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**THE ALS ASSOCIATION FLORIDA
CHAPTER, INC.**

Financial Statements

January 31, 2014 and 2013

(With Independent Auditors' Report Thereon)



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THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

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Independent Auditors' Report

The Board of Directors
The ALS Association Florida Chapter, Inc.

We have audited the accompanying financial statements of The ALS Association Florida Chapter, Inc. (a nonprofit organization), which comprise the statement of financial position as of January 31, 2014, and the related statements of activities, functional expenses and cash flows for the year 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 from material misstatement.

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, 2014, and the changes in its net assets, its functional expenses and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of The ALS Association Florida Chapter, Inc. as of January 31, 2013, were audited by other auditors whose report dated November 30, 2013 expressed an unmodified opinion on those statements.

MAYER HOFFMAN McCANN P.C.

Clearwater, Florida
August 14, 2014

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Statements of Financial Position

January 31, 2014 and 2013

<u>Assets</u>	<u>2014</u>	<u>2013</u>
Current assets:		
Cash and cash equivalents	\$ 264,006	106,808
Accounts receivable		
State of Florida grant	436,565	-
Other	43	971
Contributions receivable, current portion	58,457	14,900
Prepaid expenses and other assets	<u>3,456</u>	<u>3,424</u>
Total current assets	762,527	126,103
Contributions receivable, less current portion	26,205	-
Property and equipment, net of accumulated depreciation	<u>706,027</u>	<u>725,428</u>
	<u>\$ 1,494,759</u>	<u>851,531</u>
 <u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 27,415	36,638
Due to ALS National	46,811	52,045
Accrued expenses -		
State of Florida grant	411,146	-
Personnel costs	33,235	35,676
Other	4,317	5,295
Deferred revenue	5,811	3,711
Current portion of long-term debt	<u>29,014</u>	<u>27,705</u>
Total current liabilities	557,749	161,070
Long-term debt, excluding current portion	<u>299,861</u>	<u>328,875</u>
Total liabilities	<u>857,610</u>	<u>489,945</u>
Net assets:		
Unrestricted	441,241	256,164
Temporarily restricted	<u>195,908</u>	<u>105,422</u>
Total net assets	<u>637,149</u>	<u>361,586</u>
	<u>\$ 1,494,759</u>	<u>851,531</u>

See accompanying notes to financial statements.

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Statement of Activities

Year ended January 31, 2014
(With comparative totals for 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
			<u>2014</u>	<u>2013</u>
Support and Revenue:				
Contributions -				
Walk event	\$ 1,159,508	-	1,159,508	1,150,888
Ride event	173,342	-	173,342	164,288
Bequests	239,097	16,717	255,814	3,841
Noncash	58,700	-	58,700	60,100
Other contributions	237,402	187,373	424,775	412,003
State of Florida Binter-Plante Initiative grant	436,564	-	436,564	-
Rent	41,616	-	41,616	41,616
Other income	3,767	-	3,767	6,421
	<u>2,463,600</u>	<u>90,486</u>	<u>2,554,086</u>	<u>1,839,157</u>
<i>Net assets released from restrictions:</i>				
Satisfaction of use restrictions	51,321	(51,321)	-	-
Expiration of time restrictions	62,283	(62,283)	-	-
	<u>2,463,600</u>	<u>90,486</u>	<u>2,554,086</u>	<u>1,839,157</u>
Expenses:				
Program services	1,711,150	-	1,711,150	1,536,642
Supporting services -				
Management and general	102,615	-	102,615	89,029
Fundraising	464,758	-	464,758	430,196
	<u>2,278,523</u>	<u>-</u>	<u>2,278,523</u>	<u>2,055,867</u>
Total expenses	<u>2,278,523</u>	<u>-</u>	<u>2,278,523</u>	<u>2,055,867</u>
Increase (decrease) in net assets	185,077	90,486	275,563	(216,710)
Net assets at beginning of year	<u>256,164</u>	<u>105,422</u>	<u>361,586</u>	<u>578,296</u>
Net assets at end of year	<u>\$ 441,241</u>	<u>195,908</u>	<u>637,149</u>	<u>361,586</u>

See accompanying notes to financial statements.

