

**ALS ASSOCIATION,
CONNECTICUT CHAPTER, INC.**

Financial Statements

January 31, 2023 and 2022

**ALS ASSOCIATION, CONNECTICUT CHAPTER, INC.
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Simione Macca & Larrow^{LLP}



CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
ALS Association, Connecticut Chapter, Inc.
Milford, Connecticut

Opinion

We have audited the accompanying financial statements of ALS Association, Connecticut Chapter, Inc. (a nonprofit organization), which comprise the statements of financial position as of January 31, 2023 and 2022, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ALS Association, Connecticut Chapter, Inc. as of January 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ALS Association, Connecticut Chapter, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

INDEPENDENT AUDITORS' REPORT

(Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ALS Association, Connecticut Chapter, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 ALS Association, Connecticut Chapter, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

INDEPENDENT AUDITORS' REPORT
(Continued)

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ALS Association, Connecticut Chapter, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Sunione Macca & Larrow LLP

Hamden, Connecticut
June 8, 2023

ALS ASSOCIATION, CONNECTICUT CHAPTER, INC.

STATEMENTS OF FINANCIAL POSITION

January 31, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 235,339	\$ 198,005
Contribution and other receivables	79,538	40,744
Marketable securities	1,881,468	2,317,394
Prepaid expenses	25,730	10,813
Total Current Assets	2,222,075	2,566,956
PROPERTY AND EQUIPMENT	130,882	87,479
OTHER ASSETS		
Right-of-use asset, operating lease	87,602	-
Security deposit	1,500	1,500
Total Other Assets	89,102	1,500
Total Assets	\$ 2,442,059	\$ 2,655,935
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 33,958	\$ 26,632
Accrued expenses	60,090	47,369
Current obligations under operating lease	36,968	-
Due to National ALS	50,170	41,924
Total Current Liabilities	181,186	115,925
OPERATING LEASE LIABILITY	51,909	-
Total Liabilities	233,095	115,925
NET ASSETS		
Net assets without donor restrictions	2,069,845	2,319,268
Net assets with donor restrictions	139,119	220,742
Total Net Assets	2,208,964	2,540,010
Total Liabilities and Net Assets	\$ 2,442,059	\$ 2,655,935

See notes to financial statements.

ALS ASSOCIATION, CONNECTICUT CHAPTER, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended January 31, 2023 and 2022

	2023			2022		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
REVENUES AND SUPPORT						
Contributions, grants, and other revenue	\$ 683,276	\$ 105,781	\$ 789,057	\$ 1,090,308	\$ 47,500	\$ 1,137,808
In-kind contributions	33,000	-	33,000	48,000	-	48,000
Special event revenue	403,491	-	403,491	329,124	-	329,124
Less costs of direct benefit to donors	(17,234)	-	(17,234)	(11,919)	-	(11,919)
Investment income	(94,850)	-	(94,850)	59,010	-	59,010
Other income	-	-	-	270	-	270
Net assets released from restrictions:						
Satisfaction of program restrictions	187,404	(187,404)	-	149,063	(149,063)	-
Total Revenues and Support	1,195,087	(81,623)	1,113,464	1,663,856	(101,563)	1,562,293
EXPENSES						
Program services	1,119,765	-	1,119,765	1,088,787	-	1,088,787
Management and general	166,679	-	166,679	134,309	-	134,309
Fundraising	158,066	-	158,066	159,711	-	159,711
Total Expenses	1,444,510	-	1,444,510	1,382,807	-	1,382,807
Change in net assets	(249,423)	(81,623)	(331,046)	281,049	(101,563)	179,486
NET ASSETS, Beginning	2,319,268	220,742	2,540,010	2,038,219	322,305	2,360,524
NET ASSETS, Ending	<u>\$ 2,069,845</u>	<u>\$ 139,119</u>	<u>\$ 2,208,964</u>	<u>\$ 2,319,268</u>	<u>\$ 220,742</u>	<u>\$ 2,540,010</u>

See notes to financial statements.

ALS ASSOCIATION, CONNECTICUT CHAPTER, INC.

