trust	\$206,478	.15%	February 2, 2015

NOTE 3 - Pledges Receivable

Pledges receivable consisted of the following at January 31, 2015:

Due in less than one year	\$ 12,381
Due in one to five years	<u>-</u>
	12,381
Less: discounts to net present value	(-)
Less: allowance for doubtful accounts	<u>(-)</u>
	<u>\$ 12,381</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
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2015

NOTE 4 - Investments

Investments consisted of the following at January 31, 2015:

Equities	30,413
Fixed income	<u>581,736</u>
	<u>\$ 612,149</u>

Investment income (loss) consisted of the following for the year ended January 31, 2015:

Interest and dividend income	15,501
Unrealized gain	75
Investment fees	<u>(4,866)</u>
Investment income, net	<u>\$ 10,710</u>

NOTE 5 - Temporarily Restricted Net Assets

The following is a summary of temporarily restricted net assets at January 31, 2015:

Golf sponsorship	\$ 2,000
New clinic location	101,408
Respite care services	<u>2,000</u>
	<u>\$ 105,408</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, 2015, 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, 2015, we were fully reimbursed for payments made to our national affiliate due to the large amount of funds raised at the national level. As of January 31, 2015, we did not owe anything to our national affiliate.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2015

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, 2015, was \$20,366.

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

For the years ended January 31,

2016	\$ 17,554
2017	<u>1,400</u>
	<u>\$ 18,954</u>

NOTE 9 - Joint Costs

During the year ended January 31, 2015, we had certain joint costs pertaining to special events and website costs that have been allocated between fundraising and program expense as follows:

	Program and Management and General	Fundraising	Totals
Special events	\$ 23,341	\$ 40,464	\$ 63,805
Website	<u>3,589</u>	<u>3,998</u>	<u>7,587</u>
	<u>\$ 26,930</u>	<u>\$ 44,462</u>	<u>\$ 71,392</u>

NOTE 10 - Subsequent Events

We have evaluated events subsequent to the year ending January 31, 2015. As of April 14, 2015, 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, 2015.