Compassionate Care ALS, Inc.

Financial Statements

December 31, 2015

Compassionate Care ALS, Inc.

Contents

December 31, 2015

FRITZ DEGUGLIELMO LLC
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the 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, 2015, 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 Reponsibility 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, 2015, 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.

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Report on Summarized Comparative Information

We have previously audited the Compassionate Care ALS, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 21, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Fritz DeGuglielmo LLC

Certified Public Accountants
Newburyport, Massachusetts
October 3, 2016

Compassionate Care ALS, Inc.

Statement of Financial Position

December 31, 2015
(with summarized financial information as of December 31, 2014)

	2015	2014
ASSETS		
Cash	$ 763,082	$ 603,603
Accounts receivable	3,904	5,061
Pledges receivable - current	51,700	-
Prepaid expenses and deposits	27,419	24,457
	846,105	633,121
Organizational Costs	6,110	6,110
Less: Accumulated Amortization	(6,110)	(6,110)
Organizational Costs, Net	-	-
Pledges receivable - noncurrent	69,162	-
Property and Equipment	1,704,976	1,769,534
Less: Accumulated Depreciation	(465,601)	(468,726)
Property and Equipment, net	1,239,375	1,300,808
Total Assets	$ 2,154,642	$ 1,933,929
LIABILITIES AND NET ASSETS		
Accounts payable	$ 23,021	$ 19,888
Accrued expenses	5,816	5,523
Current portion of notes payable	25,657	13,240
	54,494	38,651
Notes payable, net of current portion	591,471	583,720
Total Liabilities	645,965	622,371
Net Assets:		
Unrestricted	727,751	931,036
Temporarily restricted	780,926	380,522
Total Net Assets	1,508,677	1,311,558
Total Liabilities and Net Assets	$ 2,154,642	$ 1,933,929

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

Compassionate Care ALS, Inc.

Statement of Activities

For the year ended December 31, 2015
(with summarized financial information for the year ended December 31, 2014)

	Unrestricted	Temporarily Restricted	2015 Total	2014 Total
Support, Revenues and Reclassifications:				
Public Support and Revenue:				
Contributions	$ 310,086	$ -	$ 310,086	$ 380,935
Capital campaign	-	459,303	459,303	380,522
Grants	103,500	-	103,500	218,500
Fundraising Events	635,559	-	635,559	811,630
Program Services	4,058	-	4,058	3,048
Interest Income	380	-	380	983
Loss on disposal of assets	(24,962)	-	(24,962)	(17,804)
Net assets released from restrictions:				
Satisfaction of donor restrictions	58,899	(58,899)	-	-
Total Support, Revenues and Reclassifications	1,087,520	400,404	1,487,924	1,777,814
Operating Expenses:				
Program Services	580,253	-	580,253	627,170
Supporting Services:				
Fundraising	262,842	-	262,842	231,068
Administrative	216,605	-	216,605	197,918
Total Operating Expenses	1,059,700	-	1,059,700	1,056,156
Change in Net Assets, before Assistance to Individuals	27,820	400,404	428,224	721,658
Assistance to Individuals:				
Donated Supplies and Equipment	28,340	-	28,340	49,775
Less: Assistance to Individuals	(259,445)	-	(259,445)	(220,029)
Net Assistance to Individuals	(231,105)	-	(231,105)	(170,254)
Change in Net Assets	(203,285)	400,404	197,119	551,404
Net Assets - Beginning of Year	931,036	380,522	1,311,558	760,154
Net Assets - End of Year	$ 727,751	$ 780,926	$ 1,508,677	$ 1,311,558

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, 2015
(with summarized financial information for the year ended December 31, 2014)

	Program Services	Fundraising	Admin-istration	2015 Total	2014 Total
Directors' compensation	$ 144,502	$ 17,613	$ 17,613	$ 179,728	$ 177,339
Other wages and salaries	164,964	-	-	164,964	159,430
Payroll taxes	26,020	1,417	1,417	28,854	28,769
Benefits	27,412	1,701	1,701	30,814	45,088
Capital campaign expenses	-	12,985	-	12,985	24,972
Contract services	14,050	75	680	14,805	17,569
Depreciation	115,001	-	2,382	117,383	134,727
Education and outreach	773	-	-	773	585
Event expenses	-	152,093	-	152,093	124,333
Insurance	43,473	-	-	43,473	40,240
Interest	364	-	27,327	27,691	5,316
Marketing and website	850	4,891	2,843	8,584	6,021
Occupancy and telephone	11,468	3,101	51,382	65,951	103,283
Office supplies and expense	763	7,745	18,285	26,793	18,179
Other	2,662	82	7,245	9,989	10,097
Postage and delivery	4,991	11,498	1,562	18,051	15,431
Printing	319	7,352	11,001	18,672	8,605
Professional fees	2,734	39,528	72,693	114,955	107,335
Travel	19,907	2,761	474	23,142	28,837
Total operating expenses	580,253	262,842	216,605	1,059,700	1,056,156
Assistance to individuals	259,445	-	-	259,445	220,029
	$ 839,698	$ 262,842	$ 216,605	$ 1,319,145	$ 1,276,185