STATEMENTS OF CASH FLOWS

Years Ended January 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (331,046)	\$ 179,486
Adjustments needed to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	35,367	48,477
Amortization of right-of-use asset	36,713	-
Unrealized loss (gain) on marketable securities	141,852	(20,471)
Donated stock	(71,794)	(58,276)
Donated property and equipment	(33,000)	(48,000)
Changes in operating assets and liabilities:		
Accounts receivable	(38,794)	(34,125)
Prepaid expenses	(14,917)	1,780
Accounts payable	7,326	21,771
Accrued expenses	12,721	3,397
Operating lease liability	(35,438)	-
Due to National ALS	8,246	9,042
	(282,764)	103,081
Net Cash Provided by (Used in) Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales (purchases) of marketable securities	365,868	(124,977)
Purchases of property and equipment	(45,770)	-
	320,098	(124,977)
Net Cash Provided by (Used in) Investing Activities		
Net increase (decrease) in cash and cash equivalents	37,334	(21,896)
CASH AND CASH EQUIVALENTS, Beginning	198,005	219,901
CASH AND CASH EQUIVALENTS, Ending	\$ 235,339	\$ 198,005

See notes to financial statements.

ALS ASSOCIATION, CONNECTICUT CHAPTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended January 31, 2023

	<u>Program Services</u>			<u>Supporting Services</u>		
	<u>Patient & Community Support</u>	<u>Public & Professional Education & Awareness</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 200,724	\$ 106,384	\$ 307,108	\$ 69,381	\$ 92,508	\$ 468,997
Patient and family support	207,989	89,138	297,127	-	-	297,127
Remittance to National ALS	117,960	50,555	168,515	-	-	168,515
Loan Closet equipment and repairs	144,361	-	144,361	-	-	144,361
Professional fees	-	-	-	65,628	-	65,628
Website and technology	21,750	21,750	43,500	-	10,875	54,375
Other employee benefits	16,207	8,875	25,082	5,788	7,718	38,588
Lease expense	16,089	8,811	24,900	5,746	7,661	38,307
Payroll taxes	15,597	8,542	24,139	5,571	7,427	37,137
Depreciation	35,367	-	35,367	-	-	35,367
Office and miscellaneous	8,493	4,651	13,144	3,033	4,044	20,221
Credit card fees	-	3,623	3,623	-	16,506	20,129
Insurance	8,289	4,540	12,829	2,961	3,948	19,738
Supplies	2,936	2,937	5,873	2,937	2,937	11,747
Rent and utilities	3,991	2,186	6,177	1,425	1,901	9,503
Telephone	2,384	1,306	3,690	852	1,135	5,677
Postage and shipping	1,223	611	1,834	459	764	3,057
Payroll processing	-	-	-	2,676	-	2,676
Dues and subscriptions	-	1,294	1,294	-	-	1,294
Travel	275	266	541	92	284	917
Printing	346	173	519	130	217	866
Meetings and conferences	71	71	142	-	141	283
Total Functional Expenses	\$ 804,052	\$ 315,713	\$ 1,119,765	\$ 166,679	\$ 158,066	\$ 1,444,510

See notes to financial statements.

ALS ASSOCIATION, CONNECTICUT CHAPTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended January 31, 2022