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Statement of Functional Expenses

Year ended January 31, 2014

	<i>Program Services</i>				<i>Total Program Services</i>	<i>Supporting Services</i>			<i>Total Expenses</i>
	<i>Advocacy</i>	<i>Awareness</i>	<i>Care Services</i>	<i>Research</i>		<i>Management and General</i>	<i>Fundraising</i>	<i>Total Supporting Services</i>	
Personnel costs	\$ 2,550	179,539	519,962	-	702,051	28,568	214,796	243,364	945,415
Clinical services - state grant	-	-	409,750	-	409,750	-	-	-	409,750
Professional fees	350	16,263	20,027	-	36,640	20,542	65,051	85,593	122,233
Contractor fees	-	-	-	-	-	-	15,745	15,745	15,745
Center support	-	-	35,600	-	35,600	-	-	-	35,600
Assistance to clients	-	-	15,674	-	15,674	-	-	-	15,674
Bank and credit card charges	2,896	5,791	37,643	-	46,330	5,791	5,791	11,582	57,912
Conferences and training	-	-	5,828	-	5,828	-	5,828	5,828	11,656
Occupancy	1,166	2,331	15,153	-	18,650	2,331	2,331	4,662	23,312
Insurance	508	1,016	6,605	-	8,129	1,017	1,016	2,033	10,162
Office expense	332	664	4,317	-	5,313	664	664	1,328	6,641
Printing and reproduction	-	19,368	-	-	19,368	-	8,454	8,454	27,822
Postage and delivery	-	7,090	-	-	7,090	7,326	5,315	12,641	19,731
Supplies	-	12,264	4,161	-	16,425	-	25,332	25,332	41,757
Technology expense	1,959	3,917	25,462	-	31,338	3,918	3,917	7,835	39,173
Event rental expense	-	6,806	-	-	6,806	-	27,224	27,224	34,030
Research contribution to ALS National	-	-	-	12,695	12,695	-	-	-	12,695
Revenue share to ALS National	-	86,652	52,045	73,507	212,204	19,583	36,485	56,068	268,272
Telephone	612	1,224	7,955	-	9,791	2,331	1,347	3,678	13,469
Travel and transportation	421	2,763	25,883	-	29,067	-	34,404	34,404	63,471
Licenses and permits	225	450	2,926	-	3,601	900	1,230	2,130	5,731
Miscellaneous	210	420	2,728	-	3,358	419	420	839	4,197
Total expenses before interest, depreciation and amortization	11,229	346,558	1,191,719	86,202	1,635,708	93,390	455,350	548,740	2,184,448
Interest	795	1,591	10,341	-	12,727	1,591	1,591	3,182	15,909
Depreciation and amortization	1,172	1,954	59,589	-	62,715	7,634	7,817	15,451	78,166
Total expenses	\$ 13,196	350,103	1,261,649	86,202	1,711,150	102,615	464,758	567,373	2,278,523

See accompanying notes to financial statements.

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Statements of Cash Flows

Years ended January 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 275,563	(216,710)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	78,166	84,485
Loss on sale of securities	-	163
Noncash contributions	(58,700)	(65,323)
Decrease (increase) in accounts receivable	(505,399)	25,629
Decrease in prepaid expenses and other assets	(97)	(78)
Increase (decrease) in accounts payable	(9,223)	5,411
Increase (decrease) in due to ALS National	(5,234)	33,050
Increase in deferred revenue	2,100	-
Increase in accrued expenses	407,727	12,086
Net cash provided by (used in) operating activities	184,903	(121,287)
Cash flows from investing activities:		
Proceeds from sale of securities	-	5,060
Property and equipment purchases	-	(4,174)
Net cash provided by investing activities	-	886
Cash flows from financing activities:		
Principal payments on long-term debt	(27,705)	(26,214)
Net cash used in financing activities	(27,705)	(26,214)
Net increase (decrease) in cash and cash equivalents	157,198	(146,615)
Cash and cash equivalents at beginning of year	106,808	253,423
Cash and cash equivalents at end of year	\$ 264,006	106,808
Supplement disclosure of cash flow information:		
Cash paid during the year for interest	\$ 15,909	17,455

See accompanying notes to financial statements.

