

Compassionate Care ALS, Inc.

Financial Statements

December 31, 2014

Compassionate Care ALS, Inc.

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December 31, 2014

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FRITZ DEGUGLIELMO LLC
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Compassionate Care ALS, Inc.
Falmouth, Massachusetts

We have audited the accompanying financial statements of Compassionate Care ALS, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year 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 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 Compassionate Care ALS, Inc. as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from Compassionate Care ALS, Inc.'s 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 24, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants
Newburyport, Massachusetts
October 21, 2015

Compassionate Care ALS, Inc.

Statement of Financial Position

December 31, 2014

(with summarized financial information as of December 31, 2013)

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash	\$ 603,603	\$ 337,079
Accounts receivable	5,061	9,000
Prepaid expenses and deposits	24,457	24,851
	<u>633,121</u>	<u>370,930</u>
Organizational Costs	6,110	6,110
Less: Accumulated Amortization	(6,110)	(6,110)
Organizational Costs, Net	<u>-</u>	<u>-</u>
Property and Equipment	1,769,534	777,920
Less: Accumulated Depreciation	(468,726)	(366,265)
Property and Equipment, net	<u>1,300,808</u>	<u>411,655</u>
Total Assets	<u>\$ 1,933,929</u>	<u>\$ 782,585</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 19,888	\$ 7,830
Accrued expenses	5,523	14,601
Current portion of notes payable	13,240	-
	<u>38,651</u>	<u>22,431</u>
Notes payable, net of current portion	<u>583,720</u>	<u>-</u>
Total Liabilities	<u>622,371</u>	<u>22,431</u>
Net Assets:		
Unrestricted	931,036	760,154
Temporarily restricted	380,522	-
Total Net Assets	<u>1,311,558</u>	<u>760,154</u>
Total Liabilities and Net Assets	<u>\$ 1,933,929</u>	<u>\$ 782,585</u>

See independent auditor's report and accompanying notes to financial statements.

Compassionate Care ALS, Inc.

Statement of Activities

For the year ended December 31, 2014
(with summarized financial information for the year ended December 31, 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2014 Total</u>	<u>2013 Total</u>
Support, Revenues and Reclassifications:				
Public Support and Revenue:				
Contributions	\$ 380,935	\$ -	\$ 380,935	\$ 380,757
Capital campaign	-	380,522	380,522	-
Grants	218,500	-	218,500	113,500
Fundraising Events	811,630	-	811,630	606,427
Program Services	3,048	-	3,048	1,085
Interest Income	983	-	983	235
Loss on disposal of assets	(17,804)	-	(17,804)	-
Net assets released from restrictions:				
Satisfaction of donor restrictions	-	-	-	-
Total Support, Revenues and Reclassifications	1,397,292	380,522	1,777,814	1,102,004
Operating Expenses:				
Program Services	627,170	-	627,170	572,967
Supporting Services:				
Fundraising	231,068	-	231,068	215,613
Administrative	197,918	-	197,918	112,660
Total Operating Expenses	1,056,156	-	1,056,156	901,240
Change in Net Assets, before Assistance to Individuals	341,136	380,522	721,658	200,764
Assistance to Individuals:				
Donated Supplies and Equipment	49,775	-	49,775	144,050
Less: Assistance to Individuals	(220,029)	-	(220,029)	(210,995)
Net Assistance to Individuals	(170,254)	-	(170,254)	(66,945)
Change in Net Assets	170,882	380,522	551,404	133,819
Net Assets - Beginning of Year	760,154	-	760,154	626,335
Net Assets - End of Year	\$ 931,036	\$ 380,522	\$ 1,311,558	\$ 760,154

See independent auditor's report and accompanying notes to financial statements.

Compassionate Care ALS, Inc.

