

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

**Financial Statements**

**January 31, 2019 and 2018**  
**(With Independent Auditor's Report Thereon)**

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

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## **Independent Auditor's 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 statements of financial position as of January 31, 2019 and 2018, 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 audits. We conducted our audits 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, 2019 and 2018, and the changes in its net assets, its functional expenses, and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

MAYER HOFFMAN McCANN P.C.

August 28, 2019  
Clearwater, Florida

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

**Statements of Financial Position**

**January 31, 2019 and 2018**

<b>Assets</b>	<b>2019</b>	<b>2018</b>
Current assets:		
Cash and cash equivalents	\$ 789,749	1,030,649
Accounts receivable:		
State of Florida grant	83,435	166,766
Contributions receivable, current portion	77,707	40,596
Prepaid expenses and other assets	9,016	9,046
Total current assets	959,907	1,247,057
Contributions receivable, less current portion	12,223	16,673
Property and equipment, net of accumulated depreciation	555,727	570,079
	\$ 1,527,857	1,833,809
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 18,750	29,050
Due to ALS National	142,226	130,067
Accrued expenses:		
Costs under State of Florida grant	75,661	152,295
Personnel costs	31,300	12,200
Other	8,171	10,396
Current portion of long-term debt	23,281	22,244
Total current liabilities	299,389	356,252
Long-term debt, excluding current portion	177,454	200,748
Total liabilities	476,843	557,000
Net assets:		
Without donor restrictions	987,320	1,178,110
With donor restrictions	63,694	98,699
Total net assets	1,051,014	1,276,809
	\$ 1,527,857	1,833,809

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

**Statement of Activities**

**Year Ended January 31, 2019  
(With Comparative Totals for 2018)**

	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>	
	<u>Restrictions</u>	<u>Restrictions</u>	<u>2019</u>	<u>2018</u>
Support and revenue:				
Contributions:				
Walk event	\$ 1,095,004	-	1,095,004	1,249,147
Ride event	149,588	-	149,588	186,230
Bequests	48,440	550	48,990	54,257
Noncash	116,600	-	116,600	67,800
Other contributions	529,004	55,572	584,576	561,526
State of Florida Binter-Plante Initiative grant	354,169	-	354,169	466,666
Rent	24,480	-	24,480	22,440
Other income	2,920	-	2,920	4,008
Net assets released from restrictions:				
Satisfaction of use restrictions	86,127	(86,127)	-	-
Expiration of time restrictions	5,000	(5,000)	-	-
Total support and revenue	2,411,332	(35,005)	2,376,327	2,612,074
Expenses:				
Program services	2,178,838	-	2,178,838	2,352,654
Supporting services:				
Management and general	139,140	-	139,140	139,701
Fundraising	284,144	-	284,144	306,793
Total expenses	2,602,122	-	2,602,122	2,799,148
Decrease in net assets	(190,790)	(35,005)	(225,795)	(187,074)
Net assets at beginning of year	1,178,110	98,699	1,276,809	1,463,883
Net assets at end of year	\$ 987,320	63,694	1,051,014	1,276,809

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

**Statement of Activities**

**Year Ended January 31, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Contributions:			
Walk event	\$ 1,249,147	-	1,249,147
Ride event	186,230	-	186,230
Bequests	52,834	1,423	54,257
Noncash	67,800	-	67,800
Other contributions	489,556	71,970	561,526
State of Florida Binter-Plante Initiative grant	466,666	-	466,666
Rent	22,440	-	22,440
Other income	4,008	-	4,008
Net assets released from restrictions:			
Satisfaction of use restrictions	64,047	(64,047)	-
Expiration of time restrictions	5,250	(5,250)	-
Total support and revenue	<u>2,607,978</u>	<u>4,096</u>	<u>2,612,074</u>
Expenses:			
Program services	2,352,654	-	2,352,654
Supporting services:			
Management and general	139,701	-	139,701
Fundraising	306,793	-	306,793
Total expenses	<u>2,799,148</u>	<u>-</u>	<u>2,799,148</u>
Increase (decrease) in net assets	(191,170)	4,096	(187,074)
Net assets at beginning of year	<u>1,369,280</u>	<u>94,603</u>	<u>1,463,883</u>
Net assets at end of year	<u>\$ 1,178,110</u>	<u>98,699</u>	<u>1,276,809</u>

