

The ALS Association Florida Chapter, Inc.

(A Non-Profit Corporation)

Audited Financial Statements

January 31, 2013 and 2012

The ALS Association Florida Chapter, Inc.

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LOWERY, WELDON & COMPANY, CPAs, P.A.

certified public accountants



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Khanh T. Lowery, CPA
Robert M. Weldon, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The ALS Association Florida Chapter, Inc.
Tampa, FL

Report on the Financial Statements

We have audited the accompanying financial statements of the ALS Association Florida Chapter, Inc. (the Association) (a nonprofit organization), which comprise the statements of financial position as of January 31, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years 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 misstatements.

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 The ALS Association Florida Chapter, Inc. as of January 31, 2013 and 2012, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Lowery, Weldon & Company, CPAs, P.A.

Safety Harbor, Florida
November 20, 2013

The ALS Association Florida Chapter, Inc
STATEMENTS OF FINANCIAL POSITION
JANUARY 31, 2013 and 2012

ASSETS

	<u>2013</u>	<u>2012</u>
Current Assets		
Cash and equivalents	\$ 106,808	\$ 253,423
Accounts receivable	13,625	41,500
Unconditional promise to give	1,275	0
Prepaid income tax	971	0
Prepaid expenses	<u>2,570</u>	<u>2,492</u>
Total Current Assets	<u>125,249</u>	<u>297,415</u>
Property and equipment, net of accumulated depreciation	725,428	745,575
Other Assets		
Loan costs, net of accumulated amortization	<u>854</u>	<u>918</u>
Total Other Assets	<u>854</u>	<u>918</u>
Total Assets	<u><u>\$ 851,531</u></u>	<u><u>\$ 1,043,908</u></u>

See accompanying notes to financial statements.

The ALS Association Florida Chapter, Inc
STATEMENTS OF FINANCIAL POSITION
JANUARY 31, 2013 and 2012

LIABILITIES AND NET ASSETS

	<u>2013</u>	<u>2012</u>
Current Liabilities		
Accounts payable	\$ 37,021	\$ 31,610
Due to ALS National	51,662	18,612
Accrued expenses payable	40,720	28,471
Taxes payable	251	414
Deferred rent	3,711	3,711
Current portion of long-term debt	<u>27,705</u>	<u>24,214</u>
Total Current Liabilities	<u>161,070</u>	<u>107,032</u>
Long-term debt, less current portion	<u>328,875</u>	<u>358,580</u>
Total Liabilities	<u>489,945</u>	<u>465,612</u>
Net Assets		
Unrestricted	256,164	485,455
Temporarily restricted	<u>105,422</u>	<u>92,841</u>
Total Net Assets	<u>361,586</u>	<u>578,296</u>
Total Liabilities and Net Assets	<u>\$ 851,531</u>	<u>\$ 1,043,908</u>

See accompanying notes to financial statements.

The ALS Association Florida Chapter, Inc.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JANUARY 31, 2013 AND 2012

	2013			2012	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Revenue and Support					
Contributions	\$ 248,882	\$ 159,402	\$ 0	\$ 408,284	\$ 436,207
Grants	3,631		0	3,631	13,254
Special events	1,379,205		0	1,379,205	1,308,281
Rent	41,616		0	41,616	41,616
Other income	5,709		0	5,709	120
Interest and dividend income	875		0	875	1,526
Gain (loss) on sale of securities	(163)		0	(163)	0
Net assets released from restrictions:					
Satisfaction of purpose	146,821	(146,821)	0	0	0
	<u>1,826,576</u>	<u>12,581</u>	<u>0</u>	<u>1,839,157</u>	<u>1,801,004</u>
Expenses					
Program Services:					
Program services	1,536,642	0	0	1,536,642	1,461,685
Total Program Services	<u>1,536,642</u>	<u>0</u>	<u>0</u>	<u>1,536,642</u>	<u>1,461,685</u>
Supporting Services:					
Management and general	89,029	0	0	89,029	57,409
Fundraising	430,196	0	0	430,196	388,986
Total Supporting Services	<u>519,225</u>	<u>0</u>	<u>0</u>	<u>519,225</u>	<u>446,395</u>
Total Expenses	<u>2,055,867</u>	<u>0</u>	<u>0</u>	<u>2,055,867</u>	<u>1,908,080</u>
Increase (Decrease) in Net Assets	(229,291)	12,581	0	(216,710)	(107,076)
Net Assets, Beginning of Year	<u>485,455</u>	<u>92,841</u>	<u>0</u>	<u>578,296</u>	<u>685,372</u>
Net Assets, End of Year	<u>\$ 256,164</u>	<u>\$ 105,422</u>	<u>\$ 0</u>	<u>\$ 361,586</u>	<u>\$ 578,296</u>

See accompanying notes to financial statements.