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Notes to the Financial Statements

January 31, 2014 and 2013

(1) **Description of the 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**

(a) **Financial Accounting Standards**

The Financial Accounting Standards Board (FASB) issued authoritative guidance establishing two levels of U.S. generally accepted accounting principles (GAAP) – authoritative and nonauthoritative – and making the Accounting Standards Codification (ASC) the source of authoritative, nongovernmental GAAP, except for rules and interpretive releases of the Securities and Exchange Commission. The guidance is incorporated into ASC Topic 105 – *Generally Accepted Accounting Principles*.

(b) **Financial Statement Presentation**

The Association's financial statements report information regarding its financial positions and activities according to three classes of net assets: unrestricted, temporarily restricted or permanently restricted. The three classes of net assets are described 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 the 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-imposed 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.

(c) **Contributions Receivable**

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 reports 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.

(Continued)

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Notes to the Financial Statements

January 31, 2014 and 2013

(d) Contributed Services

During the years ended January 31, 2014 and 2013, 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.

(e) Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts, if any. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on historical experience and other circumstances, which may affect the ability of funders to meet their obligations. As of January 31, 2014, no allowance for doubtful accounts was deemed necessary. Substantially all of the outstanding balance of accounts receivable consisted of amounts due from the State of Florida.

(f) 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.

(g) Joint Costs of Having a Fund-Raising Appeal

Joint costs of information materials and activities that include fund-raising appeals are allocated between fundraising and program services. During fiscal years ended January 31, 2014 and 2013, 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. For the year ended January 31, 2014, \$26,039 was allocated to Awareness for joint costs related to printing and reproduction, professional fees, postage and delivery, and supplies.

(Continued)

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Notes to the Financial Statements

January 31, 2014 and 2013

(h) **Income Taxes**

The Association has been recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986. Income earned in furtherance of the Association's tax-exempt purpose is exempt from Federal and State income taxes. The Association is treated as a publicly supported organization, and not as a private foundation. The Association has adopted the provisions of ASC Topic 740 *Accounting for Uncertainty in Income Taxes* and does not believe it has any material income tax exposure relating to uncertain tax positions. The Association's income tax filings for periods after the fiscal year ended January 31, 2010 remain subject to examination.

Beginning with the year ended January 31, 2009, the Association received rent from a tenant, which is considered unrelated taxable business income. For the years ended January 31, 2014 and 2013, this activity generated and income tax liability of \$986 and \$366, respectively.

(i) **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 amount 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.

(j) **Functional Allocation of Expenses**

The costs of providing the Association's various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs, such as occupancy and insurance have been allocated among programs and supporting services benefitted.

(k) **Fair Value**

The carrying amounts reflected in the statements of financial position for cash and cash equivalents, receivables, and accounts payable approximate their fair values due to the short maturities of the assets and liabilities. The carrying amount of long-term debt approximates its fair value due to its market interest rate.

(l) **Reclassifications**

Certain amounts in the 2013 financial statements have been reclassified to conform to the 2014 presentation.

