

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION

TENNESSEE CHAPTER

FINANCIAL STATEMENTS

JANUARY 31, 2009

(With Independent Auditor's Report Thereon)

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
FINANCIAL STATEMENTS
JANUARY 31, 2009

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Charles Akersloot, III
Lisa L. Patterson
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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, 2009, 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, 2009, 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.

APL, CPAs

June 29, 2009

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
STATEMENT OF FINANCIAL POSITION
JANUARY 31, 2009

ASSETS

Current Assets:

| | | | |
|--------------------------------------------|----|--------------|------------|
| Cash and cash equivalents | \$ | 219,066 | |
| Certificates of deposit | | 200,000 | |
| Current installments of pledges receivable | | 3,250 | |
| Inventory | | 60,758 | |
| Prepaid expenses | | <u>7,496</u> | |
| Total current assets | | | \$ 490,570 |

| | | | |
|----------------------------------------------|--|--|-------|
| Long-term installments of pledges receivable | | | 4,000 |
|----------------------------------------------|--|--|-------|

Equipment:

| | | | |
|--------------------------------|--|-----------------|--------------|
| Equipment | | 14,678 | |
| Less: accumulated depreciation | | <u>(13,193)</u> | |
| | | | <u>1,485</u> |

\$ 496,055

LIABILITIES AND NET ASSETS

Current Liabilities:

| | | | |
|---------------------------|----|--------------|-----------|
| Accounts payable | \$ | 11,994 | |
| Accrued expenses | | <u>1,839</u> | |
| Total current liabilities | | | \$ 13,833 |

Net Assets:

| | | | |
|--------------|--|----------------|-------------------|
| Unrestricted | | <u>482,222</u> | |
| | | | <u>482,222</u> |
| | | | <u>\$ 496,055</u> |

See accompanying notes to financial statements.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JANUARY 31, 2009

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|---------------------------------------|---------------------|-----------------------------------|-----------------------------------|-------------------|
| Public Support and Revenues: | | | | |
| Contributions | \$ 88,375 | \$ - | \$ - | \$ 88,375 |
| Revenues: | | | | |
| Grants | 5,000 | - | - | 5,000 |
| Special events income | 328,175 | - | - | 328,175 |
| In-kind donations | 18,000 | - | - | 18,000 |
| Interest income | 11,455 | - | - | 11,455 |
| Miscellaneous income | 717 | - | - | 717 |
| Total revenues | <u>363,347</u> | <u>-</u> | <u>-</u> | <u>363,347</u> |
| Total public support and revenues | <u>451,722</u> | <u>-</u> | <u>-</u> | <u>451,722</u> |
| Expenses: | | | | |
| Program Services: | | | | |
| Respite Care, Education | | | | |
| and other program expenses | <u>404,645</u> | <u>-</u> | <u>-</u> | <u>404,645</u> |
| Total program services | <u>404,645</u> | <u>-</u> | <u>-</u> | <u>404,645</u> |
| Supporting Services: | | | | |
| Management and general | 11,261 | - | - | 11,261 |
| Fundraising | <u>74,429</u> | <u>-</u> | <u>-</u> | <u>74,429</u> |
| Total supporting services | <u>85,690</u> | <u>-</u> | <u>-</u> | <u>85,690</u> |
| Total program and supporting expenses | 490,335 | - | - | 490,335 |
| Unallocated payments to | | | | |
| affiliated organizations | <u>57,162</u> | <u>-</u> | <u>-</u> | <u>57,162</u> |
| Total expenses | <u>547,497</u> | <u>-</u> | <u>-</u> | <u>547,497</u> |
| Decrease in net assets | <u>(95,775)</u> | <u>-</u> | <u>-</u> | <u>(95,775)</u> |
| Net assets - beginning of year | <u>577,997</u> | <u>-</u> | <u>-</u> | <u>577,997</u> |
| Net assets - end of year | <u>\$ 482,222</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 482,222</u> |

See accompanying notes to financial statements.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 31, 2009

| | <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 | \$ 106 | \$ 106 | \$ - | \$ - | \$ 106 |
| Advocacy day | 1,910 | 1,910 | - | - | 1,910 |
| Bank and credit card service charges | - | - | 174 | 3,100 | 3,274 |
| Communications program | 14,100 | 14,100 | - | - | 14,100 |
| Depreciation | 692 | 692 | 46 | 185 | 923 |
| Direct mailings | 3,066 | 3,066 | - | - | 3,066 |
| Dues and subscriptions | 1,410 | 1,410 | - | - | 1,410 |
| Education and training | 2,890 | 2,890 | - | 331 | 3,221 |
| Equipment loan program | 13,990 | 13,990 | - | - | 13,990 |
| Equipment rental | 2,352 | 2,352 | 131 | 131 | 2,614 |
| Gifts | 434 | 434 | 92 | 124 | 650 |
| Holiday support program | 199 | 199 | - | - | 199 |
| In-kind | 26,727 | 26,727 | - | - | 26,727 |
| Insurance | 6,182 | 6,182 | 770 | 1,150 | 8,102 |
| Newsletter | 4,072 | 4,072 | - | 851 | 4,923 |
| Office supplies | 2,150 | 2,150 | 650 | 129 | 2,929 |
| Patient assistance | 921 | 921 | - | - | 921 |
| Payroll | 154,035 | 154,035 | 4,256 | 17,026 | 175,317 |
| Payroll taxes | 11,417 | 11,417 | 358 | 1,290 | 13,065 |
| Payroll service | 1,335 | 1,335 | 445 | - | 1,780 |
| Permits and licenses | 203 | 203 | 14 | 353 | 570 |
| Postage and delivery | 2,833 | 2,833 | 212 | 547 | 3,592 |
| Printing and reproduction | 1,608 | 1,608 | - | 717 | 2,325 |
| Professional fees | 33,779 | 33,779 | 2,984 | 8,804 | 45,567 |
| Rent | 12,300 | 12,300 | 540 | 2,160 | 15,000 |
| Research | 1,464 | 1,464 | - | - | 1,464 |
| Repairs and maintenance | 1,575 | 1,575 | 96 | 383 | 2,054 |
| Respite care | 60,355 | 60,355 | - | - | 60,355 |
| Special events | 18,043 | 18,043 | - | 33,022 | 51,065 |
| Strategic planning | - | - | - | 38 | 38 |
| Symposium | 2,823 | 2,823 | - | - | 2,823 |
| Telephone | 8,158 | 8,158 | 387 | 925 | 9,470 |
| Travel | 9,984 | 9,984 | - | 848 | 10,832 |
| Utilities | 1,592 | 1,592 | 106 | 424 | 2,122 |
| Website | 1,940 | 1,940 | - | 1,891 | 3,831 |
| Total program and supporting services | <u>\$ 404,645</u> | <u>\$ 404,645</u> | <u>\$ 11,261</u> | <u>\$ 74,429</u> | <u>\$ 490,335</u> |

