

Audited Financial Statements

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

January 31, 2017 and 2016

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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 financial statements of Amyotrophic Lateral Sclerosis of Michigan, Inc. (a Michigan nonprofit corporation), which comprise the statements of financial position as of January 31, 2017 and 2016, 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, 2017 and 2016, 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.

Report on Supplementary Information

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

July 14, 2017
Rochester, Michigan

AMYOTROPHIC LATERAL SCLEROSIS OF MICHIGAN, INC.

STATEMENTS OF FINANCIAL POSITION

See Independent Auditor's Report

ASSETS

	January 31 ,	
	2017	2016
Current Assets		
Cash and cash equivalents	\$ 558,452	\$ 543,603
Accounts receivable	4,550	850
Prepaid expenses and deposits	11,772	11,054
Total current assets	574,774	555,507
Property and equipment, net of accumulated depreciation of \$277,987 in 2017 and \$234,850 in 2016	175,944	179,382
Total assets	<u>\$ 750,718</u>	<u>\$ 734,889</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ 24,688	\$ 22,051
Unearned revenue	4,500	4,000
Total current liabilities	29,188	26,051

Net Assets

Unrestricted	721,530	708,838
Total liabilities and net assets	<u>\$ 750,718</u>	<u>\$ 734,889</u>

See accompanying notes to financial statements

AMYOTROPHIC LATERAL SCLEROSIS OF MICHIGAN, INC.

STATEMENTS OF ACTIVITIES
See Independent Auditor's Report

	Year Ended January 31,	
	2017	2016
Public Support and Revenue		
Memorials, gifts and other donations	\$ 271,539	\$ 222,083
Grant revenue	25,500	28,000
Donated items	77,680	89,345
Special events, net of direct costs	209,629	208,006
Interest income	354	430
Other income	321	900
Loss on equipment disposal	(6,694)	(11,542)
Subtotal	578,329	537,222
Functional Expenses		
Program		
Patient services	454,043	451,893
Education	12,220	11,189
Total program	466,263	463,082
Administrative	41,387	48,811
Fundraising	57,987	40,566
Total expenses	565,637	552,459
Increase (Decrease) in Net Assets	12,692	(15,237)
Net Assets - Beginning	708,838	724,075
Net Assets - Ending	\$ 721,530	\$ 708,838

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,	
	2017	2016
Cash Flows From Operating Activities		
Change in net assets	\$ 12,692	\$ (15,237)
Adjustments to reconcile change in net assets to net cash used-in operating activities		
Depreciation	66,244	64,704
Loss on equipment disposal	6,694	11,542
Donated equipment	(69,500)	(85,500)
(Increase) decrease in operating assets		
Accounts receivable	(3,700)	1,240
Prepaid expenses	(718)	(2,724)
(Decrease) increase in operating liabilities		
Accounts payable and accrued expenses	2,637	3,872
Unearned revenue	500	4,000
	14,849	(18,103)
Net Cash Provided by (Used in) Operating Activities		
Cash Flows From Investing Activities		
Purchases of equipment	-	(2,971)
	-	(2,971)
Net Increase (Decrease) in Cash and Cash Equivalents	14,849	(21,074)
Cash and Cash Equivalents - Beginning	543,603	564,677
Cash and Cash Equivalents - Ending	\$ 558,452	\$ 543,603

See accompanying notes to financial statements

AMYOTROPHIC LATERAL SCLEROSIS OF MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JANUARY 31, 2017 AND 2016 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.

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, 2017 AND 2016
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, 2017 and 2016.

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, 2013.

AMYOTROPHIC LATERAL SCLEROSIS OF MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEARS ENDED JANUARY 31, 2017 AND 2016
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 July 14, 2017, 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, 2017, \$213,718 of the Organization's cash was exposed to custodial credit risk because it was uninsured. All cash balances were uncollateralized as of January 31, 2017.

NOTE 3 – PROPERTY AND EQUIPMENT

Depreciation included in the determination of net assets for the years ended January 31, 2017 and 2016 amounted to \$66,244 and \$64,704 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,	
	2017	2016
Medical equipment	\$ 420,249	\$ 380,550
Office equipment	22,117	22,117
Computer equipment	11,565	11,565
Sub-total	453,931	414,232
Less: accumulated depreciation	277,987	234,850
Total property and equipment	<u>\$ 175,944</u>	<u>\$ 179,382</u>

AMYOTROPHIC LATERAL SCLEROSIS OF MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEARS ENDED JANUARY 31, 2017 AND 2016
See Independent Auditor's Report

NOTE 4 – SPECIAL EVENTS

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)
	<u>331,272</u>	<u>121,643</u>	<u>209,629</u>
Total	<u>\$ 331,272</u>	<u>\$ 121,643</u>	<u>\$ 209,629</u>

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

	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>
Walk 'n' Roll for ALS	\$ 268,145	\$ 69,706	\$ 198,439
Tigers Day	32,366	22,799	9,567
	<u>300,511</u>	<u>92,505</u>	<u>208,006</u>
Total	<u>\$ 300,511</u>	<u>\$ 92,505</u>	<u>\$ 208,006</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 years ended January 31 are as follows:

2018	\$ 19,260
2019	14,445

AMYOTROPHIC LATERAL SCLEROSIS OF MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEARS ENDED JANUARY 31, 2017 AND 2016
See Independent Auditor's Report

NOTE 5 – LEASE AGREEMENT - Continued

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:

2018	\$	1,980
2019		1,980
2020		990

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, 2017 and 2016 amounted to \$21,270 and \$20,535 respectively.

SUPPLEMENTARY INFORMATION

AMYOTROPHIC LATERAL SCLEROSIS OF MICHIGAN, INC.

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 31, 2017
WITH COMPARATIVE TOTALS FOR 2016
See Independent Auditor's Report

	2017					2016	
	Patient Services	Education	Total	Administrative	Fundraising	Total Expenses	Total Expenses
Salaries and wages	\$ 191,327	\$ -	\$ 191,327	\$ 23,218	\$ 28,189	\$ 242,734	\$ 246,706
Payroll taxes	13,772	-	13,772	1,759	3,883	19,414	18,906
Depreciation	62,932	-	62,932	3,312	-	66,244	64,704
Insurance	1,419	736	2,155	420	53	2,628	2,478
In-kind equipment supplies	8,180	-	8,180	-	-	8,180	3,845
Miscellaneous	1,082	-	1,082	1,623	3,307	6,012	7,864
Office expenses	5,173	1,761	6,934	2,091	1,981	11,007	9,377
Postage	4,286	1,429	5,715	330	4,946	10,991	11,280
Printing	1,275	159	1,434	159	14,342	15,934	12,487
Professional fees	3,501	1,204	4,705	6,236	-	10,941	9,038
Occupancy	13,613	5,956	19,569	1,063	638	21,270	20,535
Seminars and conferences	1,514	-	1,514	-	-	1,514	953
Specific assistance to individuals	142,804	-	142,804	-	-	142,804	138,092
Telephone	1,981	975	2,956	189	-	3,145	2,814
Travel and lodging	1,184	-	1,184	987	648	2,819	3,380
Total expenses	\$ 454,043	\$ 12,220	\$ 466,263	\$ 41,387	\$ 57,987	\$ 565,637	\$ 552,459