	<u>Program Services</u>			<u>Supporting Services</u>		
	<u>Patient & Community Support</u>	<u>Public & Professional Education & Awareness</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 208,768	\$ 107,714	\$ 316,482	\$ 69,558	\$ 93,458	\$ 479,498
Patient and family support	164,706	70,588	235,294	-	-	235,294
Remittance to National ALS	147,539	63,231	210,770	-	-	210,770
Loan Closet equipment and repairs	130,768	-	130,768	-	-	130,768
Other employee benefits	20,682	11,326	32,008	7,386	9,848	49,242
Depreciation	48,477	-	48,477	-	-	48,477
Rent and utilities	18,447	10,103	28,550	6,589	8,785	43,924
Payroll taxes	15,604	8,545	24,149	5,573	7,430	37,152
Professional fees	-	-	-	32,609	-	32,609
Credit card fees	-	4,907	4,907	-	22,354	27,261
Website and technology	9,802	9,802	19,604	-	4,902	24,506
Office and miscellaneous	9,470	5,186	14,656	3,382	4,509	22,547
Insurance	7,364	4,032	11,396	2,630	3,506	17,532
Supplies	2,037	2,037	4,074	2,037	2,037	8,148
Telephone	2,396	1,312	3,708	856	1,141	5,705
Postage and shipping	2,054	1,027	3,081	770	1,284	5,135
Payroll processing	-	-	-	2,758	-	2,758
Printing	275	137	412	103	172	687
Travel	176	169	345	58	181	584
Meetings and conferences	53	53	106	-	104	210
Total Functional Expenses	\$ 788,618	\$ 300,169	\$ 1,088,787	\$ 134,309	\$ 159,711	\$ 1,382,807

See notes to financial statements.

ALS ASSOCIATION, CONNECTICUT CHAPTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - The ALS Association, Connecticut Chapter, Inc. (the “Association”) is the only not-for-profit voluntary health organization in the State of Connecticut dedicated solely to the fight against amyotrophic lateral sclerosis or ALS, better known as Lou Gehrig’s Disease, on every front including research, care services, public education, and public policy – giving help and hope to those facing the disease, and working toward our vision of a world without ALS. It is the mission of the Association to lead the fight to treat and cure ALS through global research and nationwide advocacy, while also empowering people with Lou Gehrig's Disease and their families to live fuller lives by providing them with compassionate care and support.

The ALS Association research program is active in more than 150 labs around the globe. From harnessing innovative ideas, to translating concepts to therapies, to advancing treatments for people living with ALS, ALSA’s collaborative and global approach to funding research continues to yield discoveries by top ALS scientists worldwide.

The Association is working directly with patients in Connecticut to improve access to treatment and quality of life providing significant financial support to the ALSA certified centers for excellence which ensures local access by patients to cutting-edge treatment and contributing to a global understanding of ALS.

It is the goal of the Association to continue to be the premier resource in Connecticut for services and education of ALS patients, families and caregivers. Services include, but are not limited to:

- Care Management to provide personal and family support and guidance
- Transportation Program to ensure access to medical care
- Medical Equipment program to provide a full array of adaptive, mobility, and communications devices
- Care Assist Grants to assist with respite care needs and extraordinary expenses associated with ALS.
- Support Groups for People Living with ALS and Family Caregivers in CT
- Community Education
- Resource for education for the individual with ALS, the caregiver and the community at large and increasing public awareness regarding ALS

The ALS Association, Connecticut Chapter, Inc. is chartered by the National ALS Association and is one of approximately 39 chapters across the country.

Basis of Presentation - In accordance with Accounting Standards Codification (“ASC”) Topic 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*, the Association reports information regarding their financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of management and the Board of Directors.

ALS ASSOCIATION, CONNECTICUT CHAPTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Net Assets With Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the fund be maintained in perpetuity.

Use of Estimates - The preparation of 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - The Association includes cash on hand, and unrestricted demand deposits with financial institutions, in "Cash and Cash Equivalents" as used in the Statements of Cash Flows. The Association also considers short-term, highly liquid investments with maturities of three months or less from the date of original acquisition to be cash equivalents.

Marketable Securities - Marketable securities are reported at cost, if purchased, or at fair value, if donated. Thereafter, marketable securities are reported at their fair values in the Statements of Financial Position, and changes in fair value are reported as investment income in the Statements of Activities and Changes in Net Assets.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the Statements of Activities and Changes in Net Assets in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Property and Equipment - Property and equipment purchases are recorded at cost. Depreciation on property and equipment is computed by the straight-line method over the estimated useful lives of the respective assets.

Donated property and equipment is stated at fair market value as determined by management at the date of the contribution.

Maintenance and repair costs are charged to operations as incurred and major renewals and betterments are capitalized to the extent they exceed \$500. The costs relating to assets sold or retired are removed from the account balance at the time of the disposition and the related gains and losses are included in the changes in net assets.