Statement of Functional Expenses

For the year ended December 31, 2014
(with summarized financial information for the year ended December 31, 2013)

	Program Services	Fundraising	Admin- istration	2014 Total	2013 Total
Directors' compensation	\$ 140,758	\$ 18,291	\$ 18,290	\$ 177,339	\$ 117,420
Other wages and salaries	159,430	-	-	159,430	192,738
Payroll taxes	25,644	1,562	1,563	28,769	26,527
Benefits	42,023	1,532	1,533	45,088	36,127
Capital campaign expenses	-	24,972	-	24,972	-
Contract services	12,217	505	4,847	17,569	2,746
Depreciation	133,845	-	882	134,727	125,738
Education and outreach	585	-	-	585	1,801
Event expenses	-	124,333	-	124,333	138,893
Insurance	40,240	-	-	40,240	27,446
Interest	-	5,316	-	5,316	-
Marketing and website	1,826	1,656	2,539	6,021	5,091
Occupancy and telephone	4,703	6,923	91,657	103,283	40,430
Office supplies and expense	929	282	16,968	18,179	18,986
Other	2,196	1,538	6,363	10,097	5,500
Postage and delivery	2,516	8,891	4,024	15,431	10,918
Printing	688	888	7,029	8,605	7,126
Professional fees	30,800	34,340	42,195	107,335	104,925
Travel	28,770	39	28	28,837	38,828
Total operating expenses	627,170	231,068	197,918	1,056,156	901,240
Assistance to individuals	220,029	-	-	220,029	210,995
	\$ 847,199	\$ 231,068	\$ 197,918	\$ 1,276,185	\$ 1,112,235

See independent auditor's report and accompanying notes to financial statements.

Compassionate Care ALS, Inc.

Statement of Cash Flows

For the year ended December 31, 2014

Cash Flows From Operating Activities:	
Change in net assets	\$ 551,404
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation	134,727
Loss on disposal of assets	17,804
Decrease in accounts receivable	3,939
Decrease in prepaid expenses and deposits	394
Increase in accounts payable and accrued expenses	2,980
Contributions restricted for investment in property	<u>(380,522)</u>
Net cash provided by operating activities	<u>330,726</u>
Cash Flows From Investing Activities:	
Purchase of capital assets	<u>(441,684)</u>
Net cash used in investing activities	<u>(441,684)</u>
Cash Flows From Financing Activities:	
Contributions restricted for investment in property	380,522
Repayment of notes payable	<u>(3,040)</u>
Net cash provided by financing activities	<u>377,482</u>
Net increase in Cash	266,524
Cash at Beginning of Year	<u>337,079</u>
Cash at End of Year	<u><u>\$ 603,603</u></u>

Non-cash Transactions

During 2014, the Organization purchased real estate in the amount of \$981,261 for future use in its programs. The Organization financed \$600,000 of the purchase through a mortgage secured by the real estate with a local bank. The loan is payable in monthly installments of principal and interest at 4.56% in the amount of \$3,355 until December 1, 2019.

Supplemental Disclosures:

Interest Paid	<u>\$ 5,316</u>
Income Taxes Paid	<u><u>\$ -</u></u>

See independent auditor's report and accompanying notes to financial statements.

Compassionate Care ALS, Inc.

Notes to Financial Statements

December 31, 2014

NOTE A – ORGANIZATION AND PROGRAM SERVICES

Compassionate Care ALS, Inc. was incorporated as a non-profit organization in 2002 and grew out of the work of the Gordon T. Heald ALS Fund. Gordon T. Heald was an active New England businessman who participated in and gave generously to local charities. In 1997 he was diagnosed with ALS. Before Gordon's death, the idea of starting a fund for ALS families in his name came to light. An announcement in Gordon's obituary in October 1998 generated the seed money for the Gordon T. Heald ALS Fund. Compassionate Care ALS, Inc. is dedicated to providing assistance to families in dealing with the complexities of ALS. Compassionate Care ALS, Inc. models compassion to those affected by ALS by providing educational and legal resources, respite opportunities, instruction and guidance, subsidy of living aids and assistance, durable goods and intimate dialogue with patients and their caregivers, families, and friends. The Organization's approach draws from hands-on experience and strives to understand the overwhelming dynamics ALS families endure.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The Organization prepares its financial statements in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958 (formerly SFAS No. 117, "*Financial Statements of Not-for-Profit Organizations*"). Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets as defined below:

Unrestricted Net Assets – consists of assets, public support and program revenues which are available and used for operations and programs. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Temporarily Restricted Net Assets – includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and is satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants, bequests, contracts and investment incomes earned on restricted funds.

Permanently Restricted Net Assets – includes resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently, but permits the Organization to expend part or all of the income derived from the donated assets.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Compassionate Care ALS, Inc.'s financial statements for the year ended December 31, 2013, from which the summarized information was derived. Certain reclassifications and restatements have been made to the summarized information to be consistent with the presentation in the audited financial statements as of December 31, 2014.

