

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Financial Statements

**January 31, 2021 and 2020
(With Independent Auditors' Report Thereon)**

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

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Mayer Hoffman McCann P.C.

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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) (the "Association"), which comprise the statements of financial position as of January 31, 2021 and 2020, 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.

Auditors' 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 auditors' 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, 2021 and 2020, 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 19, 2021
Clearwater, Florida

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Statements of Financial Position

January 31, 2021 and 2020

Assets	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 923,551	503,265
Accounts receivable:		
State of Florida grant	266,667	33,333
ALS National Office grant	51,000	-
Contributions receivable, current portion	64,894	50,040
Prepaid expenses and other assets	<u>6,111</u>	<u>10,590</u>
Total current assets	1,312,223	597,228
Prepaid expense - long-term	7,496	-
Contributions receivable, less current portion	13,048	12,962
Property and equipment, net of accumulated depreciation	<u>526,442</u>	<u>540,303</u>
	<u><u>\$ 1,859,209</u></u>	<u><u>1,150,493</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 16,890	21,125
Due to ALS National	183,014	56,311
Accrued expenses:		
Costs under State of Florida grant	232,777	30,468
Personnel costs	43,679	40,731
Other	16,731	11,151
Current portion of long-term debt	<u>25,045</u>	<u>24,343</u>
Total current liabilities	518,136	184,129
Long-term debt, excluding current portion	<u>327,051</u>	<u>153,148</u>
Total liabilities	845,187	337,277
Net assets:		
Without donor restrictions	931,329	755,525
With donor restrictions	<u>82,693</u>	<u>57,691</u>
Total net assets	<u>1,014,022</u>	<u>813,216</u>
	<u><u>\$ 1,859,209</u></u>	<u><u>1,150,493</u></u>

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Statement of Activities

**Year Ended January 31, 2021
(With Comparative Totals for 2020)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2021</u>	<u>2020</u>
Support and revenue:				
Contributions:				
Walk event	\$ 659,425	-	659,425	1,129,472
Ride event	114,268	-	114,268	145,567
Bequests	425,451	86	425,537	3,769
Noncash	96,600	-	96,600	67,400
Other contributions	588,409	50,350	638,759	459,141
State of Florida Binter-Plante Initiative grant	508,334	-	508,334	162,499
ALS National Office grant	270,345	-	270,345	-
Rent	14,494	-	14,494	24,480
Other income	2,476	-	2,476	1,088
Net assets released from restrictions:				
Satisfaction of use restrictions	<u>25,434</u>	<u>(25,434)</u>	<u>-</u>	<u>-</u>
Total support and revenue	2,705,236	25,002	2,730,238	1,993,416
Expenses:				
Program services	2,027,765	-	2,027,765	1,751,641
Supporting services:				
Management and general	123,566	-	123,566	144,061
Fundraising	<u>378,101</u>	<u>-</u>	<u>378,101</u>	<u>335,512</u>
Total expenses	<u>2,529,432</u>	<u>-</u>	<u>2,529,432</u>	<u>2,231,214</u>
Increase (decrease) in net assets	175,804	25,002	200,806	(237,798)
Net assets at beginning of year	<u>755,525</u>	<u>57,691</u>	<u>813,216</u>	<u>1,051,014</u>
Net assets at end of year	<u>\$ 931,329</u>	<u>82,693</u>	<u>1,014,022</u>	<u>813,216</u>

See accompanying independent auditors' report and notes to financial statements.