ALS ASSOCIATION, CONNECTICUT CHAPTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases - Effective February 1, 2022 the Association's leases are recorded as right-of-use ("ROU") assets and corresponding liabilities on the balance sheet, measured at the net present value of future lease payments. ROU assets represent the Association's right to use an underlying asset for the lease term, while lease liabilities represent the Association's obligation to make lease payments arising from the lease. At inception, leases are classified as either operating or finance. Operating lease expenses are recorded on a straight-line basis as lease expense over the non-cancelable lease term.

The Association discounts cash flows based on the rate implicit in the lease, however, when that rate is not determinable, rather than use the Association's incremental borrowing rate, the Association has elected to use a risk-free discount rate for the initial and subsequent measurement of lease liabilities.

The Association does not apply the recognition requirements to any lease with an original term of twelve months or less, for which the Association is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short-term leases are recorded on a straight-line basis over the lease term.

Contributions and Receivables - Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions are defined as voluntary, nonreciprocal transfers. Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

Contributed Services - A substantial number of volunteers have donated significant amounts of their time to the Association's program services and its fund-raising campaign. However, the value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria necessary for recognition.

In-Kind Contributions - During the years ended January 31, 2023 and 2022, donors contributed various medical equipment including power wheelchairs and lifts. The Association has recorded the fair value of the power wheelchairs and lifts donated as a contribution and corresponding property and equipment. The fair market value of the donated power wheelchairs and lifts was \$33,000 and \$48,000 in the years ended January 31, 2023 and 2022, respectively based upon purchase price of similar new and used power wheelchairs and lifts. Contributed assets are utilized in patient and community support programs and typically never monetized.

ALS ASSOCIATION, CONNECTICUT CHAPTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes - The Association is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, the Association is exempt from State and Federal income taxes. The Internal Revenue Service has determined that the Association is other than a private foundation. Accordingly, no provision for income taxes has been made in the financial statements.

Uncertain Tax Positions - Management has determined that the Association does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Association's tax returns will not be challenged by the taxing authorities and that the Association will not be subject to additional tax, penalties, and interest as a result of such challenge. As of January 31, 2023, the Association's tax returns generally remain subject to examination by major tax jurisdictions for the last three years.

Functional Expenses - The costs of providing programs and other activities have been summarized on a natural and functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries	Time and effort
Website and technology	Time and effort
Other employee benefits	Time and effort
Lease expense	Time and effort
Payroll taxes	Time and effort
Office and miscellaneous	Time and effort
Credit card fees	Time and effort
Insurance	Time and effort
Supplies	Utility of purchase
Rent and utilities	Time and effort
Telephone	Time and effort
Postage and shipping	Utility of purchase
Travel	Time and effort
Printing	Utility of purchase
Meetings and conferences	Time and effort

ALS ASSOCIATION, CONNECTICUT CHAPTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Agency Transactions - The Association follows ASC 860 *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*. ASC 860 establishes standards for transactions in which a donor makes an irrevocable contribution to a beneficiary by transferring assets through another entity, the recipient. ASC 860 requires that when a recipient organization is acting like an agent for the ultimate beneficiary organization, the recipient organization is to recognize the fair value of the assets, as well as the liability to the specified beneficiary instead of recognizing a contribution. No such collections were made during the fiscal years ended 2023 or 2022 on behalf of National ALS for research, acting in an agency capacity, although these may occur from time-to-time. These contributions are not recognized as contributions in the books of the Association.

Disclosure of Subsequent Events - Management has evaluated subsequent events through June 8, 2023, the date the financial statements were available to be issued. Management is not aware of any events subsequent to the balance sheet date, which would require additional adjustment to, or disclosure in, the accompanying financial statements.