See accompanying notes to financial statements.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JANUARY 31, 2009

Cash Flows From Operating Activities:

Decrease in net assets \$ (95,775)

Adjustments to reconcile decrease in net
assets to net cash used in operating activities:

| | | |
|---------------------------------------|------------|------------------|
| Depreciation | \$ 923 | |
| Net change in donated inventory | 8,727 | |
| Changes in: | | |
| Accounts receivable | (7,250) | |
| Prepaid assets | (1,155) | |
| Accounts payable | (55,966) | |
| Accrued expenses | <u>897</u> | |
| Total adjustments | | <u>(53,824)</u> |
| Net cash used in operating activities | | <u>(149,599)</u> |

Cash Flows From Investing Activities:

| | | |
|---------------------------------------------------|----------------|-----------------|
| Purchase of certificates of deposit | (250,000) | |
| Proceeds from maturity of certificates of deposit | <u>161,276</u> | |
| Net cash used in investing activities | | <u>(88,724)</u> |

Net decrease in cash (238,323)

Cash - beginning of year 457,389

Cash - end of year \$ 219,066

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2009

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 for people with Amyotrophic Lateral Sclerosis (ALS). Virtually all of the Organization's revenues and support for the year ended January 31, 2009, 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:

- 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 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.
- iii. **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, 2009, the Organization had one certificate of deposit totaling \$200,000, 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 received 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**

The Organization believes that credit risk is limited with current receivables. If at any time during the year, the Organization determines an account to be uncollectible, the account is directly written off. At January 31, 2009, all outstanding receivables are deemed collectable.

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 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.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2009

NOTE 1 - Summary of Significant Accounting Policies (continued)

g. **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.

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 management 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, 2009, the Company was due 97% of all outstanding receivables from two donors.

During the year ended January 31, 2009, the Organization received 59% of total revenue from one event.

The Organization maintains its cash in banks which, at times, may exceed federally insured limits.

NOTE 2 - Certificates of Deposit

At January 31, 2009, the Company had two certificates of deposit that will mature in the next fiscal year. The certificate of deposit held at Tennessee Bank and Trust had an original maturity date of 90 days, and has been reported as a cash equivalent.

| <u>Bank</u> | <u>Balance at January 31, 2009</u> | <u>Interest Rate</u> | <u>Maturity Date</u> |
|--------------------------|------------------------------------|----------------------|----------------------|
| Tennessee Bank and Trust | \$ 50,128 | 2.95% | March 15, 2009 |
| Nashville Bank and Trust | \$ 200,000 | 3.30% | May 24, 2009 |

NOTE 3 - Accounts Receivable

At January 31, 2009, the Organization had a \$6,000 pledge receivable that has been promised in equal installments of \$2,000 to be paid over each of the next three years. At January 31, 2009, \$2,000 has been shown as a current asset, and \$4,000 is shown as a long-term asset.

AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
TENNESSEE CHAPTER
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2009

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. The Organization recognizes in-kind revenues at the fair value for the items received and recognizes 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 2009 because more items were given to clients than the Organization received.

NOTE 5 - Revenue Sharing and Related Parties

The Organization is 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, the Tennessee Chapter receives updated education materials and information to assist in its mission. During the year ended January 31, 2009, the Organization had remitted \$57,162 to the national affiliate. At year ended January 31, 2009, the national affiliate was due \$6,900 from the Organization.

NOTE 6 - 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, 2009, was \$17,614.

The following is a schedule of future minimum lease payments under the noncancellable operating leases as of January 31, 2009:

For the year ending
January 31.

| | |
|-------|------------------|
| 2010 | \$ 12,117 |
| 2011 | 2,217 |
| 2012 | <u>1,663</u> |
| Total | <u>\$ 15,997</u> |

NOTE 7 - Joint Costs

During the year ended January 31, 2009, the Organization 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>Total</u> |
|------------------------|------------------|--------------------|------------------|
| Education and training | \$ 2,890 | \$ 331 | \$ 3,221 |
| Newsletter | 4,072 | 851 | 4,923 |
| Special events | 18,043 | 33,022 | 51,065 |
| Website | <u>1,940</u> | <u>1,891</u> | <u>3,831</u> |
| | <u>\$ 26,945</u> | <u>\$ 36,095</u> | <u>\$ 63,040</u> |