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Statement of Activities

Year Ended January 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Contributions:			
Walk event	\$ 1,129,472	-	1,129,472
Ride event	145,567	-	145,567
Bequests	3,095	674	3,769
Noncash	67,400	-	67,400
Other contributions	441,072	18,069	459,141
State of Florida Binter-Plante Initiative grant	162,499	-	162,499
Rent	24,480	-	24,480
Other income	1,088	-	1,088
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>
Expenses:			
Program services	1,751,641	-	1,751,641
Supporting services:			
Management and general	144,061	-	144,061
Fundraising	335,512	-	335,512
Total expenses	<u>2,231,214</u>	<u>-</u>	<u>2,231,214</u>
Decrease in net assets	(231,795)	(6,003)	(237,798)
Net assets at beginning of year	<u>987,320</u>	<u>63,694</u>	<u>1,051,014</u>
Net assets at end of year	<u>\$ 755,525</u>	<u>57,691</u>	<u>813,216</u>

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Statement of Functional Expenses

**Year Ended January 31, 2021
(With Comparative Totals for 2020)**

	Program Services				Total Program Services	Supporting Services			Total Expenses	
	Advocacy	Awareness	Care Services	Research		Management and General	Fundraising	Total Supporting Services	2021	2020
Personnel costs	\$ 40,330	336,907	538,554	-	915,791	31,023	294,095	325,118	1,240,909	1,165,803
Professional fees	37,335	18,923	58,195	-	114,453	43,787	8,481	52,268	166,721	108,351
Center support	-	-	18,900	-	18,900	-	-	-	18,900	-
Assistance to clients	-	-	501,740	-	501,740	-	-	-	501,740	202,125
Bank and credit card fees	845	1,690	10,985	-	13,520	1,690	1,690	3,380	16,900	61,107
Conferences and training	174	290	4,790	-	5,254	290	3,159	3,449	8,703	23,449
Occupancy	1,147	2,294	14,911	-	18,352	2,294	2,294	4,588	22,940	22,337
Insurance	299	598	3,887	-	4,784	598	598	1,196	5,980	8,046
Office expense	586	1,172	7,620	-	9,378	1,173	1,172	2,345	11,723	5,457
Printing and reproduction	566	1,132	7,361	-	9,059	1,133	1,132	2,265	11,324	11,492
Postage and delivery	422	844	5,483	-	6,749	842	844	1,686	8,435	13,413
Supplies	1,467	2,934	19,072	-	23,473	3,631	2,934	6,565	30,038	37,222
Technology expense	3,285	6,569	42,700	-	52,554	6,569	6,569	13,138	65,692	44,160
Event rental expense	437	874	5,681	-	6,992	874	874	1,748	8,740	80,157
Research contribution to ALS National	-	-	-	10,584	10,584	-	-	-	10,584	39,031
Revenue share to ALS National	-	25,719	72,622	78,750	177,091	19,061	45,117	64,178	241,269	212,306
Telephone	758	1,515	9,848	-	12,121	1,514	1,515	3,029	15,150	27,761
Travel and transportation	-	-	-	-	-	5,731	3,879	9,610	9,610	60,168
Licenses and permits	21	42	273	-	336	42	42	84	420	480
In-kind expenses	-	-	96,600	-	96,600	-	-	-	96,600	67,400
Miscellaneous	753	1,506	9,791	-	12,050	1,507	1,506	3,013	15,063	18,082
Total expenses before interest, depreciation and amortization	88,425	403,009	1,429,013	89,334	2,009,781	121,759	375,901	497,660	2,507,441	2,208,347
Interest	403	807	5,243	-	6,453	806	807	1,613	8,066	8,786
Depreciation and amortization	209	348	10,974	-	11,531	1,001	1,393	2,394	13,925	14,081
Total expenses	\$ 89,037	404,164	1,445,230	89,334	2,027,765	123,566	378,101	501,667	2,529,432	2,231,214

See accompanying independent auditors' report and notes to financial statements.

