

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Financial Statements

**January 31, 2020 and 2019
(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) (the "Association"), which comprise the statements of financial position as of January 31, 2020 and 2019, 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, 2020 and 2019, 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.

Adoption of New Accounting Standards

As discussed in Note 2 to the financial statements, the Association adopted Accounting Standards Updates No. 2014-09, *Revenue from Contracts with Customers*, and No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

Subsequent Event

We draw your attention to Note 17, which describes the subsequent event resulting in additional risks and uncertainties impacting the Association. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

MAYER HOFFMAN McCANN P.C.

September 18, 2020
Clearwater, Florida

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Statements of Financial Position

January 31, 2020 and 2019

Assets	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 503,265	789,749
Accounts receivable:		
State of Florida grant	33,333	83,435
Contributions receivable, current portion	50,040	77,707
Prepaid expenses and other assets	<u>10,590</u>	<u>9,016</u>
Total current assets	597,228	959,907
Contributions receivable, less current portion	12,962	12,223
Property and equipment, net of accumulated depreciation	<u>540,303</u>	<u>555,727</u>
	<u>\$ 1,150,493</u>	<u>1,527,857</u>
 Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 21,125	18,750
Due to ALS National	56,311	142,226
Accrued expenses:		
Costs under State of Florida grant	30,468	75,661
Personnel costs	40,731	31,300
Other	11,151	8,171
Current portion of long-term debt	<u>24,343</u>	<u>23,281</u>
Total current liabilities	184,129	299,389
Long-term debt, excluding current portion	<u>153,148</u>	<u>177,454</u>
Total liabilities	337,277	476,843
Net assets:		
Without donor restrictions	755,525	987,320
With donor restrictions	<u>57,691</u>	<u>63,694</u>
Total net assets	<u>813,216</u>	<u>1,051,014</u>
	<u>\$ 1,150,493</u>	<u>1,527,857</u>

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

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Statement of Activities

**Year Ended January 31, 2020
(With Comparative Totals for 2019)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2020</u>	<u>2019</u>
Support and revenue:				
Contributions:				
Walk event	\$ 1,129,472	-	1,129,472	1,095,004
Ride event	145,567	-	145,567	149,588
Bequests	3,095	674	3,769	48,990
Noncash	67,400	-	67,400	116,600
Other contributions	441,072	18,069	459,141	584,576
State of Florida Binter-Plante Initiative grant	162,499	-	162,499	354,169
Rent	24,480	-	24,480	24,480
Other income	1,088	-	1,088	2,920
Net assets released from restrictions:				
Satisfaction of use restrictions	24,746	(24,746)	-	-
Total support and revenue	<u>1,999,419</u>	<u>(6,003)</u>	<u>1,993,416</u>	<u>2,376,327</u>
Expenses:				
Program services	1,751,641	-	1,751,641	2,178,838
Supporting services:				
Management and general	144,061	-	144,061	139,140
Fundraising	335,512	-	335,512	284,144
Total expenses	<u>2,231,214</u>	<u>-</u>	<u>2,231,214</u>	<u>2,602,122</u>
Decrease in net assets	(231,795)	(6,003)	(237,798)	(225,795)
Net assets at beginning of year	<u>987,320</u>	<u>63,694</u>	<u>1,051,014</u>	<u>1,276,809</u>
Net assets at end of year	<u>\$ 755,525</u>	<u>57,691</u>	<u>813,216</u>	<u>1,051,014</u>

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Statement of Activities

Year Ended January 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Contributions:			
Walk event	\$ 1,095,004	-	1,095,004
Ride event	149,588	-	149,588
Bequests	48,440	550	48,990
Noncash	116,600	-	116,600
Other contributions	529,004	55,572	584,576
State of Florida Binter-Plante Initiative grant	354,169	-	354,169
Rent	24,480	-	24,480
Other income	2,920	-	2,920
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	<u>2,411,332</u>	<u>(35,005)</u>	<u>2,376,327</u>
Expenses:			
Program services	2,178,838	-	2,178,838
Supporting services:			
Management and general	139,140	-	139,140
Fundraising	284,144	-	284,144
Total expenses	<u>2,602,122</u>	<u>-</u>	<u>2,602,122</u>
Decrease in net assets	(190,790)	(35,005)	(225,795)
Net assets at beginning of year	<u>1,178,110</u>	<u>98,699</u>	<u>1,276,809</u>
Net assets at end of year	<u>\$ 987,320</u>	<u>63,694</u>	<u>1,051,014</u>

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Statement of Functional Expenses

