

2012

Financial Statements

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION

TENNESSEE CHAPTER

FINANCIAL STATEMENTS

JANUARY 31, 2012

(With Independent Auditor's Report Thereon)

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
FINANCIAL STATEMENTS
JANUARY 31, 2012

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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 statement of financial position of the Amyotrophic Lateral Sclerosis Association, Tennessee Chapter, (a nonprofit organization) as of January 31, 2012, 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, 2012, and 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.

Patterson Hardee & Ballentine

June 1, 2012

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
STATEMENT OF FINANCIAL POSITION
JANUARY 31, 2012

ASSETS

Current Assets:

Cash and cash equivalents	\$ 924,456	
Pledges receivable	9,579	
Inventory	92,141	
Prepaid expenses	8,671	
Total current assets	<u> </u>	\$ 1,034,847

Equipment:

Equipment	14,678	
Less: accumulated depreciation	<u>(14,452)</u>	
		226

Assets Whose Use is Limited:

Cash		<u>10,500</u>
		<u><u>\$ 1,045,573</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 21,681	
Accrued expenses	<u>5,383</u>	
Total current liabilities		\$ 27,064

Net Assets:

Temporarily restricted	10,500	
Unrestricted	<u>1,008,009</u>	
		<u>1,018,509</u>
		<u><u>\$ 1,045,573</u></u>

See accompanying notes to financial statements.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JANUARY 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenue:				
Contributions	\$ 37,579	\$ 10,500	\$ -	\$ 48,079
Revenues:				
Grants	4,000	-	-	4,000
Special events income	818,108	-	-	818,108
In-kind donations	118,376	-	-	118,376
Interest income	2,131	-	-	2,131
Revenue released from restriction	5,000	(5,000)	-	-
Total revenues	947,615	(5,000)	-	942,615
Total public support and revenue	985,194	5,500	-	990,694
Expenses:				
Program Services:				
Respite Care, Education and other expenses	603,972	-	-	603,972
Total program services	603,972	-	-	603,972
Supporting Services:				
Management and general	30,482	-	-	30,482
Fundraising	132,090	-	-	132,090
Total supporting services	162,572	-	-	162,572
Total program and supporting expenses	766,544	-	-	766,544
Increase in net assets	218,650	5,500	-	224,150
Net assets - beginning of year	789,359	5,000	-	794,359
Net assets - end of year	\$ 1,008,009	\$ 10,500	\$ -	\$ 1,018,509

See accompanying notes to financial statements.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 31, 2012

	Program Services	Supporting Services		
	Respite Care, Education and Other Expenses	Management and General	Fundraising	Total Expenses
Bank and credit card charges	\$ -	\$ 108	\$ 6,648	\$ 6,756
Bad debts	-	825	-	825
Communications program	7,998	-	-	7,998
Depreciation	300	20	80	400
Dues and subscriptions	1,940	-	-	1,940
Equipment and training	1,139	-	175	1,314
Equipment loan program	13,911	-	-	13,911
Equipment rental	1,525	102	407	2,034
Holiday support program	1,113	-	-	1,113
Program expense miscellaneous	4,074	-	-	4,074
In-kind	84,022	190	1,849	86,061
Insurance	10,044	1,564	1,109	12,717
Office supplies	3,248	146	565	3,959
Payments to national affiliate	73,822	15,492	28,050	117,364
Payroll	264,888	8,938	35,750	309,576
Payroll taxes	19,962	672	2,688	23,322
Payroll service	1,995	665	-	2,660
Permits and licenses	68	5	318	391
Postage and delivery	2,839	158	361	3,358
Printing and reproduction	1,079	70	278	1,427
Professional fees	6,910	249	1,980	9,139
Rent	12,965	780	3,120	16,865
Research	50	-	-	50
Respite care	41,200	-	-	41,200
Special events	20,076	9	43,432	63,517
Telephone	8,567	289	1,154	10,010
Travel	15,591	40	1,238	16,869
Utilities	2,358	157	628	3,143
Website	2,288	3	2,260	4,551
	<u>\$ 603,972</u>	<u>\$ 30,482</u>	<u>\$ 132,090</u>	<u>\$ 766,544</u>

See accompanying notes to financial statements.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JANUARY 31, 2012

Cash Flows From Operating Activities:		
Net income		\$ 224,150
Adjustment to reconcile net income		
to net cash provided by operating activities:		
Depreciation	\$ 400	
Donated inventory	(32,315)	
Changes in:		
Pledges receivable	(5,599)	
Prepaid expenses	(1,584)	
Cash whose use is limited	(5,500)	
Accounts payable	(8,289)	
Accrued expenses	(2,375)	
Total adjustments		<u>(55,262)</u>
Net cash provided by operating activities		<u>168,888</u>
Net increase in cash		168,888
Cash - beginning of year		<u>755,568</u>
Cash - end of year		<u><u>\$ 924,456</u></u>

See accompanying notes to financial statements.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2012

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, 2012 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, 2012, we had one certificate of deposit totaling \$205,483, 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, 2012, 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, 2012

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 2008.

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, 2012.

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, 2012, we were due 84% 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, 2012, we received 70% 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, 2012

NOTE 2 - Certificate of Deposit

At January 31, 2012, 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.

Bank	Balance at January 31, 2012	Interest Rate	Maturity Date
Nashville Bank and Trust	\$ 205,483	.25%	February 18, 2012

NOTE 3 - Pledges Receivable

At January 31, 2012, we had an \$8,000 pledge receivable that had been promised in equal installments of \$2,000 for four years. In accordance with Non-Profit Generally Accepted Accounting Principles, the amount is recorded at temporarily restricted, 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, 2012, we had one restricted grant for \$2,500, which is designated for use in our respite program for the 2012-13 fiscal year. We also have \$8,000 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 2012 because more items were given to clients and disposed than were received.

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, 2012, we remitted a total of \$117,364 to the national organization. As of January 31, 2012, we owed the national organization \$13,436.

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, 2012, was \$18,899.

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,	
2013	\$ 17,410
2014	3,110
2015	1,810
2016	754
	<u>\$ 23,084</u>

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2012

NOTE 8 - Joint Costs

During the year ended January 31, 2012, 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&A</u>	<u>Fundraising</u>	<u>Totals</u>
Special events	\$ 20,085	\$ 43,432	\$ 63,517
Website	2,291	2,260	4,551
	<u>\$ 22,376</u>	<u>\$ 45,692</u>	<u>\$ 68,068</u>

NOTE 9 - Subsequent Events

We have evaluated events subsequent to the year ending January 31, 2012. As of June 1, 2012, 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, 2012.