

**AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION**

**TENNESSEE CHAPTER**

**FINANCIAL STATEMENTS**

**JANUARY 31, 2010**

**(With Independent Auditor's Report Thereon)**

**AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION**  
**TENNESSEE CHAPTER**  
**FINANCIAL STATEMENTS**  
**JANUARY 31, 2010**

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

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, 2010, 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, 2010, 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.

APH, CPAs

July 1, 2010

**AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION**  
**TENNESSEE CHAPTER**  
**STATEMENT OF FINANCIAL POSITION**  
**JANUARY 31, 2010**

**ASSETS**

Current Assets:

Cash and cash equivalents	\$	560,696	
Current installments of pledges receivable		5,285	
Inventory		65,336	
Prepaid expenses		<u>8,344</u>	
Total current assets			\$ 639,661

Long-term installments of pledges receivable			2,000
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Equipment:

Equipment		14,678	
Less: accumulated depreciation		<u>(13,652)</u>	
			<u>1,026</u>

\$ 642,687

**LIABILITIES AND NET ASSETS**

Current Liabilities:

Accounts payable	\$	26,249	
Accrued expenses		<u>7,740</u>	
Total current liabilities			\$ 33,989

Net Assets:

Unrestricted		<u>608,698</u>	
			<u>608,698</u>
			<u>\$ 642,687</u>

See accompanying notes to financial statements.

**AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION**  
**TENNESSEE CHAPTER**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JANUARY 31, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenues:				
Contributions	\$ 78,681	\$ -	\$ -	\$ 78,681
Revenues:				
Grants	10,000	-	-	10,000
Special events income	571,601	-	-	571,601
In-kind donations	46,368	-	-	46,368
Interest income	5,571	-	-	5,571
Total revenues	633,540	-	-	633,540
Total public support and revenues	712,221	-	-	712,221
Expenses:				
Program Services:				
Respite Care, Education and other expenses	403,841	-	-	403,841
Total program services	403,841	-	-	403,841
Supporting Services:				
Management and general	10,258	-	-	10,258
Fundraising	81,768	-	-	81,768
Total supporting services	92,026	-	-	92,026
Total program and supporting expenses	495,867	-	-	495,867
Unallocated payments to affiliated organizations	89,878	-	-	89,878
Total expenses	585,745	-	-	585,745
Increase in net assets	126,476	-	-	126,476
Net assets - beginning of year	482,222	-	-	482,222
Net assets - end of year	\$ 608,698	\$ -	\$ -	\$ 608,698

See accompanying notes to financial statements.

**AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION**  
**TENNESSEE CHAPTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JANUARY 31, 2010**

	<u>Program Services</u>	<u>Supporting Services</u>		
	Respite Care, Education, and <u>Other Expenses</u>	Management and General	<u>Fundraising</u>	Total <u>Expenses</u>
Bank and credit card service charges	\$ -	\$ 109	\$ 5,255	\$ 5,364
Communications program	8,260	-	-	8,260
Depreciation	344	23	92	459
Direct mailings	2,827	-	-	2,827
Dues and subscriptions	1,260	-	-	1,260
Education and training	2,192	-	244	2,436
Equipment loan program	10,587	-	-	10,587
Equipment rental	1,923	112	197	2,232
Holiday support program	238	-	-	238
In-kind	40,125	332	1,332	41,789
Insurance	7,284	1,048	987	9,319
Office supplies	2,357	188	333	2,878
Payroll	219,243	6,289	25,180	250,712
Payroll taxes	16,054	461	1,846	18,361
Payroll service	1,470	490	-	1,960
Permits and licenses	48	8	265	321
Postage and delivery	3,080	53	266	3,399
Printing and reproduction	1,536	71	408	2,015
Professional fees	5,718	199	1,663	7,580
Rent	12,300	540	2,160	15,000
Research	845	-	-	845
Repairs and maintenance	1,146	76	306	1,528
Respite care	25,750	-	-	25,750
Special events	16,203	-	36,949	53,152
Telephone	6,423	159	638	7,220
Travel	13,082	-	1,234	14,316
Utilities	1,508	100	402	2,010
Website	2,038	-	2,011	4,049
	<u>403,841</u>	<u>10,258</u>	<u>81,768</u>	<u>495,867</u>
Total program and supporting services	\$ 403,841	\$ 10,258	\$ 81,768	\$ 495,867

See accompanying notes to financial statements.

**AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION**  
**TENNESSEE CHAPTER**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JANUARY 31, 2010**

**Cash Flows From Operating Activities:**

Increase in net assets \$ 126,476

Adjustments to reconcile increase in net  
assets to net cash provided by operating activities:

Depreciation	\$	459	
Net change in donated inventory		(4,578)	
Changes in:			
Accounts receivable		(35)	
Prepaid assets		(848)	
Accounts payable		14,255	
Accrued expenses		<u>5,901</u>	
Total adjustments			<u>15,154</u>
Net cash provided by operating activities			141,630

**Cash Flows From Investing Activities:**

Proceeds from maturity of certificates of deposit	<u>200,000</u>	
Net cash provided by investing activities		<u>200,000</u>

Net increase in cash and cash equivalents 341,630

Cash and cash equivalents - beginning of year 219,066

Cash and cash equivalents - end of year \$ 560,696

**AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION**  
**TENNESSEE CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**JANUARY 31, 2010**

**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, 2010, 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, 2010, we had one certificate of deposit totaling \$204,290, 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, 2010, 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, 2010**

**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.

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, 2010, we were due 90% of all outstanding receivables from three donors and owed 78% of all payables to three vendors.

During the year ended January 31, 2010, we received 72% of total revenue from one event.

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

**NOTE 2 - Certificate of Deposit**

At January 31, 2010, 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.

<b><u>Bank</u></b>	<b><u>Balance at January 31, 2010</u></b>	<b><u>Interest Rate</u></b>	<b><u>Maturity Date</u></b>
Nashville Bank and Trust	\$ 204,290	.499%	February 28, 2010

**AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION**  
**TENNESSEE CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**JANUARY 31, 2010**

**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, 2010, \$4,000 of this pledge remains outstanding, of which \$2,000 has been shown as a current asset, and \$2,000 is shown as a long-term asset.

**NOTE 4 - 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. In-kind revenues differ from in-kind expenses in fiscal year 2010 because more items were received than were given to clients.

**NOTE 5 - Revenue Sharing and Related Parties**

We are a member of a national affiliate that is required to pass through a percentage of all revenues to the national office. In exchange for this percentage, our Chapter receives updated education materials and information to assist in its mission. During the year ended January 31, 2010, we remitted a total of \$89,878 to the national affiliate. At year ended January 31, 2010, we owed the national affiliate \$13,664.

**NOTE 6 - Operating Lease**

We lease office space and equipment under leases classified as operating leases. Total rental expense for the year ended January 31, 2010, was \$17,232.

The following is a schedule of future minimum lease payments under the noncancellable operating leases as of January 31, 2010:

For the year ending <u>January 31,</u>		
2011	\$	16,884
2012		17,663
2013		16,000
2014		<u>1,333</u>
Total	\$	<u>51,880</u>

**NOTE 7 - Joint Costs**

During the year ended January 31, 2010, we had certain joint costs pertaining to special events, education programs, website and newsletter costs that have been allocated between fundraising and program expense as follows:

	<u>Programs</u>	<u>Fundraising</u>	<u>Totals</u>
Education and training	\$ 2,192	\$ 244	\$ 2,436
Special events	16,203	36,949	53,152
Website	<u>2,038</u>	<u>2,011</u>	<u>4,049</u>
	<u>\$ 20,433</u>	<u>\$ 39,204</u>	<u>\$ 59,637</u>

**AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION**  
**TENNESSEE CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**JANUARY 31, 2010**

**NOTE 8 - Subsequent Events**

We have evaluated events subsequent to the year ending January 31, 2010. As of Date, 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.

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**TENNESSEE CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**JANUARY 31, 2010**

**NOTE 8 - Subsequent Events**

We have evaluated events subsequent to the year ending January 31, 2010. As of July 1, 2010, 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.