Recognition of Donor-restricted Contributions

The Organization reports gifts of cash and other assets as restricted support 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 purpose restriction is accomplished, temporarily restricted net assets

Compassionate Care ALS, Inc.

Notes to Financial Statements

December 31, 2014

NOTE B – *continued*

are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted contributions received and expended in accordance with the donor's restrictions in the same fiscal year are recognized as unrestricted public support in these financial statements.

Accounts Receivable

Accounts receivable consist of grant and program service revenues not yet collected. There was \$5,061 of accounts receivable at December 31, 2014. Management deemed all receivables to be collectible at December 31, 2014 and therefore, no allowance for doubtful accounts has been established.

Property and Equipment

Property and equipment purchases are capitalized at cost, if purchased, or at fair market value at the date of receipt, if donated. The Organization's policy is to capitalize items with a cost or value in excess of \$500. During the year ended December 31, 2014, the Organization purchased real estate in the amount of \$981,261 for future use in its programs and purchased equipment in the amount of \$60,423. During the year ended December 31, 2014, the Organization disposed of equipment with original cost of \$23,242 (accumulated depreciation of \$13,688) and vehicles with original cost of \$26,828 (accumulated depreciation of \$18,578). Capitalized assets are depreciated over their estimated useful lives using the straight-line method of depreciation. Expenditures for maintenance repairs and renewals are charged to expense as incurred, whereas, major betterments are capitalized using the straight-line method, and is charged against income over the estimated useful lives of the assets. A summary of property and equipment as of December 31, 2014 is as follows:

	Estimated <u>Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>
Building	39	\$ 981,261	\$ -
Computer Equipment	3	5,421	5,421
Website and Software	3	5,648	4,324
Office Furniture	5	1,400	700
Program Equipment	5	491,697	275,975
Motor Vehicles	5	<u>284,107</u>	<u>182,306</u>
		<u>\$1,769,534</u>	<u>\$ 468,726</u>

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates used.

Functional Expenses

Compassionate Care ALS, Inc. allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases used in conjunction with the Organization's cost allocation plan.

Compassionate Care ALS, Inc.

Notes to Financial Statements

December 31, 2014

NOTE B – *continued*

Functional Expenses – (continued)

Supporting services are those related to operating and managing Compassionate Care ALS, Inc. and its programs on a day-to-day basis. Supporting services have been sub-classified as follows:

Administration – includes all activities related to Compassionate Care ALS, Inc.’s internal management and accounting for program services.

Fundraising – includes all activities related to maintaining contributor information, writing grant proposals, distribution of materials and other similar projects related to the procurement of funds for Compassionate Care ALS, Inc.’s programs.

Subsequent Events

Subsequent events have been evaluated through October 21, 2015, which is the date the financial statements were available to be issued.

NOTE C – PROGRAM SERVICES

Program services of the organization include the Gordon T. Heald program and Compassionate Care ALS program. Both programs provide assistance to families with ALS. Compassionate Care ALS’s range of services helps individuals to live as fully as possible within the parameters of the illness, and to gracefully experience the end of life with conscious choice and compassion. Services offered are tailored to meet the individual needs of each patient and family. Types of assistance offered include:

- **Emotional Support** – The staff visits families at home, listens and suggests options. The staff also facilitates gatherings for caregivers offer counseling, match caregivers with caregivers & patients with patients to foster intimate dialogue at home or in other safe settings.
- **Integrative Therapies** – Subsidized massage, acupuncture, cranial-sacral therapy, self-inquiry, energy work, contemplative practice such as meditation and promoting self-care for both patients and caregivers.
- **Contemplative Practice** – Work one on one with caregivers and families, teaching meditation and visualization techniques to help alleviate fear and anxiety and to promote well-being.
- **Education** – Lead workshops on “Cultivating Compassion” for health care professionals, caregivers, and the community about investigating conscious choice, living and dying with terminal illness, practicing self-care, and other topics related to ALS.
- **Van Service** – Provide the availability of a wheelchair-accessible van for everyday needs and special trips.
- **Youth Program** – Children of ALS patients are offered rites of passage programs and other supportive resources.
- **Gordon T. Heald ALS Fund** – Subsidizes the purchase of home care equipment such as communications devices and wheelchair ramps, and assist with prescription costs and other living expenses as needed.
- **Other assistance** – Responsive to a broad spectrum of special requests to ease the family burden of living with ALS.