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

**Statement of Functional Expenses**

**Year Ended January 31, 2019  
(With Comparative Totals for 2018)**

	Program Services				Total Program Services	Supporting Services			Total Expenses	
	Advocacy	Awareness	Care Services	Research		Management and General	Fundraising	Total Supporting Services	2019	2018
Personnel costs	\$ 56,403	366,790	479,586	-	902,779	61,346	208,045	269,391	1,172,170	1,122,541
Clinical services - state grant	-	-	323,389	-	323,389	-	-	-	323,389	426,665
Professional fees	72	33,318	23,057	-	56,447	35,455	81	35,536	91,983	90,530
Contractor fees	-	-	-	-	-	-	-	-	-	10,122
Center support	-	-	42,500	-	42,500	-	-	-	42,500	64,300
Assistance to clients	-	-	61,793	-	61,793	-	-	-	61,793	71,732
Bank and credit card fees	3,051	6,102	39,665	-	48,818	6,103	6,102	12,205	61,023	68,182
Conferences and training	205	341	5,636	-	6,182	341	3,717	4,058	10,240	118,339
Occupancy	1,169	2,338	15,198	-	18,705	2,339	2,338	4,677	23,382	21,193
Insurance	434	867	5,637	-	6,938	867	867	1,734	8,672	8,435
Office expense	673	1,346	8,752	-	10,771	1,347	1,346	2,693	13,464	6,555
Printing and reproduction	304	7,845	4,726	-	12,875	592	671	1,263	14,138	13,696
Postage and delivery	404	8,522	5,869	-	14,795	538	597	1,135	15,930	13,441
Supplies	1,314	57,127	27,673	-	86,114	2,629	2,629	5,258	91,372	61,615
Technology expense	2,178	4,355	28,309	-	34,842	4,355	4,355	8,710	43,552	40,089
Event rental expense	1,388	5,260	18,822	-	25,470	2,775	2,775	5,550	31,020	59,937
Research contribution to ALS National	-	-	-	129,886	129,886	-	-	-	129,886	140,111
Revenue share to ALS National	-	18,255	50,729	85,509	154,493	13,642	24,019	37,661	192,154	208,300
Telephone	1,438	2,876	18,691	-	23,005	2,874	2,876	5,750	28,755	24,675
Travel and transportation	2,999	26,479	37,807	-	67,285	-	19,382	19,382	86,667	57,577
Licenses and permits	28	56	363	-	447	55	56	111	558	455
In-kind expenses	-	-	116,600	-	116,600	-	-	-	116,600	67,800
Miscellaneous	938	1,876	12,195	-	15,009	1,876	1,876	3,752	18,761	66,352
<b>Total expenses before interest, depreciation and amortization</b>	<b>72,998</b>	<b>543,753</b>	<b>1,326,997</b>	<b>215,395</b>	<b>2,159,143</b>	<b>137,134</b>	<b>281,732</b>	<b>418,866</b>	<b>2,578,009</b>	<b>2,762,642</b>
Interest	485	970	6,303	-	7,758	969	970	1,939	9,697	10,687
Depreciation and amortization	216	360	11,361	-	11,937	1,037	1,442	2,479	14,416	25,819
<b>Total expenses</b>	<b>\$ 73,699</b>	<b>545,083</b>	<b>1,344,661</b>	<b>215,395</b>	<b>2,178,838</b>	<b>139,140</b>	<b>284,144</b>	<b>423,284</b>	<b>2,602,122</b>	<b>2,799,148</b>

See accompanying independent auditor's report and notes to financial statements.



