

Audited Financial Statements

**AMYOTROPHIC LATERAL SCLEROSIS
OF MICHIGAN, INC.**

January 31, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Amyotrophic Lateral Sclerosis of Michigan, Inc.

We have audited the accompanying statement of financial position of Amyotrophic Lateral Sclerosis of Michigan, Inc., as of January 31, 2016 and 2015, and the related statements of activities 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 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 Amyotrophic Lateral Sclerosis of Michigan, Inc., as of January 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Croskey Lanni, PC

August 31, 2016
Rochester, Michigan

AMYOTROPHIC LATERAL SCLEROSIS OF MICHIGAN, INC.

STATEMENTS OF FINANCIAL POSITION See Independent Auditor's Report

ASSETS

	January 31 ,	
	2016	2015
Current Assets		
Cash	\$ 543,603	\$ 564,677
Accounts receivable	850	2,090
Prepaid expenses and deposits	11,054	8,330
Total current assets	555,507	575,097
Property and equipment, net of accumulated depreciation of \$234,850 in 2016 and \$225,094 in 2015	179,382	167,157
Total assets	\$ 734,889	\$ 742,254

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ 22,051	\$ 18,179
Unearned revenue	4,000	-
Total current liabilities	26,051	18,179

Net Assets

Unrestricted	708,838	724,075
Total liabilities and net assets	\$ 734,889	\$ 742,254

See accompanying notes to financial statements

AMYOTROPHIC LATERAL SCLEROSIS OF MICHIGAN, INC.

STATEMENTS OF ACTIVITIES
See Independent Auditor's Report

	Year Ended January 31, 2016		
	Unrestricted	Temporarily Restricted	Total
	Public Support and Revenue		
Memorials, gifts and other donations	\$ 222,083	\$ -	\$ 222,083
Grant revenue	28,000	-	28,000
Donated items	89,345	-	89,345
Special events, net of direct costs	208,006	-	208,006
Interest income	430	-	430
Program fees	-	-	-
Other income	900	-	900
Loss on property disposal	(11,542)	-	(11,542)
Subtotal	537,222	-	537,222
Net Assets Released from Restrictions	-	-	-
Total public support and revenue	537,222	-	537,222
Expenses			
Program			
Patient services	451,893	-	451,893
Education	11,189	-	11,189
Total program	463,082	-	463,082
Administrative	48,811	-	48,811
Fundraising	40,566	-	40,566
Total expenses	552,459	-	552,459
Change In Net Assets	(15,237)	-	(15,237)
Net Assets - Beginning	724,075	-	724,075
Net Assets - Ending	\$ 708,838	\$ -	\$ 708,838

Year Ended January 31, 2015		
Unrestricted	Temporarily Restricted	Total
\$ 315,642	\$ -	\$ 315,642
20,500	-	20,500
55,750	-	55,750
353,381	-	353,381
323	-	323
100	-	100
-	-	-
(850)	-	(850)
744,846	-	744,846
1,340	(1,340)	-
746,186	(1,340)	744,846
407,095	-	407,095
10,611	-	10,611
417,706	-	417,706
53,481	-	53,481
46,894	-	46,894
518,081	-	518,081
228,105	(1,340)	226,765
495,970	1,340	497,310
<u>\$ 724,075</u>	<u>\$ -</u>	<u>\$ 724,075</u>

See accompanying notes to financial statements

AMYOTROPHIC LATERAL SCLEROSIS OF MICHIGAN, INC.

STATEMENTS OF CASH FLOWS See Independent Auditor's Report

	Year Ended January 31,	
	2016	2015
Cash Flows From Operating Activities		
Change in net assets	\$ (15,237)	\$ 226,765
Adjustments to reconcile change in net assets to net cash used-in operating activities		
Depreciation	64,704	58,007
Loss on equipment disposal	11,542	850
Donated equipment	(85,500)	(53,250)
(Increase) decrease in operating assets		
Accounts receivable	1,240	(1,704)
Prepaid expenses	(2,724)	1,497
(Decrease) increase in operating liabilities		
Accounts payable and accrued expenses	3,872	(3,592)
Unearned revenue	4,000	-
	(18,103)	228,573
Net Cash Provided by/Used in Operating Activities		
Cash Flows From Investing Activities		
Purchase of property and equipment	(2,971)	(3,032)
Net Increase/Decrease in Cash and Cash Equivalents	(21,074)	225,541
Cash and Cash Equivalents - Beginning	564,677	339,136
Cash and Cash Equivalents - Ending	\$ 543,603	\$ 564,677

See accompanying notes to financial statements

AMYOTROPHIC LATERAL SCLEROSIS OF MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JANUARY 31, 2016 AND 2015 See Independent Auditor's Report

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Amyotrophic Lateral Sclerosis 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.

Program

Amyotrophic Lateral Sclerosis 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.