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Statement of Functional Expenses

Year Ended January 31, 2020

	Program Services				Total Program Services	Supporting Services		Total Supporting Services	Total Expenses
	Advocacy	Awareness	Care Services	Research		Management and General	Fundraising		
Personnel costs	\$ 44,839	328,667	496,810	-	870,316	44,839	250,648	295,487	1,165,803
Professional fees	90	34,589	20,764	-	55,443	52,873	35	52,908	108,351
Assistance to clients	-	-	202,125	-	202,125	-	-	-	202,125
Bank and credit card fees	3,055	6,111	39,720	-	48,886	6,110	6,111	12,221	61,107
Conferences and training	469	782	12,905	-	14,156	781	8,512	9,293	23,449
Occupancy	1,117	2,234	14,519	-	17,870	2,233	2,234	4,467	22,337
Insurance	402	805	5,230	-	6,437	804	805	1,609	8,046
Office expense	273	546	3,547	-	4,366	545	546	1,091	5,457
Printing and reproduction	372	4,850	4,845	-	10,067	713	712	1,425	11,492
Postage and delivery	294	5,668	6,010	-	11,972	868	573	1,441	13,413
Supplies	1,519	13,705	21,799	-	37,023	(2,838)	3,037	199	37,222
Technology expense	2,208	4,416	28,704	-	35,328	4,416	4,416	8,832	44,160
Event rental expense	2,581	33,119	34,134	-	69,834	5,162	5,161	10,323	80,157
Research contribution to ALS National	-	-	-	39,031	39,031	-	-	-	39,031
Revenue share to ALS National	-	20,806	53,289	93,627	167,722	14,224	30,360	44,584	212,306
Telephone	1,388	2,776	18,045	-	22,209	2,776	2,776	5,552	27,761
Travel and transportation	3,114	20,716	19,688	-	43,518	507	16,143	16,650	60,168
Licenses and permits	24	48	312	-	384	48	48	96	480
In-kind expenses	-	-	67,400	-	67,400	-	-	-	67,400
Miscellaneous	554	1,108	7,203	-	8,865	8,109	1,108	9,217	18,082
	<u>62,299</u>	<u>480,946</u>	<u>1,057,049</u>	<u>132,658</u>	<u>1,732,952</u>	<u>142,170</u>	<u>333,225</u>	<u>475,395</u>	<u>2,208,347</u>
Total expenses before interest, depreciation and amortization									
Interest	439	879	5,711	-	7,029	878	879	1,757	8,786
Depreciation and amortization	211	352	11,097	-	11,660	1,013	1,408	2,421	14,081
	<u>62,949</u>	<u>482,177</u>	<u>1,073,857</u>	<u>132,658</u>	<u>1,751,641</u>	<u>144,061</u>	<u>335,512</u>	<u>479,573</u>	<u>2,231,214</u>
Total expenses									

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Statements of Cash Flows

Years Ended January 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 200,806	(237,798)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	13,925	14,081
Loss on sale of equipment	-	407
Decrease (increase) in accounts receivable	(284,334)	50,102
Decrease (increase) in contributions receivable	(14,940)	26,928
Increase in prepaid expenses and other assets	(3,081)	(1,638)
Increase (decrease) in accounts payable	(4,235)	2,375
Increase (decrease) in due to ALS National	126,703	(85,915)
Increase (decrease) in accrued expenses	210,837	(32,782)
Net cash provided by (used in) operating activities	<u>245,681</u>	<u>(264,240)</u>
Cash flows from investing activities:		
Proceeds from sale of equipment	<u>-</u>	<u>1,000</u>
Net cash provided by investing activities	-	1,000
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	190,600	-
Principal payments on long-term debt	<u>(15,995)</u>	<u>(23,244)</u>
Net cash provided by (used in) financing activities	<u>174,605</u>	<u>(23,244)</u>
Net increase (decrease) in cash and cash equivalents	420,286	(286,484)
Cash and cash equivalents at beginning of year	<u>503,265</u>	<u>789,749</u>
Cash and cash equivalents at end of year	<u>\$ 923,551</u>	<u>503,265</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 8,066</u>	<u>8,786</u>

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Notes to Financial Statements

January 31, 2021 and 2020

(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, 2021 and 2020, 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, 2021 and 2020, 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 and the ALS National Office.