(Continued)

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Notes to the Financial Statements

January 31, 2014 and 2013

(3) Contributions Receivable

Contributions receivable at January 31, 2014 and 2013 consist of the following:

	<u>2014</u>	<u>2013</u>
Sponsorships	\$ 47,490	13,625
Bequests and trust	16,717	-
Pledges	<u>20,750</u>	<u>1,275</u>
 Total contributions receivable	 84,957	 14,900
 Less unamortized discount	 <u>(295)</u>	 <u>-</u>
 Net contributions receivable	 <u>\$ 84,662</u>	 <u>14,900</u>
 Amounts due in:		
Less than one year	\$ 58,457	14,900
One to five years	15,000	-
More than five years	<u>11,500</u>	<u>-</u>
	<u>\$ 84,957</u>	<u>14,900</u>

The fair value of contributions receivable at January 31, 2014 is estimated by discounting future cash flows using a discount rate of approximately 1%, the risk-free rate of return of U.S. Treasury Securities with similar maturities at the date of donation.

(4) Property and Equipment

Property and equipment at January 31, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
Land	\$ 225,000	225,000
Building	437,147	437,147
Building improvements	41,122	41,122
Medical equipment	348,502	289,801
Office furniture and equipment	<u>80,916</u>	<u>80,916</u>
	1,132,687	1,073,986
Less accumulated depreciation	<u>426,660</u>	<u>348,558</u>
	<u>\$ 706,027</u>	<u>725,428</u>

(Continued)

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Notes to the Financial Statements

January 31, 2014 and 2013

(5) Temporarily Restricted Net Assets

Temporarily restricted net assets are available for periods after January 31, 2014 and 2013 as follows:

	<u>2014</u>	<u>2013</u>
Medical equipment	\$ 88,634	87,217
Contributions receivable	37,172	-
Assistive technology program	19,348	-
Patient services - Ocala	25,000	-
Other temporarily restricted grants	<u>25,754</u>	<u>18,205</u>
	<u>\$ 195,908</u>	<u>105,422</u>

(6) Long-Term Debt

As of January 31, 2014 and 2013, long-term debt consists of the following:

	<u>2014</u>	<u>2013</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 (4.625% at January 31, 2014), with a final payment of remaining principal and accrued interest on June 26, 2026, secured by land and building.	\$ 328,875	356,580
Less current portion	<u>29,014</u>	<u>27,705</u>
Long-term debt, excluding current portion	<u>\$ 299,861</u>	<u>328,875</u>

(Continued)

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Notes to the Financial Statements

January 31, 2014 and 2013

Future maturities of long-term debt at January 31, 2014 are as follows:

<u>Year ending January 31:</u>	
2015	\$ 29,014
2016	30,384
2017	31,190
2018	33,323
2019	34,897
Thereafter	<u>170,067</u>
	<u>\$ 328,875</u>

(7) Revenue Share to ALS National Office

On a quarterly basis, the Association remits all restricted research funds and a 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, 2014 and 2013 were \$268,272 and \$274,373, respectively.

(8) Noncash Donations

Beginning in fiscal year 2007, the Association implemented a policy to record donated medical equipment at fair value at the date of the donation. The policy also implies a time restriction that expires over the useful life of the asset. During fiscal years ending January 31, 2014 and 2013, medical equipment valued at \$58,700 and \$60,100, respectively, was donated to the Association. Donated medical equipment was not recorded in years prior to fiscal year 2007.

(9) Equipment Lease

In February 2012, the Association entered into an equipment lease for certain copier and printer equipment. The future minimum lease payments payable under the lease are \$2,627, \$2,627, and \$219 for the years ending January 31, 2015, 2016, and 2017, respectively. Rent expense for all operating leases was \$6,424 and \$4,745 for the years ended January 31, 2014 and 2013, respectively.

(10) Rental Property

In May 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 in August 2012 the lease was renewed until March 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 \$41,616 and \$6,936 for the years ending January 31, 2015 and 2016, respectively.

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THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Notes to the Financial Statements

January 31, 2014 and 2013

(11) 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, 2014.

(12) Subsequent Events

Management has evaluated subsequent events through August 14, 2014, the date on which the financial statements were available for issuance.

During the 3rd quarter of 2014, the Association was the recipient of a significant level of contributions generated in connection with the “ALS Ice Bucket Challenge,” a national fundraising and ALS awareness program.