Compassionate Care ALS, Inc.

Notes to Financial Statements

December 31, 2014

NOTE D – NOTES PAYABLE

During the year ended December 31, 2014, the Organization purchased real estate in the amount of \$981,261 for future use in its programs. The Organization financed \$600,000 of the purchase through a mortgage secured by the real estate with a local bank. The loan is payable in monthly installments of principal and interest at 4.56% in the amount of \$3,355 until December 1, 2019. On December 1, 2019, the interest rate will be adjusted to the Federal Home Loan Bank five year index plus 2.5%, and monthly payments will be adjusted to a five-year amortizing loan with a maturity date of December 1, 2024. As of December 31, 2014, the balance of the loan was \$596,960.

The Organization also entered into a \$130,000 line of credit with a local bank. Interest only payments at the prime rate plus 1.0 floating per annum are due monthly until maturity of December 1, 2016. As of December 31, 2014, no amounts had been drawn on this loan.

Future maturities of notes payable as December 31, 2014 were as follows:

2015	\$ 13,240
2016	13,937
2017	14,586
2018	15,265
2019	15,976
Thereafter	<u>523,956</u>
	<u>\$596,960</u>

NOTE E – LEASES AND RELATED PARTY

The Organization leases office space from its executive director under a month to month lease agreement. Monthly payments under the agreement are \$985 per month.

In April 2014, the Organization entered into a lease agreement for real estate for use in its programs. On October 23, 2014, the Organization purchased the real estate (see note D for information on purchase). Monthly payments under the lease were \$12,000 per month, which included \$3,000 monthly deposits on the future purchase of the property. The lease was terminated upon the Organization's purchase of the real estate.

The Organization also entered into a lease of warehouse space expiring April 30, 2017. The lease has payments of \$1,600 per month through April 30, 2016 and \$1,625 per month from May 1, 2016 to April 30, 2017. Future minimum lease commitments under this lease are as follows:

2015	\$ 19,200
2016	19,400
2017	<u>6,500</u>
	<u>\$ 45,100</u>

Total lease expense for the year ended December 31, 2014 was \$91,307.

Compassionate Care ALS, Inc.

Notes to Financial Statements

December 31, 2014

NOTE F – ASSISTANCE TO INDIVIDUALS

During 2010, the Board of Directors of the Organization determined that all equipment intended for use in the Organization's programs is to be considered equipment owned by the Organization, unless title is specifically transferred to the individual. As of December 31, 2014, the Organization inventoried and capitalized the value of equipment held or provided for use in programs.

During 2014, Assistance to Individuals expense includes donated supplies and equipment with an estimated value of \$48,500 as well as purchased supplies and equipment and other financial assistance of \$171,529.

NOTE G – CONCENTRATIONS

The Organization maintains cash balances in three financial institutions that at times may have amounts in excess of Federal Deposit Insurance Corporation (FDIC) coverage of \$250,000. The excess at one of the four financial institutions is insured in full.

NOTE H – NET ASSETS

The unrestricted net assets represent amounts for unrestricted purposes. Unrestricted net assets may be used for carrying on the operations of the Organization in accordance with the limitations of its charter and bylaws.

For the year ended December 31, 2014, restricted contributions in the amount of \$380,522 were received to be used for the construction of a new program center in Falmouth, Massachusetts. As of December 31, 2014, construction had not yet commenced and temporarily restricted net assets were \$380,522. In addition, the board of directors designated net proceeds from a fundraiser in the amount of \$243,767 to be used for the construction project.

NOTE I – INCOME TAX STATUS

The Organization is organized and operated exclusively for charitable purposes. Income related to its charitable purpose is exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

The Organization has adopted the application of the provisions of FASB ASC 740-10 (formerly FASB Interpretation No. 48, "*Accounting For Uncertainty in Income Taxes*"). The primary tax positions made by the Organization are the existence of Unrelated Business Income Tax and the Organization's status as an exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Organization currently evaluates all tax positions, and makes determinations regarding the likelihood of those positions being upheld under review. For the years presented, and as a result of adoption, the Organization has not recognized any tax benefits or loss contingencies for uncertain tax positions based on its evaluations. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending December 31, 2014, 2013, 2012 and 2011 are subject to examination by the IRS, generally for 3 years after they were filed.