(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, 2021 and 2020, 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, 2021 and 2020, \$982 and \$871, 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, 2018 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, 2021 and 2020, 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**

Accounting Standard Not Yet Adopted

In February 2016, the FASB issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in ASC Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. In June 2020, the FASB issued ASU No. 2020-05, which deferred the effective date for all entities that have not yet adopted Topic 842 to annual reporting periods beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Association is currently evaluating the effect the provisions of ASU No. 2016-02 will have on the financial statements.

(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.

(m) **Reclassifications**

Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 presentation.

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Notes to Financial Statements - Continued

(3) Contributions Receivable

Contributions receivable at January 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Sponsorships	\$ 64,894	45,040
Charitable remainder trust	13,048	12,962
Pledges	-	5,000
	<u>77,942</u>	<u>63,002</u>
Total contributions receivable	<u>\$ 77,942</u>	<u>63,002</u>
Amounts due in:		
Less than one year	\$ 64,894	50,040
One to five years	-	-
More than five years	13,048	12,962
	<u>77,942</u>	<u>63,002</u>

(4) Property and Equipment

Property and equipment at January 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</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	17,142	17,142
	1,136,947	1,136,947
Less accumulated depreciation	<u>610,505</u>	<u>596,644</u>
	<u>\$ 526,442</u>	<u>540,303</u>

Depreciation expense was \$13,861 and \$14,017 in 2021 and 2020, 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, 2021 and 2020 and for the following purposes:

	2021	2020
Medical equipment	\$ 11,663	11,663
Contributions receivable	13,048	17,962
Care services	57,982	28,066
	\$ 82,693	57,691

(6) Long-Term Debt

As of January 31, 2021 and 2020, long-term debt consists of the following:

	2021	2020
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, 2021), with a final payment of the remaining principal and accrued interest due in June 2026, secured by land and building.	\$ 161,496	177,491
Paycheck Protection Program loan with a fixed interest rate of 1.00% payable in monthly installments of \$10,726 including interest, beginning November 2020 through April 2022, unless forgiven.	190,600	-
Total long-term debt	352,096	177,491
Less current portion	25,045	24,343
Long-term debt, excluding current portion	\$ 327,051	153,148

THE ALS ASSOCIATION FLORIDA CHAPTER, INC.

Notes to Financial Statements - Continued

(6) Long-Term Debt - Continued

Future maturities of long-term debt at January 31, 2021 are as follows:

<u>Year Ending January 31,</u>		
2022	\$	25,045
2023		217,288
2024		27,931
2025		29,223
2026		30,594
Thereafter		<u>22,015</u>
	\$	<u><u>352,096</u></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% (4.25% at January 31, 2021). Amounts drawn on the line of credit are due on demand. The outstanding balance on the line of credit at January 31, 2021 and 2020 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, 2021 and 2020.

(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, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Research contribution to ALS National	\$ 10,584	39,031
Revenue share to ALS National	<u>241,269</u>	<u>212,306</u>
	\$ <u><u>251,853</u></u>	<u><u>251,337</u></u>

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Notes to Financial Statements - Continued

(9) **Noncash Contributions**

Noncash medical equipment contributions for the years ended January 31, 2021 and 2020 were \$96,600 and \$67,400, 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, 2021 and 2020, 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 \$7,903 and \$22,649 for the years ended January 31, 2021 and 2020, respectively.

Future minimum lease payments under non-cancellable operating leases as of January 31, 2021 are as follows:

<u>Year Ending January 31,</u>	
2022	\$ 3,900
2023	3,900
2024	3,900
2025	<u>700</u>
	<u>\$ 12,400</u>

(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.

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Notes to Financial Statements - Continued

(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.

Fair value of assets measured on a recurring basis at January 31, 2021 and 2020 is as follows:

	Fair Value as of January 31, 2021	Level 1	Level 2	Level 3
Receivable under remainder trust	\$ 13,048	-	-	13,048
	<u>\$ 13,048</u>	<u>-</u>	<u>-</u>	<u>13,048</u>
	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>

The following table sets forth a summary of changes in fair value for the years ended January 31, 2021 and 2020 for which the Association has used Level 3 inputs to determine fair value:

Balance at January 31, 2019	\$ 12,288
Change in value	<u>674</u>
Balance at January 31, 2020	12,962
Change in value	<u>86</u>
Balance at January 31, 2021	<u>\$ 13,048</u>

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Notes to Financial Statements - Continued

(12) **Fair Value Measurements - Continued**

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 31, 2021, significant unobservable inputs include using a discount rate of 2% and estimated life expectancies of income beneficiaries ranging from 4 to 5 years.

