

Audited Financial Statements

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

January 31, 2018 and 2017

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements	
Statements of financial position	3
Statements of activities	4
Statements of functional expenses	5 - 6
Statements of cash flows	7
Notes to financial statements	8 - 12

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Amyotrophic Lateral Sclerosis of Michigan, Inc. (a Michigan nonprofit corporation), which comprise the statements of financial position as of January 31, 2018 and 2017, 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 Amyotrophic Lateral Sclerosis of Michigan, Inc., as of January 31, 2018 and 2017, 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, 2018
Rochester, Michigan

AMYOTROPHIC LATERAL SCLEROSIS OF MICHIGAN, INC.

STATEMENTS OF FINANCIAL POSITION

ASSETS

	January 31,	
	2018	2017
Current Assets		
Cash and cash equivalents	\$ 556,450	\$ 558,452
Accounts receivable	5,500	4,550
Prepaid expenses and deposits	7,359	11,772
	569,309	574,774
Property and equipment, net of accumulated depreciation of \$337,749 in 2018 and \$277,987 in 2017	166,143	175,944
	\$ 735,452	\$ 750,718
	\$ 735,452	\$ 750,718

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ 25,751	\$ 24,688
Unearned revenue	2,500	4,500
	28,251	29,188

Net Assets

Unrestricted	695,068	721,530
Temporarily restricted	12,133	-
	707,201	721,530
	\$ 735,452	\$ 750,718

See accompanying notes to financial statements

AMYOTROPHIC LATERAL SCLEROSIS OF MICHIGAN, INC.

STATEMENTS OF ACTIVITIES

For the Year Ended
January 31,

	2018		2017	
	Unrestricted	Temporarily Restricted	Total	Temporarily Restricted
Public Support and Revenue				
Memorials, gifts and other donations	\$ 297,103	\$ -	\$ 297,103	\$ 271,539
Grant revenue	13,867	12,133	26,000	25,500
Donated items	62,250	-	62,250	77,680
Special events, net of direct costs	183,649	-	183,649	209,629
Interest income	1,589	-	1,589	354
Other income	798	-	798	321
Loss on equipment disposal	(3,600)	-	(3,600)	(6,694)
Subtotal	555,656	12,133	567,789	578,329
Functional Expenses				
Program				
Patient services	460,682	-	460,682	440,988
Education	11,770	-	11,770	12,220
Total program	472,452	-	472,452	453,208
Administrative	31,614	-	31,614	33,320
Fundraising	78,052	-	78,052	79,109
Total expenses	582,118	-	582,118	565,637
Increase (Decrease) in Net Assets	(26,462)	12,133	(14,329)	12,692
Net Assets - Beginning	721,530	-	721,530	708,838
Net Assets - Ending	\$ 695,068	\$ 12,133	\$ 707,201	\$ 721,530

See accompanying notes to financial statements

AMYOTROPHIC LATERAL SCLEROSIS OF MICHIGAN, INC.

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

2018

	Program					Total Expenses
	Patient Services	Education	Total	Administrative	Fundraising	
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

AMYOTROPHIC LATERAL SCLEROSIS OF MICHIGAN, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 31, 2017

2017

	Program					Total
	Patient Services	Education	Administrative	Fundraising	Total Expenses	
Salaries and wages	\$ 177,821	\$ -	\$ 177,821	\$ 49,255	\$ 242,734	
Payroll taxes	14,223	-	14,223	3,939	19,414	
Depreciation	62,932	-	62,932	-	66,244	
Insurance	1,419	736	2,155	53	2,628	
In-kind equipment supplies	8,180	-	8,180	-	8,180	
Miscellaneous	1,082	-	1,082	3,307	6,012	
Office expenses	5,173	1,761	6,934	1,981	11,007	
Postage	4,286	1,429	5,715	4,946	10,991	
Printing	1,275	159	1,434	14,342	15,934	
Professional fees	3,501	1,204	4,705	-	10,941	
Occupancy	13,613	5,956	19,569	638	21,270	
Seminars and conferences	1,514	-	1,514	-	1,514	
Specific assistance to individuals	142,804	-	142,804	-	142,804	
Telephone	1,981	975	2,956	-	3,145	
Travel and lodging	1,184	-	1,184	648	2,819	
Total expenses	\$ 440,988	\$ 12,220	\$ 453,208	\$ 79,109	\$ 565,637	

See accompanying notes to financial statements

AMYOTROPHIC LATERAL SCLEROSIS OF MICHIGAN, INC.