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

**Statement of Functional Expenses**

**Year Ended January 31, 2018**

	Program Services					Supporting Services			Total Expenses
	Advocacy	Awareness	Care Services	Research	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Personnel costs	\$ 28,819	375,976	486,112	-	890,907	58,590	173,044	231,634	1,122,541
Clinical services - state grant	-	-	426,665	-	426,665	-	-	-	426,665
Professional fees	215	29,070	11,532	-	40,817	37,116	12,597	49,713	90,530
Contractor fees	-	-	-	-	-	-	10,122	10,122	10,122
Center support	-	-	64,300	-	64,300	-	-	-	64,300
Assistance to clients	-	-	71,732	-	71,732	-	-	-	71,732
Bank and credit card fees	3,409	6,818	44,318	-	54,545	6,819	6,818	13,637	68,182
Conferences and training	2,367	3,944	65,128	-	71,439	3,943	42,957	46,900	118,339
Occupancy	1,060	2,119	13,775	-	16,954	2,120	2,119	4,239	21,193
Insurance	422	844	5,483	-	6,749	842	844	1,686	8,435
Office expense	328	656	4,261	-	5,245	654	656	1,310	6,555
Printing and reproduction	113	12,141	837	-	13,091	18	587	605	13,696
Postage and delivery	315	6,202	5,478	-	11,995	631	815	1,446	13,441
Supplies	819	44,787	12,733	-	58,339	1,638	1,638	3,276	61,615
Technology expense	2,004	4,009	26,058	-	32,071	4,009	4,009	8,018	40,089
Event rental expense	98	57,677	1,771	-	59,546	195	196	391	59,937
Research contribution to ALS National	-	-	-	140,111	140,111	-	-	-	140,111
Revenue share to ALS National	-	16,664	51,242	105,816	173,722	11,040	23,538	34,578	208,300
Telephone	1,234	2,468	16,039	-	19,741	2,466	2,468	4,934	24,675
Travel and transportation	5,330	19,609	18,570	-	43,509	15	14,053	14,068	57,577
Licenses and permits	23	46	296	-	365	44	46	90	455
In-kind expenses	-	-	67,800	-	67,800	-	-	-	67,800
Miscellaneous	3,318	6,635	43,128	-	53,081	6,636	6,635	13,271	66,352
<b>Total expenses before interest, depreciation and amortization</b>	<b>49,874</b>	<b>589,665</b>	<b>1,437,258</b>	<b>245,927</b>	<b>2,322,724</b>	<b>136,776</b>	<b>303,142</b>	<b>439,918</b>	<b>2,762,642</b>
Interest	534	1,069	6,947	-	8,550	1,068	1,069	2,137	10,687
Depreciation and amortization	387	645	20,348	-	21,380	1,857	2,582	4,439	25,819
<b>Total expenses</b>	<b>\$ 50,795</b>	<b>591,379</b>	<b>1,464,553</b>	<b>245,927</b>	<b>2,352,654</b>	<b>139,701</b>	<b>306,793</b>	<b>446,494</b>	<b>2,799,148</b>

See accompanying independent auditor's report and notes to financial statements.

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

**Statements of Cash Flows**

**Years Ended January 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Decrease in net assets	\$ (225,795)	(187,074)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation and amortization	14,416	25,819
Decrease (increase) in accounts receivable	83,331	(14,626)
Decrease (increase) in contributions receivable	(32,661)	6,600
Decrease (increase) in prepaid expenses and other assets	(34)	420
Increase (decrease) in accounts payable	(10,300)	17,203
Increase in due to ALS National	12,159	46,393
Decrease in accrued expenses	<u>(59,759)</u>	<u>(19,317)</u>
Net cash used in operating activities	(218,643)	(124,582)
Cash flows from investing activities:		
Property and equipment purchases	<u>-</u>	<u>(2,009)</u>
Net cash used in investing activities	-	(2,009)
Cash flows from financing activities:		
Principal payments on long-term debt	<u>(22,257)</u>	<u>(21,267)</u>
Net cash used in financing activities	<u>(22,257)</u>	<u>(21,267)</u>
Net decrease in cash and cash equivalents	(240,900)	(147,858)
Cash and cash equivalents at beginning of year	<u>1,030,649</u>	<u>1,178,507</u>
Cash and cash equivalents at end of year	\$ <u><u>789,749</u></u>	<u><u>1,030,649</u></u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ <u><u>9,697</u></u>	<u><u>10,687</u></u>

# THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

## Notes to Financial Statements

January 31, 2019 and 2018

### (1) **Description of the Organization**

The ALS Association Florida Chapter, Inc. (the “Association”) 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) **Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America which require that the Association report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions:* Net assets without donor restrictions are available for use at the discretion of the Association’s Board of Directors (the “Board”) and/or management for general operating purposes.
- *Net Assets With Donor Restrictions:* Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Association reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and are reported in the accompanying statements of activities as net assets released from restriction.

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Notes to Financial Statements - Continued

(2) **Summary of Significant Accounting Policies - Continued**

(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 net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a time or purpose restriction has been satisfied, amounts previously received and recorded in net assets with donor restrictions are reclassified to net assets without donor restrictions.