(13) **Employee Benefit Plan**

The Association has a 401(k) Savings Plan (the “Savings Plan”) whereby employees may voluntarily contribute a percentage of compensation. Effective February 1, 2020, the Association will match 50% of all employee contributions up to 6% of eligible employee compensation. The total employer Savings Plan matching contributions were approximately \$18,500 in 2021 and \$0 in 2020.

(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 2021, two clinics accounted for 22% of total payments to vendors, respectively, each individually accounting for greater than 10% of the total with the largest clinic accounting for 12%. In 2020, one clinic accounted for 11% of total payments to vendors.

The Association maintains several depository accounts with what management believes to be high credit quality financial institutions. The total of these deposit balances exceeded federal deposit insurance limits by \$77,278 and \$0 as of January 31, 2021 and 2020, respectively.

(15) **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.

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Notes to Financial Statements - Continued

(15) Liquidity and Availability of Resources - Continued

As of January 31, 2021 and 2020, the Association's financial assets available to meet general expenditures within one year were as follows:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 923,551	503,265
Accounts receivable	317,667	33,333
Contributions receivable	<u>77,942</u>	<u>63,002</u>
Total financial assets	1,319,160	599,600
Less amounts unavailable for general expenditure within one year due to:		
Long-term contributions receivable	(13,048)	(12,962)
Donor-imposed restrictions:		
Use restrictions for medical equipment	(11,663)	(11,663)
Use restrictions for care services	<u>(57,982)</u>	<u>(28,066)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,236,467</u>	<u>546,909</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 cash equivalents and a line of credit (described in Note 7).

(16) Risks and Uncertainties

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.

Accordingly, significant estimates used in the preparation of the financial statements including those associated with evaluations of certain long-lived assets for impairment and expected credit losses on amounts owed to the Association may be subject to significant adjustments in future periods.

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Notes to Financial Statements - Continued

(17) Paycheck Protection Program Loan

The Association applied for and received a forgivable Paycheck Protection Program Loan of \$190,600 as provided under the Federal Coronavirus Aid, Relief and Economic Security Act and the loan was funded on April 16, 2020. Under the terms of the loan, the balance is forgivable to the extent the proceeds are used for certain qualified costs for the 24 week period through November 2020 and that certain employment levels are maintained.

To the extent a portion of the loan does not meet the criteria to be forgiven, such amount is due on April 16, 2022 and carries an interest rate of 1%. The Association anticipates using all of the proceeds for eligible costs and expects the entire loan to be forgiven. A formal request for forgiveness was submitted after the performance period outlined above. Subsequent to year end, in April 2021, the Association received notice of legal release of the obligation in the amount of \$190,600. As a result of the legal release from the outstanding obligation, the Association will record a gain on the extinguishment of debt equal to the amount forgiven in fiscal 2022.

(18) Subsequent Events

Management has evaluated subsequent events through August 19, 2021, the date the financial statements were available for issuance.

In connection with the U.S. Federal government's economic stimulus program in response to the COVID-19 pandemic, the Association obtained a second Paycheck Protection Program (PPP) loan of approximately \$222,000 in February 2021. The loan proceeds are expected to supplement the Association's cash flow needs as it faces uncertain operating conditions. This loan is also subject to forgiveness under terms similar to the original PPP loan obtained by the Association in April 2020 as described in Note 17.

In June 2021, the Association fully repaid the mortgage note payable previously described in Note 6, with a final payment of approximately \$153,000. Funding for the mortgage repayment was provided through a donor-restricted contribution.