**Year Ended January 31, 2020
(With Comparative Totals for 2019)**

	Program Services				Total Program Services	Supporting Services			Total Expenses	
	Advocacy	Awareness	Care Services	Research		Management and General	Fundraising	Total Supporting Services	2020	2019
Personnel costs	\$ 44,839	328,667	496,810	-	870,316	44,839	250,648	295,487	1,165,803	1,172,170
Clinical services - state grant	-	-	149,598	-	149,598	-	-	-	149,598	323,389
Professional fees	90	34,589	20,764	-	55,443	52,873	35	52,908	108,351	91,983
Center support	-	-	-	-	-	-	-	-	-	42,500
Assistance to clients	-	-	52,527	-	52,527	-	-	-	52,527	61,793
Bank and credit card fees	3,055	6,111	39,720	-	48,886	6,110	6,111	12,221	61,107	61,023
Conferences and training	469	782	12,905	-	14,156	781	8,512	9,293	23,449	10,240
Occupancy	1,117	2,234	14,519	-	17,870	2,233	2,234	4,467	22,337	23,382
Insurance	402	805	5,230	-	6,437	804	805	1,609	8,046	8,672
Office expense	273	546	3,547	-	4,366	545	546	1,091	5,457	13,464
Printing and reproduction	372	4,850	4,845	-	10,067	713	712	1,425	11,492	14,138
Postage and delivery	294	5,668	6,010	-	11,972	868	573	1,441	13,413	15,930
Supplies	1,519	13,705	21,799	-	37,023	(2,838)	3,037	199	37,222	91,372
Technology expense	2,208	4,416	28,704	-	35,328	4,416	4,416	8,832	44,160	43,552
Event rental expense	2,581	33,119	34,134	-	69,834	5,162	5,161	10,323	80,157	31,020
Research contribution to ALS National	-	-	-	39,031	39,031	-	-	-	39,031	129,886
Revenue share to ALS National	-	20,806	53,289	93,627	167,722	14,224	30,360	44,584	212,306	192,154
Telephone	1,388	2,776	18,045	-	22,209	2,776	2,776	5,552	27,761	28,755
Travel and transportation	3,114	20,716	19,688	-	43,518	507	16,143	16,650	60,168	86,667
Licenses and permits	24	48	312	-	384	48	48	96	480	558
In-kind expenses	-	-	67,400	-	67,400	-	-	-	67,400	116,600
Miscellaneous	554	1,108	7,203	-	8,865	8,109	1,108	9,217	18,082	18,761
Total expenses before interest, depreciation and amortization	62,299	480,946	1,057,049	132,658	1,732,952	142,170	333,225	475,395	2,208,347	2,578,009
Interest	439	879	5,711	-	7,029	878	879	1,757	8,786	9,697
Depreciation and amortization	211	352	11,097	-	11,660	1,013	1,408	2,421	14,081	14,416
Total expenses	\$ 62,949	482,177	1,073,857	132,658	1,751,641	144,061	335,512	479,573	2,231,214	2,602,122

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, 2019

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

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Decrease in net assets	\$ (237,798)	(225,795)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation and amortization	14,081	14,416
Loss on sale of equipment	407	-
Decrease in accounts receivable	50,102	83,331
Decrease (increase) in contributions receivable	26,928	(32,661)
Increase in prepaid expenses and other assets	(1,638)	(34)
Increase (decrease) in accounts payable	2,375	(10,300)
Increase (decrease) in due to ALS National	(85,915)	12,159
Decrease in accrued expenses	(32,782)	(59,759)
Net cash used in operating activities	(264,240)	(218,643)
Cash flows from investing activities:		
Proceeds from sale of equipment	1,000	-
Net cash provided by investing activities	1,000	-
Cash flows from financing activities:		
Principal payments on long-term debt	(23,244)	(22,257)
Net cash used in financing activities	(23,244)	(22,257)
Net decrease in cash and cash equivalents	(286,484)	(240,900)
Cash and cash equivalents at beginning of year	789,749	1,030,649
Cash and cash equivalents at end of year	\$ <u>503,265</u>	<u>789,749</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ <u>8,786</u>	<u>9,697</u>

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Notes to Financial Statements

January 31, 2020 and 2019

(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, 2020 and 2019, 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 contractual obligations. As of January 31, 2020 and 2019, 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, 2020 and 2019, 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, 2020 and 2019, \$871 and \$796, 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, 2017 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, 2020 and 2019, this activity generated a nominal amount of income tax expense 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**

During fiscal 2020, the Association, utilizing the modified retrospective method, adopted FASB Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* (“ASU 2014-09”). As part of the adoption, the Association has evaluated each of the five steps of ASC Topic 606, *Revenue from Contracts with Customers* (“ASC 606”), which are as follows: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to the performance obligations; and (5) Recognize revenue when (or as) performance obligations are satisfied. The timing of revenue recognition was not affected by the new standard and the adoption of this guidance did not have an impact on the Association’s financial statements.

