

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION

TENNESSEE CHAPTER

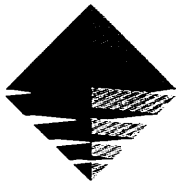
FINANCIAL STATEMENTS

JANUARY 31, 2007

(With Independent Auditor's Report Thereon)

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION  
TENNESSEE CHAPTER  
FINANCIAL STATEMENTS  
JANUARY 31, 2007

<u>CONTENTS</u>	<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 - 8



# 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

Charles Akersloot, III

Lisa 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, 2007, 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, 2007, 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.

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

June 4, 2007

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION  
TENNESSEE CHAPTER  
STATEMENT OF FINANCIAL POSITION  
JANUARY 31, 2007

ASSETS

Current Assets:		
Cash	\$	261,063
Certificates of deposit		306,476
Inventory		46,620
Prepaid expenses		<u>7,234</u>
Total current assets	\$	621,393
Equipment		15,941
Less: accumulated depreciation		<u>(11,850)</u>
		<u>4,091</u>
	\$	<u><u>625,484</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	\$	5,746
Accrued expenses		<u>2,190</u>
Total current liabilities		7,936
Net Assets:		
Unrestricted		615,748
Temporarily restricted		<u>1,800</u>
		<u>617,548</u>
	\$	<u><u>625,484</u></u>

See accompanying notes to financial statements.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION  
TENNESSEE CHAPTER  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JANUARY 31, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenues:				
Contributions	\$ 120,160	\$ 1,800	\$ -	\$ 121,960
Revenues:				
Grants	15,300	-	-	15,300
Special events income	346,394	-	-	346,394
In-kind donations	100,890	-	-	100,890
Interest income	18,022	-	-	18,022
Miscellaneous income	1,710	-	-	1,710
Total revenues	482,316	-	-	482,316
Total public support and revenues	602,476	1,800	-	604,276
Expenses:				
Program Services:				
Respite Care, Education and other program expenses	483,662	-	-	483,662
Total program services	483,662	-	-	483,662
Supporting Services:				
Management and general	58,088	-	-	58,088
Fundraising	116,384	-	-	116,384
Total supporting services	174,472	-	-	174,472
Total program and supporting expenses	658,134	-	-	658,134
Increase (decrease) in net assets	(55,658)	1,800	-	(53,858)
Net assets - beginning of year	671,406	-	-	671,406
Net assets - end of year	\$ 615,748	\$ 1,800	\$ -	\$ 617,548

See accompanying notes to financial statements.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION

TENNESSEE CHAPTER

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JANUARY 31, 2007

	<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	\$ 1,164	\$ 1,164	\$ -	\$ 125	\$ 1,289
Advocacy day	4,450	4,450	-	-	4,450
Bank service charges	-	-	1,274	74	1,348
Board appreciation	277	277	1,122	-	1,399
Communications program	2,921	2,921	-	-	2,921
Depreciation	-	-	3,698	-	3,698
Direct mailings	-	-	-	3,393	3,393
Dues and subscriptions	1,450	1,450	367	845	2,662
Education and training	-	-	481	1,171	1,652
Equipment loan program	23,355	23,355	-	-	23,355
Equipment rental	1,376	1,376	688	688	2,752
Holiday support program	5,477	5,477	-	-	5,477
In-kind	122,052	122,052	-	-	122,052
Insurance	5,234	5,234	1,796	2,098	9,128
Newsletter	4,218	4,218	577	5,058	9,853
Office supplies	2,189	2,189	1,145	1,105	4,439
Other special events	270	270	-	2,325	2,595
Other program expenses	671	671	-	-	671
Patient assistance	3,719	3,719	-	-	3,719
Payroll and payroll taxes	151,283	151,283	26,533	39,240	217,056
Payroll service	908	908	454	454	1,816
Permits and licenses	-	-	25	300	325
Postage and delivery	1,125	1,125	2,743	1,376	5,244
Printing and reproduction	1,129	1,129	349	743	2,221
Professional fees	-	-	5,375	-	5,375
Rent	10,000	10,000	2,625	2,625	15,250
Repairs and maintenance	399	399	901	113	1,413
Respite care	80,620	80,620	-	-	80,620
Revenue sharing	39,700	39,700	5,072	5,650	50,422
Strikeout ALS	200	200	-	928	1,128
Symposium	960	960	-	-	960
Telephone	5,235	5,235	1,084	999	7,318
Travel	11,778	11,778	1,329	1,966	15,073
Utilities	737	737	368	368	1,473
Walk	174	174	-	44,696	44,870
Website	591	591	82	44	717
Total program and supporting services	\$ <u>483,662</u>	\$ <u>483,662</u>	\$ <u>58,088</u>	\$ <u>116,384</u>	\$ <u>658,134</u>

See accompanying notes to financial statements.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION  
TENNESSEE CHAPTER  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JANUARY 31, 2007

Cash Flows From Operating Activities:		
Increase (decrease) in net assets		\$ (53,858)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation	\$ 3,698	
Net change in donated inventory	21,162	
Interest earned on certificates of deposit	(3,887)	
Changes in:		
Accounts receivable	600	
Prepaid assets	(6,359)	
Accounts payable	(11,781)	
Accrued expenses	<u>2,190</u>	
Total adjustments		<u>5,623</u>
Net cash used in operating activities		(48,235)
Cash Flows From Investing Activities:		
Purchase of property and equipment	<u>(699)</u>	
Net cash used in investing activities		<u>(699)</u>
Net decrease in cash		(48,934)
Cash - beginning of year		<u>309,997</u>
Cash - end of year		<u><u>\$ 261,063</u></u>

See accompanying notes to financial statements.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION  
TENNESSEE CHAPTER  
NOTES TO FINANCIAL STATEMENTS  
JANUARY 31, 2007

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, 2007, 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, 2007, 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, 2007

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 current liabilities approximate fair values due to the short maturities of these instruments.

j. Concentration of Credit Risk

At January 31, 2007, 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, 2007, the Organization received 56% of total revenue from one event.

NOTE 2 - 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. The Organization recognizes in-kind revenues at the fair value for the items received and recognizes in-kind expenses, also at fair value, as the donated items are loaned or given to clients. In-kind revenues differ from in-kind expenses in fiscal year 2007 because more items were loaned out than received.

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, 2007, the Organization had remitted \$50,422 to the national affiliate.

NOTE 4 - Operating Lease

The Organization leases office space, equipment and other real property under leases classified as operating leases. Total rental expense for the year ended January 31, 2007, was \$18,002. The lease expires in November 2007. Future minimum lease payments for the year ended January 31, 2008, are \$9,625.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION  
TENNESSEE CHAPTER  
NOTES TO FINANCIAL STATEMENTS  
JANUARY 31, 2007

NOTE 5 - Lawsuit Settlement

Subsequent to January 31, 2007, the Association settled an outstanding lawsuit with no adverse financial effects to the Association.