(d) **Donated Materials and Services**

Donated materials are reflected in the accompanying financial statements at their estimated fair market value at date of receipt. The Association records donated equipment as in-kind support in the accompanying statement of activities. During the years ended January 31, 2019 and 2018, 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 Association, 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 Association 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, 2019 and 2018, 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 (listed below) using the straight-line basis.

Building and improvements	40 years
Equipment	3-7 years

Purchases of property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Expenditures for property and equipment in excess of \$1,500 and with a useful life of at least one year are capitalized.

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

**Notes to Financial Statements - Continued**

**(2) Summary of Significant Accounting Policies - Continued**

**(g) Joint Costs of Activities that Include a Fund-Raising Appeal**

Joint costs of information materials and activities that include fund-raising appeals are allocated between fundraising and program services. During the fiscal years ended January 31, 2019 and 2018, 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 years ended January 31, 2019 and 2018, \$796 and \$3,127, respectively, was allocated to the Association's Awareness program for joint costs related to printing and reproduction, professional fees, postage and delivery, and supplies.

**(h) Income Taxes**

The Amyotrophic Lateral Sclerosis Association and its affiliated chapters, including the Association, have been recognized collectively by the Internal Revenue Service as tax-exempt organizations 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, through the collective exemption described previously, is treated as a publicly supported organization, and not as a private foundation. The Association has adopted the provisions of ASC Topic 740, *Income Taxes*, relating to 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, 2015 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, 2019 and 2018, this activity generated income tax expense of \$0 in each year.

**(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. Expenses directly attributable to a specific functional area of the Association are reported as direct expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the functional areas based on time spent by employees on each functional area or square footage analysis for all indirect occupancy-related expenses.

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Notes to Financial Statements - Continued

(2) Summary of Significant Accounting Policies - Continued

(k) Recent Accounting Pronouncements

In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions,” (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expiration of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement or in the notes to the financial statements and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The Association has adopted this ASU as of and for the year ended January 31, 2019. As a result, the Association changed the presentation of its net asset classes and expanded its footnote disclosures as required by the ASU.

(3) Contributions Receivable

Contributions receivable at January 31, 2019 and 2018 consists of the following:

	<u>2019</u>	<u>2018</u>
Sponsorships	\$ 72,707	35,596
Charitable remainder trust	12,288	11,738
Pledges	<u>5,000</u>	<u>10,000</u>
Total contributions receivable	89,995	57,334
Less unamortized discount	<u>(65)</u>	<u>(65)</u>
Net contributions receivable	<u>\$ 89,930</u>	<u>57,269</u>
Amounts due in:		
Less than one year	\$ 77,707	40,596
One to five years	-	5,000
More than five years	<u>12,288</u>	<u>11,738</u>
	<u>\$ 89,995</u>	<u>57,334</u>

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Notes to Financial Statements - Continued

(3) **Contributions Receivable - Continued**

The fair value of contributions receivable at January 31, 2019 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, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Land	\$ 225,000	225,000
Building	437,147	437,147
Building improvements	48,462	48,462
Medical equipment	409,196	409,196
Office furniture and equipment	19,152	21,452
	<u>1,138,957</u>	<u>1,141,257</u>
Less accumulated depreciation	<u>583,230</u>	<u>571,178</u>
	<u>\$ 555,727</u>	<u>570,079</u>

Depreciation expense was \$14,352 and \$25,755 in 2019 and 2018, respectively.

(5) **Net Assets With Donor Restrictions**

Net assets with donor restrictions are available for periods after January 31, 2019 and 2018 and for the following purposes:

	<u>2019</u>	<u>2018</u>
Medical equipment	\$ 11,663	11,663
Contributions receivable	17,223	21,673
Assistive technology program	6,398	14,499
Care services	28,410	50,864
	<u>\$ 63,694</u>	<u>98,699</u>

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

**Notes to Financial Statements - Continued**

**(6) Long-Term Debt**

As of January 31, 2019 and 2018, long-term debt consists of the following:

	<u>2019</u>	<u>2018</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, including interest at 2.75% above the U.S. Treasury Securities rate, adjusted every five years (4.5% at January 31, 2019), with a final payment of the remaining principal and accrued interest due in June 2026, secured by land and building.	\$ 200,735	222,992
Less current portion	<u>23,281</u>	<u>22,244</u>
Long-term debt, excluding current portion	<u>\$ 177,454</u>	<u>200,748</u>