NOTE 2 - RECENT ACCOUNTING PRONOUNCEMENTS

Effective February 1, 2022 the Association adopted the Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) No. 2016-02, Leases (Topic 842) and additional ASUs issued to clarify and update guidance thereon. This standard modifies lease accounting for lessees to increase transparency and comparability, and requires enhanced disclosure surrounding the amount, timing and uncertainty of cash flows arising from leasing agreements. The Association adopted the new lease standards using the modified retrospective transition method, under which amounts in prior periods presented were not restated. Upon transition to Topic 842, the Association has elected the package of practical expedients permitted under the transition guidance, which does not require the Association to reassess prior conclusions regarding whether contracts are or contain a lease, lease classification, and initial direct lease costs. The Association’s 2022 financial statements continue to be accounted for under the FASB’s Topic 840 and have not been adjusted.

Upon adoption, the Association recorded an operating lease ROU asset and lease liability of \$124,315.

During 2023, the Association adopted FASB ASU No. 2020-07, Not-for-Profit Entities (Topic 958) regarding in-kind contributions. The standard implements a requirement to separately state contributed non-financial assets on the statement of activities and improves on disclosure of the use and the Association’s policies surrounding contributed non-financial assets. The standard is adopted retrospectively, to all periods presented in these financial statements. The adoption of this standard has no effect on net assets or the changes in net assets as previously presented.

ALS ASSOCIATION, CONNECTICUT CHAPTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - CREDIT RISK

At certain times, the Association has amounts on deposit with financial institutions in excess of the FDIC insured limit. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. As of January 31, 2023, the aggregate cash balances at the financial institutions used by the Association did not exceed the federally insured limit.

Financial instruments which potentially subject the Association to concentrations of credit risk consist principally of marketable securities. Investments are managed and reviewed to prevent risks caused by concentration.

NOTE 4 - MARKETABLE SECURITIES

The Association follows the guidance contained in ASC 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes guidelines for measuring fair value, and expands disclosure regarding fair value measurements. ASC 820 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three levels. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is available and significant to the fair value measurement. ASC 820 establishes and prioritizes three levels of inputs that may be used to measure fair value.

Level 1 - Quoted prices in active markets for identical assets or liabilities in active markets as of the measurement date.

Level 2 - Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets in non-active markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that cannot be corroborated by observable market data.

The following table presents the Association's marketable securities measured at fair value on a recurring basis at January 31, 2023 and 2022:

ALS ASSOCIATION, CONNECTICUT CHAPTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - MARKETABLE SECURITIES (Continued)

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 145,973	\$ -	\$ -	\$ 145,973
Mutual funds	<u>1,735,495</u>	<u>-</u>	<u>-</u>	<u>1,735,495</u>
January 31, 2023	<u>\$ 1,881,468</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,881,468</u>

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 248,166	\$ -	\$ -	\$ 248,166
Mutual funds	<u>2,069,228</u>	<u>-</u>	<u>-</u>	<u>2,069,228</u>
January 31, 2022	<u>\$ 2,317,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,317,394</u>

NOTE 5 - AVAILABILITY OF FINANCIAL ASSETS

The following represents the Association's financial assets at January 31, 2023:

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 235,339	\$ 198,005
Contribution and other receivables	79,538	40,744
Marketable securities	<u>1,881,468</u>	<u>2,317,394</u>
Total financial assets	<u>2,196,345</u>	<u>2,556,143</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	139,119	220,742
Less net assets with purpose restrictions to be met in less than a year	<u>(139,119)</u>	<u>(117,450)</u>
	<u>-</u>	<u>103,292</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,196,345</u>	<u>\$ 2,452,851</u>

The Association is expected to maintain financial assets to meet 3 months of operating expenses as outlined by the National ALS Association. The Association's Board has a goal to maintain financial assets to meet 9 months of operating expenses. Amounts in excess of these reserves are invested in marketable securities which can be liquidated if needed.

ALS ASSOCIATION, CONNECTICUT CHAPTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - PROPERTY AND EQUIPMENT

The Association's property and equipment consist of the following:

	2023	2022
Loan Closet equipment	\$ 564,397	\$ 531,397
Office furniture and computers	106,179	60,409
Transportation equipment	45,760	45,760
	716,336	637,566
Less accumulated depreciation	585,454	550,087
Property and Equipment, net	\$ 130,882	\$ 87,479

NOTE 7 - CONDITIONAL CONTRIBUTIONS

The Association has a cost-reimbursement type grant through June 2029 with a maximum total reimbursement of \$700,000 over the term of the agreement for amounts spent on ALS community members' transportation costs. Through the year ended January 31, 2023, a total of \$164,049 has been spent, with a remaining \$535,951 available to the Association under this grant. As of January 31, 2023, the Association was owed \$70,538 of unreimbursed costs.

