

Audited Financial Statements

ALS OF MICHIGAN, INC.

January 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
of ALS of Michigan, Inc.**

We have audited the accompanying financial statements of ALS of Michigan, Inc. (a Michigan nonprofit corporation), which comprise the statements of financial position as of January 31, 2019 and 2018, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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 the 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 ALS of Michigan, Inc., as of January 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Croskey Lanni, PC

September 11, 2019
Rochester, Michigan

ALS OF MICHIGAN, INC.

STATEMENTS OF FINANCIAL POSITION

ASSETS

	January 31 ,	
	2019	2018
Current Assets		
Cash and cash equivalents	\$ 592,118	\$ 556,450
Accounts receivable	4,864	5,500
Prepaid expenses and deposits	10,153	7,359
Total current assets	607,135	569,309
Property and equipment, net of accumulated depreciation of \$355,304 in 2019 and \$337,749 in 2018	145,086	166,143
Total assets	\$ 752,221	\$ 735,452

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ 28,961	\$ 25,751
Unearned revenue	-	2,500
Total current liabilities	28,961	28,251

Net Assets

Without donor restrictions	723,260	695,068
With donor restrictions	-	12,133
	723,260	707,201
Total liabilities and net assets	\$ 752,221	\$ 735,452

See accompanying notes to financial statements

ALS OF MICHIGAN, INC.

STATEMENTS OF ACTIVITIES

	For the Year Ended January 31,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Memorials, gifts and other donations	\$ 345,774	\$ -	\$ 345,774	\$ 297,103	\$ -	\$ 297,103
Grant revenue	75,000	-	75,000	13,867	12,133	26,000
Donated items	59,295	-	59,295	62,250	-	62,250
Special events, net of direct costs	198,096	-	198,096	183,649	-	183,649
Interest income	6,499	-	6,499	1,589	-	1,589
Other income	2,285	-	2,285	798	-	798
Loss on equipment disposal	(14,542)	-	(14,542)	(3,600)	-	(3,600)
Subtotal	672,407	-	672,407	555,656	12,133	567,789
Net Assets Released from Restrictions	12,133	(12,133)	-	-	-	-
Total public support and revenue	684,540	(12,133)	672,407	555,656	12,133	567,789
Functional Expenses						
Program						
Patient services	542,360	-	542,360	460,682	-	460,682
Education	12,681	-	12,681	11,770	-	11,770
Total program	555,041	-	555,041	472,452	-	472,452
Administrative	35,011	-	35,011	31,614	-	31,614
Fundraising	66,296	-	66,296	78,052	-	78,052
Total expenses	656,348	-	656,348	582,118	-	582,118
Increase (Decrease) in Net Assets	28,192	(12,133)	16,059	(26,462)	12,133	(14,329)
Net Assets - Beginning	695,068	12,133	707,201	721,530	-	721,530
Net Assets - Ending	\$ 723,260	\$ -	\$ 723,260	\$ 695,068	\$ 12,133	\$ 707,201

See accompanying notes to financial statements

ALS OF MICHIGAN, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 31, 2019

	2019					
	Program					Total
	Patient Services	Education	Total	Administrative	Fundraising	Expenses
Salaries and wages	\$ 232,016	\$ -	\$ 232,016	\$ 16,737	\$ 44,232	\$ 292,985
Payroll taxes	18,333	-	18,333	1,323	3,495	23,151
Depreciation	61,094	-	61,094	1,889	-	62,983
Insurance	1,447	750	2,197	402	80	2,679
In-kind equipment supplies	5,295	-	5,295	-	-	5,295
Miscellaneous	1,613	-	1,613	2,217	2,890	6,720
Office expenses	7,503	2,670	10,173	1,780	763	12,716
Postage	2,617	939	3,556	201	2,952	6,709
Printing	1,425	329	1,754	109	9,098	10,961
Professional fees	4,674	292	4,966	8,472	1,169	14,607
Occupancy	15,189	6,645	21,834	1,187	712	23,733
Seminars and conferences	1,198	-	1,198	-	-	1,198
Specific assistance to individuals	185,057	-	185,057	-	-	185,057
Telephone	2,078	1,056	3,134	238	34	3,406
Travel and lodging	2,821	-	2,821	456	871	4,148
Total expenses	\$ 542,360	\$ 12,681	\$ 555,041	\$ 35,011	\$ 66,296	\$ 656,348