Future maturities of long-term debt at January 31, 2019 are as follows:

**Year Ending January 31,**

2020	\$ 23,281
2021	24,343
2022	25,499
2023	26,688
2024	27,931
Thereafter	<u>72,993</u>
	<u>\$ 200,735</u>

**(7) Line of Credit**

In September 2018, the Association entered into a revolving line of credit agreement with a financial institution. The agreement allows the Association to borrow up to \$200,000 at the Wall Street Journal prime rate plus 1% (6.5% at January 31, 2019). Amounts drawn on the line of credit are due on demand. The outstanding balance on the line of credit at January 31, 2019 was \$0. The line of credit is collateralized by substantially all of the assets of the Association. The Association is subject to certain financial covenants, with which it was in compliance or had obtained waivers at January 31, 2019.



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**Notes to Financial Statements - Continued**

**(8) 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, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Research contribution to ALS National	\$ 129,886	140,111
Revenue share to ALS National	<u>192,154</u>	<u>208,300</u>
	<u>\$ 322,040</u>	<u>348,411</u>

**(9) Noncash Contributions**

Noncash medical equipment contributions for the years ended January 31, 2019 and 2018 were \$116,600 and \$67,800, respectively.

Beginning in fiscal year 2007, the Association implemented a policy to record donated medical equipment at fair value at the date of the donation. Beginning in fiscal year 2016, the Association revised the policy to increase the capitalization threshold of donated medical equipment from \$500 to \$1,500. For the years ended January 31, 2019 and 2018, no donated medical equipment met the capitalization threshold.

**(10) Equipment Leases**

The Association leases certain equipment under noncancellable operating leases that expire at various dates through 2025. Rent expense for all operating leases was \$29,879 and \$24,158 for the years ended January 31, 2019 and 2018, respectively.

Future minimum lease payments under non-cancellable operating leases as of January 31, 2019 are as follows:

<u>Year Ending January 31,</u>	
2020	\$ 9,700
2021	3,900
2022	3,900
2023	3,900
2024	3,900
Thereafter	<u>700</u>
	<u>\$ 26,000</u>

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**Notes to Financial Statements - Continued**

**(11) Employee Benefit Plan**

The Association sponsors a defined contribution salary deferral plan covering substantially all employees. The plan does not provide for employer matching contributions.

**(12) Business and Credit Concentrations**

The Association works with its ALS Certified Centers of Excellence and recognized treatment centers to increase clinic visits and implement an awareness program. In 2019, two clinics accounted for 24% of total payments to vendors, respectively, each individually accounting for greater than 10% of the total with the largest clinic accounting for 13%. In 2018, three clinics accounted for 36% of total payments to vendors, respectively, each individually accounting for greater than 10% of the total with the largest clinic accounting for 13%.

The Association maintains several depository accounts with what management believes to be high credit quality financial institutions. The total of these deposit balances did not exceed federal deposit insurance limits as of January 31, 2019.

**(13) Lightning Foundation Grant**

The Association received \$15,000 and \$5,000 contributions from the Lightning Foundation during the years ended January 31, 2019 and January 31, 2018, respectively, that were restricted for care services. The contributions provided by the Lightning Foundation were used to fund respite grants for ten individuals that receive care services from the Association.

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Notes to Financial Statements - Continued

(14) **Liquidity and Availability of Resources**

The Association is supported by contributions with and without donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Association must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

As of January 31, 2019, the Association's financial assets available to meet general expenditures within one year were as follows:

Financial assets:		
Cash and cash equivalents	\$	789,749
Accounts receivable		83,435
Contributions receivable		<u>89,930</u>
Total financial assets		963,114
Less amounts unavailable for general expenditure within one year due to:		
Long-term contributions receivable		(12,223)
Donor-imposed restrictions:		
Use restrictions for medical equipment		(11,663)
Use restrictions for assistive technology program		(6,398)
Use restrictions for care services		<u>(28,410)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>904,420</u>

The Association regularly monitors liquidity to meet its operating needs and other contractual commitments. The Association has various sources of liquidity at its disposal including cash and a line of credit (described in Note 7).

(15) **Subsequent Events**

Management has evaluated subsequent events through August 28, 2019, the date the financial statements were available for issuance.