The Association also adopted FASB ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* (“ASU 2018-08”). The contribution standard addresses inconsistency in revenue recognition when an item should be considered a contribution or an exchange type transaction. Exchanges would be accounted for using the revenue recognition standard described above. It also provides guidance as to when a contribution should be considered conditional, which for example, is typically the case when funds are received under federal or state grants and contracts. Conditional contributions have different revenue recognition when compared to non-reciprocal transfers of resources in that amounts are reflected as earned when barriers to entitlement are overcome with any unearned amounts reflected as deferred.

The contribution standard was applied using the modified retrospective method. This method was applied to transactions that were not complete or had otherwise already been recognized as of the beginning of fiscal year 2020. The adoption of this guidance did not have an impact on the Association’s financial statements.

In addition, the adoption of these new standards resulted in changes to terminology which impacted certain disclosures and presentation of amounts.

(l) **Going Concern Evaluation**

On an annual basis, as required by ASC Topic 205, *Presentation of Financial Statements - Going Concern*, the Association performs an evaluation to determine whether there are conditions or events (known and reasonably knowable), considered in the aggregate, that raise substantial doubt about the Association’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Notes to Financial Statements - Continued

(3) Contributions Receivable

Contributions receivable at January 31, 2020 and 2019 consist of the following:

	2020	2019
Sponsorships	\$ 45,040	72,707
Charitable remainder trust	12,962	12,288
Pledges	5,000	5,000
Total contributions receivable	63,002	89,995
Less unamortized discount	-	(65)
Net contributions receivable	\$ 63,002	89,930
Amounts due in:		
Less than one year	\$ 50,040	77,707
One to five years	-	-
More than five years	12,962	12,288
	\$ 63,002	89,995

The fair value of contributions receivable at January 31, 2020 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, 2020 and 2019 consisted of the following:

	2020	2019
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	17,142	19,152
	1,136,947	1,138,957
Less accumulated depreciation	596,644	583,230
	\$ 540,303	555,727

Depreciation expense was \$14,017 and \$14,352 in 2020 and 2019, respectively.

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Notes to Financial Statements - Continued

(5) Net Assets With Donor Restrictions

Net assets with donor restrictions are available for periods after January 31, 2020 and 2019 and for the following purposes:

	<u>2020</u>	<u>2019</u>
Medical equipment	\$ 11,663	11,663
Contributions receivable	17,767	17,223
Assistive technology program	-	6,398
Care services	<u>28,261</u>	<u>28,410</u>
	<u>\$ 57,691</u>	<u>63,694</u>

(6) Long-Term Debt

As of January 31, 2020 and 2019, long-term debt consists of the following:

	<u>2020</u>	<u>2019</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 (4.625% at January 31, 2020), with a final payment of the remaining principal and accrued interest due in June 2026, secured by land and building.	\$ 177,491	200,735
Less current portion	<u>24,343</u>	<u>23,281</u>
Long-term debt, excluding current portion	<u>\$ 153,148</u>	<u>177,454</u>

Future maturities of long-term debt at January 31, 2020 are as follows:

<u>Year Ended January 31,</u>	
2021	\$ 24,343
2022	25,499
2023	26,688
2024	27,931
2025	29,223
Thereafter	<u>43,807</u>
	<u>\$ 177,491</u>

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Notes to Financial Statements - Continued

(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% (5.75% at January 31, 2020). Amounts drawn on the line of credit are due on demand. The outstanding balance on the line of credit at January 31, 2020 and 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, 2020 and 2019.

(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, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Research contribution to ALS National	\$ 39,031	129,886
Revenue share to ALS National	<u>212,306</u>	<u>192,154</u>
	<u>\$ 251,337</u>	<u>322,040</u>

(9) Noncash Contributions

Noncash medical equipment contributions for the years ended January 31, 2020 and 2019 were \$67,400 and \$116,600, 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, 2020 and 2019, 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 \$22,649 and \$29,879 for the years ended January 31, 2020 and 2019, respectively.

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Notes to Financial Statements - Continued

(10) **Equipment Leases - Continued**

Future minimum lease payments under non-cancellable operating leases as of January 31, 2020 are as follows:

<u>Year Ended January 31,</u>	
2021	\$ 3,900
2022	3,900
2023	3,900
2024	3,900
2025	700
	<hr/>
	\$ 16,300
	<hr/> <hr/>

(11) **Split-Interest Agreement**

Receivable Under Remainder Trust

The Association has been named a remainder beneficiary under a charitable remainder unitrust agreement. Upon the death of the two beneficiaries, the Association will be distributed a 10% interest. The receivable under remainder trust is reported at estimated fair value.