See accompanying notes to financial statements

ALS OF MICHIGAN, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 31, 2018

	2018					
	Program					Total
	Patient Services	Education	Total	Administrative	Fundraising	Expenses
Salaries and wages	\$ 178,403	\$ -	\$ 178,403	\$ 15,620	\$ 50,391	\$ 244,414
Payroll taxes	14,252	-	14,252	1,248	4,025	19,525
Depreciation	64,662	-	64,662	2,000	-	66,662
Insurance	1,401	727	2,128	389	78	2,595
In-kind equipment supplies	5,750	-	5,750	-	-	5,750
Miscellaneous	1,705	-	1,705	2,345	3,056	7,106
Office expenses	5,796	2,063	7,859	1,375	589	9,823
Postage	3,570	1,281	4,851	275	4,027	9,153
Printing	2,123	490	2,613	164	13,557	16,334
Professional fees	3,591	224	3,815	6,509	898	11,222
Occupancy	13,766	6,023	19,789	1,076	645	21,510
Seminars and conferences	2,082	-	2,082	-	-	2,082
Specific assistance to individuals	159,245	-	159,245	-	-	159,245
Telephone	1,893	962	2,855	218	31	3,104
Travel and lodging	2,443	-	2,443	395	755	3,593
Total expenses	\$ 460,682	\$ 11,770	\$ 472,452	\$ 31,614	\$ 78,052	\$ 582,118

See accompanying notes to financial statements

ALS OF MICHIGAN, INC.

STATEMENTS OF CASH FLOWS

	Year Ended January 31,	
	2019	2018
Cash Flows From Operating Activities		
Change in net assets	\$ 16,059	\$ (14,329)
Adjustments to reconcile change in net assets to net cash used-in operating activities		
Depreciation	62,983	66,662
Loss on equipment disposal	14,542	3,600
Donated equipment	(54,000)	(56,500)
(Increase) decrease in operating assets		
Accounts receivable	636	(950)
Prepaid expenses	(2,794)	4,413
(Decrease) increase in operating liabilities		
Accounts payable and accrued expenses	3,210	1,063
Unearned revenue	(2,500)	(2,000)
	38,136	1,959
Net Cash Provided by Operating Activities		
Cash Flows From Investing Activities		
Purchases of equipment	(2,468)	(3,961)
	35,668	(2,002)
Net Increase (Decrease) in Cash and Cash Equivalents		
Cash and Cash Equivalents - Beginning	556,450	558,452
Cash and Cash Equivalents - Ending	\$ 592,118	\$ 556,450

See accompanying notes to financial statements

ALS OF MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JANUARY 31, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of ALS of Michigan, Inc. ("the Organization") is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Operations

ALS of Michigan, Inc. is a nonprofit organization formed to educate and inform the general public as to the nature of this disease; to help the patient and the family to live as full and normal a life as possible; to aid those afflicted through various direct and indirect community-based programs; and to encourage scientific research for the prevention, alleviation, care, treatment and cure of those persons who have been subjected to amyotrophic lateral sclerosis.

Basis of Accounting

The Organization follows the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

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

Property and Equipment

Property and equipment is stated at purchased cost. Donated property and equipment is stated at fair market value at the date of donation. Expenditures for major betterments and additions are charged to the property accounts while replacements, maintenance and repairs which do not improve or extend the life of the respective assets are expensed currently. The Organization's policy is to capitalize expenditures in excess of \$500. Lesser amounts are expensed as incurred and included in the statement of activities.

Depreciation is provided on the straight-line method at annual rates which are sufficient to amortize the cost of the assets over their estimated useful lives as follows:

Equipment	3 - 7 Years
Office furniture and fixtures	5 - 7 Years

Gains or losses on the disposition of property and equipment are included in the statement of activities.

ALS OF MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEARS ENDED JANUARY 31, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial Statement Presentation and Contributions

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, contributions received are recorded as without donor restriction and with donor restriction support depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in without donor restrictions net assets if the restriction expires or is satisfied in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in with donor restrictions net assets depending on the nature of the restriction. When a restriction expires or is satisfied, with donor restriction net assets are reclassified to without donor restriction net assets.