STATEMENTS OF CASH FLOWS

	Year Ended January 31,	
	2018	2017
Cash Flows From Operating Activities		
Change in net assets	\$ (14,329)	\$ 12,692
Adjustments to reconcile change in net assets to net cash used-in operating activities		
Depreciation	66,662	66,244
Loss on equipment disposal	3,600	6,694
Donated equipment	(56,500)	(69,500)
(Increase) decrease in operating assets		
Accounts receivable	(950)	(3,700)
Prepaid expenses	4,413	(718)
(Decrease) increase in operating liabilities		
Accounts payable and accrued expenses	1,063	2,637
Unearned revenue	(2,000)	500
	1,959	14,849
Net Cash Provided by Operating Activities		
Cash Flows From Investing Activities		
Purchases of equipment	(3,961)	-
	(3,961)	-
Net Increase (Decrease) in Cash and Cash Equivalents	(2,002)	14,849
Cash and Cash Equivalents - Beginning	558,452	543,603
Cash and Cash Equivalents - Ending	\$ 556,450	\$ 558,452

See accompanying notes to financial statements

AMYOTROPHIC LATERAL SCLEROSIS OF MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JANUARY 31, 2018 AND 2017

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.

Nature of Operations

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, 2018 AND 2017

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, 2018 and 2017.

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. 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, 2014.

AMYOTROPHIC LATERAL SCLEROSIS OF MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEARS ENDED JANUARY 31, 2018 AND 2017

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, 2018, 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, 2018, \$25,291 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,	
	2018	2017
Medical equipment	\$ 466,249	\$ 420,249
Office equipment	24,489	22,117
Computer equipment	13,154	11,565
Sub-total	503,892	453,931
Less: accumulated depreciation	337,749	277,987
Total property and equipment	<u>\$ 166,143</u>	<u>\$ 175,944</u>

Depreciation included in the determination of net assets for the years ended January 31, 2018 and 2017 amounted to \$66,662 and \$66,244 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.

AMYOTROPHIC LATERAL SCLEROSIS OF MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEARS ENDED JANUARY 31, 2018 AND 2017

NOTE 4 – SPECIAL EVENTS

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>

Special events revenue and related expenses at January 31, 2017 are as follows:

	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>
Walk 'n' Roll for ALS	\$ 257,176	\$ 64,988	\$ 192,188
Golf Outing	28,332	17,340	10,992
Tigers Day	27,703	21,241	6,462
Online Auction	18,061	18,074	(13)
Total	<u>\$ 331,272</u>	<u>\$ 121,643</u>	<u>\$ 209,629</u>

NOTE 5 – LEASE AGREEMENT

The Organization entered a five-year administrative office lease beginning November 1, 2013. The lease requires monthly payments of \$1,605. Future minimum payments under the terms of the lease for the year ended January 31, 2019 amounts to approximately \$14,500.

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 years ending January 31 are as follows:

2019	\$ 1,980
2020	990

Rent expense for all leased items during the years ended January 31, 2018 and 2017 amounted to \$21,510 and \$21,270 respectively.

AMYOTROPHIC LATERAL SCLEROSIS OF MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEARS ENDED JANUARY 31, 2018 AND 2017

NOTE 6 – RECLASSIFICATIONS FUNCTIONAL ALLOCATION

In 2018, the Organization changed its methodology for allocating salaries to functional expense categories. Accordingly, functional allocations for the year ended January 31, 2017 were updated to the current methodology for presentation purposes.