AMYOTROPHIC LATERAL SCLEROSIS OF MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEARS ENDED JANUARY 31, 2016 AND 2015
See Independent Auditor's Report

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 three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Accordingly, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted 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 unrestricted 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 temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires or is satisfied, temporarily restricted net assets are reclassified to unrestricted 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, 2016 and 2015.

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 Amyotrophic Lateral Sclerosis 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.

AMYOTROPHIC LATERAL SCLEROSIS OF MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEARS ENDED JANUARY 31, 2016 AND 2015
See Independent Auditor's Report

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 August 31, 2016, the date that the financial statements were available to be issued.

NOTE 2 – CREDIT RISK

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, 2016, \$187,355 of the Organization's cash was exposed to custodial credit risk because it was uninsured. All cash balances were uncollateralized as of January 31, 2016.

NOTE 3 – PROPERTY AND EQUIPMENT

Depreciation included in the determination of net assets for the years ended January 31, 2016 and 2015 amounted to \$64,704 and \$58,007 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.

The principal categories of capital assets are as follows:

	January 31,	
	2016	2015
Medical equipment	\$ 380,550	\$ 347,550
Office equipment	22,117	33,136
Computer equipment	11,565	11,565
Sub-total	414,232	392,251
Less: accumulated depreciation	234,850	225,094
Total property and equipment	\$ 179,382	\$ 167,157

AMYOTROPHIC LATERAL SCLEROSIS OF MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEARS ENDED JANUARY 31, 2016 AND 2015
See Independent Auditor's Report

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

The Organization has no temporarily restricted net assets at January 31, 2016 and 2015.

Temporarily restricted net assets were released during the years ended January 31, 2016 and 2015 by satisfying the purpose and/or time restriction specified by the donors as follows:

	January 31,	
	2016	2015
Purchases of assistive devices	\$ -	\$ 1,340

NOTE 5 – SPECIAL EVENTS

Special events revenue and related expenses at January 31, 2016 are as follows:

	Revenue	Expenses	Net
Walk 'n' Roll for ALS	\$ 268,145	\$ 69,706	\$ 198,439
Tiger Day	32,366	22,799	9,567
Total	<u>\$ 300,511</u>	<u>\$ 92,505</u>	<u>\$ 208,006</u>

Special events revenue and related expenses at January 31, 2015 are as follows:

	Revenue	Expenses	Net
Walk 'n' Roll for ALS	\$ 411,345	\$ 67,407	\$ 343,938
Tiger Day	29,892	21,359	8,533
Comedy Night	23,365	22,455	910
Total	<u>\$ 464,602</u>	<u>\$ 111,221</u>	<u>\$ 353,381</u>

AMYOTROPHIC LATERAL SCLEROSIS OF MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEARS ENDED JANUARY 31, 2016 AND 2015
See Independent Auditor's Report

NOTE 6 – LEASE AGREEMENT

The Organization entered a five-year office lease beginning November 1, 2013. The lease requires monthly payments of \$1,605. Future minimum payments under the terms of the lease are as follows:

2017	\$	19,260
2018		19,260
2019		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 are as follows:

2017	\$	1,980
2018		1,980
2019		1,155

In January 2013, the Organization entered into a month to month lease of a storage unit for off-site storage.

Rent expense for all leased items during the years ended January 31, 2016 and 2015 amounted to \$20,535 and \$20,693 respectively.

SUPPLEMENTARY INFORMATION

AMYOTROPHIC LATERAL SCLEROSIS OF MICHIGAN, INC.

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 31, 2016
WITH COMPARATIVE TOTALS FOR 2015
See Independent Auditor's Report

	2016						2015
	Program			Administrative	Fundraising	Total Expenses	Total Expenses
	Patient Services	Education	Total				
Salaries and wages	\$ 195,648	\$ -	\$ 195,648	\$ 28,628	\$ 22,430	\$ 246,706	\$ 246,498
Payroll taxes	14,993	-	14,993	2,194	1,719	18,906	18,771
Depreciation	60,175	-	60,175	4,529	-	64,704	58,007
Insurance	1,487	768	2,255	149	74	2,478	2,365
In-kind equipment supplies	3,845	-	3,845	-	-	3,845	2,500
Miscellaneous	2,027	675	2,702	2,898	2,264	7,864	10,373
Office expenses	5,953	1,142	7,095	1,792	490	9,377	9,909
Postage	4,369	1,324	5,693	269	5,318	11,280	11,709
Printing	5,274	218	5,492	25	6,970	12,487	11,251
Professional fees	2,500	252	2,752	6,151	135	9,038	8,088
Occupancy	12,937	5,955	18,892	1,027	616	20,535	20,693
Seminars and conferences	953	-	953	-	-	953	1,323
Specific assistance to individuals	138,092	-	138,092	-	-	138,092	110,746
Telephone	1,738	855	2,593	171	50	2,814	3,077
Travel and lodging	1,902	-	1,902	978	500	3,380	2,771
Total expenses	\$ 451,893	\$ 11,189	\$ 463,082	\$ 48,811	\$ 40,566	\$ 552,459	\$ 518,081