Donated Goods and Services

Donated goods and services are reflected as revenue and expense in the period received at their estimated values on the date of receipt.

In addition, a number of non-professional volunteers have donated significant hours of their time in the Organization's programs. No value for these donated services is reflected in the accompanying financial statements because these services are not specialized skills provided by entities or persons possessing those skills that would be purchased if they were not donated.

Fair Value Measurements

Financial Accounting Standards Board Accounting Standards Codification 820, Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 consist of significant management inputs and have the lowest priority. The carrying values of cash and cash equivalents in the accompanying statement of financial position approximate fair value at January 31, 2019 and 2018.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs on various bases and estimates. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different results.

Income Taxes

The Organization is a nonprofit organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore, is not subject to tax under Federal income tax laws. Unrelated business income, if any, may be subject to income tax. Contributions to ALS of Michigan, Inc. qualify for the charitable contributions deduction to the extent provided by Section 170 of the Internal Revenue Code. Generally, the Organization's tax returns remain open for examination by the Internal Revenue Service for three years from the date of filing. The Organization is no longer subject to examination of its Federal Return of Organization Exempt from Income Tax (Form 990) filed for years before January 31, 2015.

ALS OF MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEARS ENDED JANUARY 31, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Events Occurring After Reporting Date

The Organization has evaluated events and transactions for potential recognition or disclosure through September 11, 2019, the date that the financial statements were available to be issued.

NOTE 2 – CREDIT RISK

Cash and cash equivalents include cash and highly liquid short-term investments, with an original maturity date of three months or less. The Organization maintains cash balances at financial institutions located within Michigan. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation with a coverage limit of \$250,000. Management does not believe it is exposed to any significant credit risks in cash and short-term investments.

As of January 31, 2019, \$95,517 of the Organization's cash was exposed to custodial credit risk because it was uninsured.

NOTE 3 – PROPERTY AND EQUIPMENT

The principal categories of capital assets are as follows:

	January 31,	
	2019	2018
Medical equipment	\$ 461,137	\$ 466,249
Office equipment	24,489	24,489
Computer equipment	14,764	13,154
Sub-total	500,390	503,892
Less: accumulated depreciation	355,304	337,749
Total property and equipment	<u>\$ 145,086</u>	<u>\$ 166,143</u>

Depreciation included in the determination of net assets for the years ended January 31, 2019 and 2018 amounted to \$62,983 and \$66,662 respectively. As discussed in Note 1, depreciation is based on the straight-line method. Asset values are determined by historical cost if purchased and by fair market value if contributed.

ALS OF MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEARS ENDED JANUARY 31, 2019 AND 2018

NOTE 4 – SPECIAL EVENTS

Special events revenue and related expenses at January 31, 2019 are as follows:

	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>
Walk 'n' Roll for ALS	\$ 260,896	\$ 69,273	\$ 191,623
Tigers Day	20,294	15,159	5,135
Online Auction	12,682	11,344	1,338
Total	<u>\$ 293,872</u>	<u>\$ 95,776</u>	<u>\$ 198,096</u>

Special events revenue and related expenses at January 31, 2018 are as follows:

	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>
Walk 'n' Roll for ALS	\$ 250,592	\$ 73,765	\$ 176,827
Tigers Day	27,098	20,170	6,928
Online Auction	13,011	13,117	(106)
Total	<u>\$ 290,701</u>	<u>\$ 107,052</u>	<u>\$ 183,649</u>

NOTE 5 – LEASE AGREEMENT

The Organization entered a five-year administrative office lease beginning November 1, 2013 and extended for five years through November 1, 2023. The lease requires monthly payments of \$1,605. Future minimum payments under the terms of the lease for the years ended January 31 are as follows:

2020	\$ 19,260
2021	19,260
2022	19,260
2023	19,260
2024	14,445

The Organization entered a sixty-three month copier lease beginning May 1, 2014. The lease requires monthly payments of \$165. Future minimum payments under the terms of the lease for the year ending January 31, 2020 amount to approximately \$990.

Rent expense for all leased items during the years ended January 31, 2019 and 2018 amounted to \$23,733 and \$21,510, respectively.