The ALS Association Florida Chapter, Inc.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JANUARY 31, 2013 AND 2012

	2013			2012		
	Program Services	Supporting Services		Total	Total	
		Management and General	Fund Raising	Support Services	Functional Expenses	Total Functional Expenses
Salaries	\$ 547,360	\$ 53,944	\$ 227,524	281,468	\$ 828,828	\$ 766,833
Payroll taxes and fringe benefits	112,287	11,069	46,673	57,742	170,029	121,979
Total personnel	659,647	65,013	274,197	339,210	998,857	888,812
Advocacy and awareness	107,618	0	0	0	107,618	128,393
Advertising	0	0	0	0	0	50
Medical equipment	21,405	0	0	0	21,405	22,997
Respite care	57,478	0	0	0	57,478	57,958
Center support	55,575	0	0	0	55,575	29,328
Support groups, education and patient services	56,263	0	0	0	56,263	2,094
Bank and credit card charges	18,423	2,303	2,303	4,606	23,029	25,864
Board Expenses	0	1,227	0	1,227	1,227	1,646
Conferences & meetings	1,665	0	555	555	2,220	3,708
Equipment rental and repair	2,295	574	0	574	2,869	1,430
Event expenses	29,829	0	119,315	119,315	149,144	164,264
Fund Development Expenses	1,594	0	6,375	6,375	7,969	2,323
Insurance	7,326	916	916	1,832	9,158	9,354
Taxes, licenses and permits	4,455	923	557	1,480	5,935	6,341
Technology expense	35,027	4,378	4,378	8,756	43,783	40,505
Postage and delivery	8,031	1,004	1,004	2,008	10,039	7,224
Printing and reproduction	2,905	363	363	726	3,631	5,670
Professional fees	23,055	2,882	2,882	5,764	28,819	13,919
Rent	3,796	475	475	950	4,746	8,469
Repairs & Maintenance	3,326	416	416	832	4,158	3,627
Research Contrib.-ALS Nat.	51,000	0	0	0	51,000	102,881
Revenue Share to ALS National	223,373	0	0	0	223,373	174,532
Staff Development	6,815	852	852	1,704	8,519	12,673
Supplies	9,571	1,196	1,196	2,392	11,963	13,400
Telephone	10,263	1,283	1,283	2,566	12,829	12,157
Utilities	8,397	1,049	1,049	2,098	10,495	11,770
Travel and transportation	33,715	0	7,909	7,909	41,624	47,625
Miscellaneous	157	24	20	44	201	2,069
Total Expenses Before						
Depreciation and Interest	1,443,004	84,878	426,045	510,923	1,953,927	1,801,083
Interest expense	13,965	1,745	1,745	3,490	17,455	21,771
Depreciation and amortization	79,673	2,406	2,406	4,812	84,485	85,226
Total Expenses	\$ 1,536,642	\$ 89,029	\$ 430,196	\$ 519,225	\$ 2,055,867	\$ 1,908,080

See accompanying notes to financial statements.

The ALS Association Florida Chapter Inc.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JANUARY 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities		
Decrease in net assets	\$ (216,710)	\$ (107,076)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	84,485	85,226
Loss on sale of securities	163	0
In-kind contributions	(65,902)	(63,792)
In-kind expenses	579	5,792
Changes in assets and liabilities:		
(Increase)/Decrease in Accounts receivable	27,875	19,750
(Increase)/Decrease in Unconditional promise to give	(1,275)	0
(Increase)/Decrease in Tax refund receivable	(971)	0
(Increase)/Decrease in Prepaid expenses	(78)	(67)
Increase/(Decrease) in Accounts payable	5,411	(1,594)
Increase/(Decrease) in Due to ALS National	33,050	(46,024)
Increase/(Decrease) in Accrued expenses	12,086	7,093
Total adjustments	<u>95,423</u>	<u>6,384</u>
Net Cash Used by Operating Activities	<u>(121,287)</u>	<u>(100,692)</u>
Cash Flows From Investing Activities		
Proceeds from sale of securities	5,060	0
Payments for property and equipment	(4,174)	(3,826)
Net Cash Used by Investing Activities	<u>886</u>	<u>(3,826)</u>
Cash Flows From Financing Activities		
Payments on long-term debt	(26,214)	(20,734)
Net Cash Used by Financing Activities	<u>(26,214)</u>	<u>(20,734)</u>
Net Increase (Decrease) in Cash	(146,615)	(125,252)
Cash, Beginning of Year	253,423	378,675
Cash, End of Year	<u>\$ 106,808</u>	<u>\$ 253,423</u>