Through the year ended January 31, 2022, a total of \$81,108 had been spent, with a remaining \$618,892 available to the Association under this grant. At January 31, 2022, the Association was owed \$40,744 of unreimbursed costs.

NOTE 8 - RETIREMENT PLAN

The Association sponsors a Simple IRA plan that covers all eligible employees who elect to participate. Employer contributions to the plan are a 100% match of up to 3% of the employee's gross wages and are fully vested immediately. Retirement plan expense was \$11,723 and \$11,402 for the years ended January 31, 2023 and 2022, respectively.

ALS ASSOCIATION, CONNECTICUT CHAPTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available at January 31, 2023 and 2022 for the following purposes:

	<u>2023</u>	<u>2022</u>
Program growth and strategy development	\$ 82,500	\$ 192,500
Education, outreach, and support	8,935	14,000
Technology	6,792	6,792
Durable equipment	23,126	5,620
Mobility	15,936	-
Other	1,830	1,830
Total Net Assets With Donor Restrictions	<u>\$ 139,119</u>	<u>\$ 220,742</u>

NOTE 10 - LEASES

The Association leases office and storage space in Milford, Connecticut. The lease began on November 1, 2014, with a 3% rent escalation for each year beginning June 1, 2015 through June 1, 2021. The lease was renewed for an additional three years through May 31, 2025, with continued rent escalation through June 1, 2024. The lease contains an additional renewal option, however, the Association has excluded that option from the term of the lease as it cannot be reasonably certain in its determination of whether the option will be exercised.

The Association has two leases for office equipment, one which is short term in nature and another, considered to be immaterial to the financial statements, with annual payments below the capitalization threshold. These leases are expensed on a straight line basis as payments are made and are included in rent and utilities in the statements of functional expenses.

Total lease expense under the capitalized operating lease arrangement was \$38,307 in 2023. Total rent expense under operating lease arrangements, as reported under former lease accounting standards, was \$37,055 in 2022.

Cash paid for the Association's capitalized operating lease during 2023 was \$37,032. Noncash activities involving ROU assets obtained in exchange for lease liabilities were \$124,315 in 2023, including the impact of the new lease standards.

The remaining lease term is 2.33 years and the discount rate is 1.63%

ALS ASSOCIATION, CONNECTICUT CHAPTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - LEASES (Continued)

As of January 31, 2023, minimum future payments under lease obligations are as follows:

Twelve Months Ending January 31,	Operating Lease
2024	\$ 38,143
2025	39,289
2026	<u>13,225</u>
Total scheduled payments	90,657
Less imputed interest	<u>1,780</u>
Present value of net minimum lease payments	88,877
Less current portion	<u>36,968</u>
Long-term lease liabilities	<u><u>\$ 51,909</u></u>

NOTE 11 - RELATED PARTY TRANSACTIONS

The Association makes revenue sharing payments to the National ALS Association based on a percentage of contributions, excluding contributions made for research which are given in full to the National ALS Association. During 2023 and 2022, revenue sharing payments to the National ALS Association were \$168,515 and \$210,770, respectively. As of January 31, 2023 and 2022, the Association has a payable to the National ALS Association of \$50,170 and \$41,924, respectively.

NOTE 12 - CONTINGENCY

The Association is one of several local chapters involved in litigation with the National ALS Association with respect to National ALS Association's desire to unify all the chapters and operate as a single organization. The Association and the other local chapters are steadfast in their position that operating as an independent local chapter best serves the needs of those living with ALS. The Association is currently responsible for approximately 5% of the legal fees associated with this litigation. While there is no monetary outcome related to this litigation, the Association and other local chapters could be forced to relinquish their charters and become part of the unified National ALS Association.