(12) **Fair Value Measurements**

Financial instruments measured at fair value are classified and disclosed in the following categories:

Level 1: Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3: Valuation is based on unobservable inputs. The Association's receivable under a charitable remainder trust is included in Level 3.

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Notes to Financial Statements - Continued

(12) Fair Value Measurements - Continued

Fair value of assets measured on a recurring basis at January 31, 2020 and 2019 is as follows:

	Fair Value as of January 31, 2020	Level 1	Level 2	Level 3
Receivable under remainder trust	\$ 12,962	-	-	12,962
	<u>\$ 12,962</u>	<u>-</u>	<u>-</u>	<u>12,962</u>
	Fair Value as of January 31, 2019	Level 1	Level 2	Level 3
Receivable under remainder trust	\$ 12,288	-	-	12,288
	<u>\$ 12,288</u>	<u>-</u>	<u>-</u>	<u>12,288</u>

The following table sets forth a summary of changes in fair value for the years ended January 31, 2020 and 2019 for which the Association has used Level 3 inputs to determine fair value:

Balance at January 31, 2018	\$ 11,738
Change in Value	<u>550</u>
Balance at January 31, 2019	12,288
Change in Value	<u>674</u>
Balance at January 31, 2020	<u>\$ 12,962</u>

Quantitative Information About Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The Association utilizes a discounted cash flow method to estimate the fair value of the receivable under remainder trust. At January 30, 2020, significant unobservable inputs include using a discount rate of 2% and estimated life expectancies of income beneficiaries ranging from 5 to 6 years.

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Notes to Financial Statements - Continued

(13) Employee Benefit Plan

The Association sponsors a defined contribution salary deferral plan covering substantially all employees. Effective February 1, 2020 the plan implemented an employer match.

(14) 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 2020, one clinic accounted for 11% of total payments to vendors. 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%.

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, 2020.

(15) Lightning Foundation Grant

The Association received contributions of \$0 and \$15,000 from the Lightning Foundation during the years ended January 31, 2020 and January 31, 2019, 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

(16) 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, 2020 and 2019, the Association's financial assets available to meet general expenditures within one year were as follows:

	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 503,265	789,749
Accounts receivable	33,333	83,435
Contributions receivable	63,002	89,930
Total financial assets	599,600	963,114
Less amounts unavailable for general expenditure within one year due to:		
Long-term contributions receivable	(12,962)	(12,223)
Donor-imposed restrictions:		
Use restrictions for medical equipment	(11,663)	(11,663)
Use restrictions for assistive technology program	-	(6,398)
Use restrictions for care services	(28,261)	(28,410)
Financial assets available to meet cash needs for general expenditures within one year	\$ 546,714	904,420

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 cash equivalents and a line of credit (described in Note 7).

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Notes to Financial Statements - Continued

(17) Subsequent Events

Management has evaluated subsequent events through September 18, 2020, the date the financial statements were available for issuance.

In March 2020, the World Health Organization (“WHO”) declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, and has led to an economic downturn and increased volatility in financial markets. It has also disrupted the normal operations of many companies and nonprofit organizations. It is not possible to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Association or results of operations at the date the financial statements were available for issuance. A health pandemic is a disease outbreak that spreads rapidly and widely by infection and affects many individuals in an area or population at the same time. As a result, donors might avoid public gathering places and local, regional or national governments might limit or ban public gatherings to halt or delay the spread of disease. These uncertain conditions may impact the Association’s future contributions and the collectability of pledges. To mitigate the risks associated with impact of COVID-19, the Association obtained nearly \$200,000 from the CARES Act Paycheck Protection Program (“PPP”) which will help alleviate operational costs throughout the duration of the pandemic. Funds from the PPP loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Association intends to use the entire PPP loan amount for qualifying expenses. Under the terms of the federal program, certain amounts of the PPP loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Association’s State of Florida grant award was increased from \$100,000 in fiscal year 2020 to \$800,000 for fiscal year 2021. Additionally, the Association has had a number of estates and trusts that have matured in fiscal year 2021 providing additional cash flow. Additionally, the national ALS office recently approved a grant to the Florida Chapter of up to \$255,000 to support operations and has waived the fiscal year 2021 second quarter revenue share in the amount of \$28,150.

No impairments were recorded as of the statement of financial position date as no triggering events or changes in circumstances had occurred as of that date; however, due to significant uncertainty surrounding the pandemic situation, management’s judgment regarding this could change in the future.