Supplemental Disclosures:

Interest paid	17,455	21,771
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Non cash:

The Association recognized in-kind property and equipment donations valued at \$60,100, marketable securities of \$5,223 and \$579 in donated office space for the year ended January 31, 2013. The Association recognized in-kind property and equipment donations valued at \$58,000 and \$5,792 in donated office space for the year ended January 31, 2012.

See accompanying notes to financial statements.

The ALS Association Florida Chapter, Inc.
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 31, 2013 AND 2012

1. ORGANIZATION

The ALS Association Florida Chapter, Inc. (the Association), a 501(c) (3) corporation, is a non-profit organization incorporated in the State of Florida on August 31, 1987. The Association's mission is to empower people with amyotrophic lateral sclerosis (ALS), commonly called Lou Gehrig's disease, and their families to live fuller lives by providing them with compassionate care and support, and to lead the fight to cure and treat ALS through global cutting-edge research.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, net assets of the Association 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 Association and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-restricted stipulations that they be maintained permanently by the Association. Generally, the donors of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes.

Promises to Give – Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The ALS Association Florida Chapter, Inc.
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 31, 2013 AND 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Services – During the years ended January 31, 2013 and 2012, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

Accounts Receivable – Accounts receivable are stated at net realizable value.

Property and Equipment – Depreciation of property and equipment is provided over the estimated useful lives of the respective assets using the straight-line basis.

Building and improvements	40 years
Equipment	3-7 years

Purchases of equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation.

Joint Costs Having a Fund-Raising Appeal – Joint costs of information materials and activities that include fund-raising appeals are allocated between fund-raising and the appropriate program services and grant functions.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Financial Information – The financial information shown for the year ended January 31, 2012 in the accompanying financial statements is included to provide a basis for comparison with January 31, 2013 and presents summarized totals only.

Advertising Costs – Advertising costs are expensed as incurred. For the years ended January 31, 2013 and 2012, advertising expense was \$0 and \$50, respectively.

The ALS Association Florida Chapter, Inc.
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 31, 2013 AND 2012

3. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities 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.

4. PROPERTY AND EQUIPMENT

Property and equipment at January 31, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
Land	\$ 225,000	\$ 225,000
Building	437,147	437,147
Building Improvements	41,122	41,122
Medical Equipment	289,801	376,502
Office Furniture and Equipment	<u>80,916</u>	<u>76,741</u>
	\$ 1,073,986	\$ 1,156,512
Less: Accumulated Depreciation	<u>(348,558)</u>	<u>(410,937)</u>
	<u>\$ 725,428</u>	<u>\$ 745,575</u>

5. INCOME TAXES

The ALS Association Florida Chapter, Inc. is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code; however, beginning with the year ended January 31, 2009, the Association receives rent from a tenant, which is considered unrelated taxable business income. For the years ended January 31, 2013 and 2012, this activity generated an income tax liability of \$366 and \$0, respectively.

6. ALLOCATION OF JOINT COSTS

During fiscal years ended January 31, 2013 and 2012, the Association conducted activities that included requests for contributions, as well as program services and management and general functions. Those activities include direct mail campaigns and special events.

The ALS Association Florida Chapter, Inc.
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 31, 2013 AND 2012

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for periods after January 31, 2013 and 2012 as follows:

	<u>2013</u>	<u>2012</u>
Medical equipment	\$ 87,217	\$ 84,261
Other temporarily restricted grants	<u>18,205</u>	<u>8,580</u>
	<u>\$ 105,422</u>	<u>\$ 92,841</u>

8. LONG-TERM DEBT

As of January 31, 2013 and 2012, long-term debt consists of the following:

	<u>2013</u>	<u>2012</u>
Note payable to First Citrus Bank, payable in 60 monthly installments of \$3,450 including interest at 6.25%, followed by 143 monthly installments of \$3,635 including interest at 2.75% above the U.S Treasury Securities rate adjusted every 5 years (currently 4.625%), with a final payment of remaining principal and accrued interest on June 26, 2026, secured by land and building	\$ 356,580	\$ 382,794
Less Due in one year	<u>(27,705)</u>	<u>(24,214)</u>
	<u>\$ 328,875</u>	<u>\$ 358,580</u>

Future scheduled maturities of long-term debt are as follows:

Years ending January 31:	
2014	27,705
2015	29,014
2016	30,384
2017	31,820
2018	33,323
Thereafter	204,334

The ALS Association Florida Chapter, Inc.
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 31, 2013 AND 2012

9. COMMITMENTS

The Association leases a storage unit under a month to month lease. The Association had an office in Jacksonville which was donated to them. The fair market value of the rent for this space was \$579 and \$5,792 for the years ended January 31, 2013 and 2012, respectively, and was reflected as an in-kind donation in the statement of activities.

10. REVENUE SHARE TO ALS NATIONAL OFFICE

On a quarterly basis, the Association remits all restricted research funds and portion of other collected revenues to the National Office of the Amyotrophic Lateral Sclerosis Association (National). The revenue shares to National for the fiscal years ended January 31, 2013 and 2012 were \$274,373 and \$277,413, respectively.

11. IN-KIND DONATIONS

Beginning in fiscal year 2007, the Association implemented a policy to record donated medical equipment at fair market value at the date of the donation. The policy also implies a time restriction that expires over the useful life of the asset. During the fiscal years ending January 31, 2013 and 2012, medical equipment valued at \$60,100 and \$58,000, respectively was donated to the Association. In-kind medical equipment was not recorded in years prior to fiscal year 2007.

The Association received additional in-kind donations of \$5,223 in marketable securities for the year ended January 31, 2013, and \$579 and \$5,792 in office space for the fiscal years ended January 31, 2013 and 2012, respectively.

12. LEASE

On May 2, 2007, the Association, as the lessor, entered into a commercial lease agreement to lease 2,448 square feet of their building. On April 1, 2010, the lease was renewed for 2 years, and on August 30, 2012 the lease was renewed until March 31, 2015. Under the terms of the lease the Association will receive \$3,468 per month, plus applicable Florida sales tax.

The future minimum lease payments receivable are:

2014	41,616
2015	41,616
2016	6,936

The ALS Association Florida Chapter, Inc.
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 31, 2013 AND 2012

NOTE 13 – EMPLOYEE BENEFIT PLAN

The Association has a defined contribution salary deferral plan covering substantially all employees. The plan does not provide for employer matching contributions as of January 31, 2013.

NOTE 14 – INTANGIBLE ASSETS

Loan costs incurred in connection with obtaining financing for the building have been capitalized and are being amortized over seventeen years (the life of the loan) using the straight-line method. The following is a summary of intangible assets at January 31:

	<u>2013</u>	<u>2012</u>
Loan Costs	1,082	1,082
Less: Accumulated Amortization	<u>(228)</u>	<u>(164)</u>
Loan Costs, Net	<u>\$ 854</u>	<u>\$ 918</u>

Future amortization expense for intangible assets owned at January 31, 2013 is as follows:

Year ending January 31		
2014	\$	64
2015		64
2016		64
2017		64
2018		64
Thereafter		<u>534</u>
		<u>\$ 854</u>

NOTE 15 – FAIR VALUE

The carrying amounts reflected in the statements of financial position for cash and equivalents, receivables, payables, and accrued expenses approximate their fair values due to the short maturities of these assets and liabilities. The carrying amount of the note payable approximates its fair value due to its market interest rate.

The ALS Association Florida Chapter, Inc.
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 31, 2013 AND 2012

NOTE 16 – SUBSEQUENT EVENTS

During the fiscal year ended January 31, 2014, the Association was awarded a grant from the State of Florida for \$1,000,000 (The Bitner-Plante ALS Initiative of Florida). The grant specifies that \$940,000 of the total funds are a direct pass-through to various ALS multidisciplinary clinics (Mayo Clinic, University of South Florida, University of Miami, and University of Florida/Shands) located throughout the state and the Bitner-Plante Telemedicine Project, and the remaining \$60,000 of the total funds are to be used for administrative and marketing costs incurred by the Association to manage the projects. The pass-through portion of the grant will not be subject to revenue share expense under a special exemption from the national organization.

Management has evaluated subsequent events through November 20, 2103, the date on which the financial statements were available to be issued.