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, 2015

Cash Flows From Operating Activities:	
Change in net assets	$ 197,119
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation	117,383
Loss on disposal of assets	24,962
Decrease in accounts receivable	1,157
Increase in prepaid expenses and deposits	(2,962)
Increase in accounts payable and accrued expenses	3,426
Contributions restricted for investment in property	(459,303)
Net cash used in operating activities	(118,218)
Cash Flows From Investing Activities:	
Purchase of capital assets	(44,967)
Net cash used in investing activities	(44,967)
Cash Flows From Financing Activities:	
Contributions restricted for investment in property	338,441
Repayment of notes payable	(15,777)
Net cash provided by financing activities	322,664
Net increase in Cash	159,479
Cash at Beginning of Year	603,603
Cash at End of Year	$ 763,082

Non-cash Transactions

During 2015, the Organization disposed of equipment with a total cost in the amount of $114,514 and accumulated depreciation of $79,902.

During 2015, the Organization purchased a vehicle for $51,595, of which $35,945 was financed. A fully depreciated vehicle with a cost of $40,605 was traded in for $9,650.

Supplemental Disclosures:	
Interest Paid	$ 27,691
Income Taxes Paid	$ -

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

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

<u>Financial Statement Presentation</u>

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, 2014, 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, 2015.

<u>Recognition of Donor-restricted Contributions</u>

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

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, 2015. Management deemed all receivables to be collectible at December 31, 2015 and therefore, no allowance for doubtful accounts has been established.

Pledges Receivable

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

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, 2015, the Organization purchased a vehicle in the amount of $51,595, of which $35,945 was financed. A fully depreciated vehicle with a cost of $40,605 was traded in for $9,650. The Organization also purchased equipment in the amount of $38,967. During the year ended December 31, 2015, the Organization disposed of equipment with original cost of $114,514 and accumulated depreciation of $79,902. 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, 2015 is as follows:

	Estimated Life	Cost	Accumulated Depreciation
Building	39	$ 981,261	$ -
Computer Equipment	3	6,421	5,588
Website and Software	3	13,647	6,539
Office Furniture	5	1,400	1,260
Program Equipment	5	407,150	274,248
Motor Vehicles	5	295,097	177,966
		$1,704,976	$ 465,601

NOTE B – *continued*

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.

Fair Value Measurements

Management has adopted the criteria of FASB ASC 820-10 (formerly SFAS No. 157, "*Fair Value Measurements*"). FASB ASC 820-10 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles, and expands disclosure about fair value measurements. FASB ASC 820-10 establishes a fair value framework that prioritizes the inputs and assumptions used to measure fair value. The three levels of the fair value framework under FASB ASC 820-10 are as follows:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 Inputs other than quoted market prices in active markets that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 Inputs that are unobservable.

An asset's or liability's level within the framework is based on the lowest level of any input that is significant to the fair value measurement.

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.

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 3, 2016, 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.

NOTE D – PLEDGES RECEIVABLE

The Organization has commenced a fund-raising campaign for funds to purchase and construct property for future use in its programs. Promises to give are restricted to payment of the costs of the new facility. The promises to give as of December 31, 2015, are unconditional and due $51,700 in 2016 and $78,500 over the following three years. Promises to give that are due after 2016 are discounted at 5%. The unamortized discount on promises to give is $9,338 as of December 31, 2015. Uncollectible promises are expected to be insignificant.

NOTE E – 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, 2015, the balance of the loan was $584,022.

NOTE E – *continued*

During the year ended December 31, 2015, the Organization purchased a vehicle in the amount of $51,595. The Organization financed $35,945 of the purchase through a loan with a financing company. The loan is payable in monthly installments of principal and interest at 2.90% in the amount of $1,045 until maturity in September, 2018. As of December 31, 2015, the balance of the loan was $33,106.

The Organization has 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, 2015, no amounts had been drawn on this line.

Future maturities of notes payable as December 31, 2015 were as follows:

2016	$ 25,657
2017	26,651
2018	24,542
2019	15,960
2020	16,703
Thereafter	507,615
	$617,128

NOTE F – 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.

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:

2016	$ 19,400
2017	6,500
	$ 25,900

Total lease expense for the year ended December 31, 2015 was $31,020.

NOTE G – 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, 2015, the Organization inventoried and capitalized the value of equipment held or provided for use in programs.

During 2015, Assistance to Individuals expense includes donated supplies and equipment with an estimated value of $25,300 as well as purchased supplies and equipment and other financial assistance of $234,145.

NOTE H – 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 I– 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, 2015, restricted contributions in the amount of $459,303 were received to be used for the construction of a new program center in Falmouth, Massachusetts. As of December 31, 2015, construction had not yet commenced and temporarily restricted net assets were $780,926. In addition, the board of directors has designated net proceeds from a fundraiser in the amount of $243,767 to be used for the construction project.

NOTE J– 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, 2015, 2014, 2013 and 2012 are subject to examination by the IRS, generally for 3 years after they were filed.