

**THE ALS ASSOCIATION
GREATER PHILADELPHIA CHAPTER**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS**

JANUARY 31, 2023 AND 2022

THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER
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JANUARY 31, 2023 AND 2022

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Independent Auditors' Report

To the Board of Directors
The Amyotrophic Lateral Sclerosis Association,
Greater Philadelphia Chapter

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Amyotrophic Lateral Sclerosis Association, Greater Philadelphia Chapter (a nonprofit organization), d/b/a The ALS Association Greater Philadelphia Chapter (Chapter), which comprise the statements of financial position as of January 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The ALS Association Greater Philadelphia Chapter, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Chapter 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.

To the Board of Directors
The Amyotrophic Lateral Sclerosis Association,
Greater Philadelphia Chapter

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.

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 the Chapter'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 auditors' 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 and *Government 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 and *Government 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 the Chapter'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.

To the Board of Directors
The Amyotrophic Lateral Sclerosis Association,
Greater Philadelphia Chapter

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Chapter'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of New Jersey Financial Assistance 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 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, to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2023, on our consideration of the Chapter's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Chapter's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Chapter's internal control over financial reporting and compliance.

Belfint, Lyons & Shuman, P.A.

October 13, 2023
Wilmington, Delaware

THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER
STATEMENT OF FINANCIAL POSITION
JANUARY 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 13,863	\$ 200,636	\$ 214,499
Investments	2,770,248	-	2,770,248
Pledges Receivable, Net	141,449	21,459	162,908
Grants Receivable	518,192	254,958	773,150
Other Receivables	1,537	-	1,537
Prepaid Expenses	130,314	-	130,314
TOTAL CURRENT ASSETS	3,575,603	477,053	4,052,656
PROPERTY, PLANT, AND EQUIPMENT			
Patient Transport Vehicles	72,669	-	72,669
Computers and Equipment	752,014	27,840	779,854
	824,683	27,840	852,523
Less: Accumulated Depreciation	673,468	27,840	701,308
NET PROPERTY, PLANT, AND EQUIPMENT	151,215	-	151,215
OTHER ASSETS			
Pledges Receivable, Net	101,622	128,019	229,641
Right-of-Use Asset - Finance Lease	33,411	-	33,411
Right-of-Use Asset - Operating Lease	118,073	-	118,073
Beneficial Interest in Perpetual Trust	-	415,400	415,400
TOTAL OTHER ASSETS	253,106	543,419	796,525
TOTAL ASSETS	\$ 3,979,924	\$ 1,020,472	\$ 5,000,396
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 650,320	\$ -	\$ 650,320
Current Maturities of Finance Lease Liability	11,638	-	11,638
Current Maturities of Operating Lease Liability	119,608	-	119,608
TOTAL CURRENT LIABILITIES	781,566	-	781,566
OTHER LIABILITIES			
Finance Lease Liability - Net of Current Maturities	22,342	-	22,342
TOTAL LIABILITIES	803,908	-	803,908
NET ASSETS	3,176,016	1,020,472	4,196,488
TOTAL LIABILITIES AND NET ASSETS	\$ 3,979,924	\$ 1,020,472	\$ 5,000,396

The accompanying notes are an integral part of these financial statements.

THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER
STATEMENT OF FINANCIAL POSITION
JANUARY 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 399,925	\$ 862,514	\$ 1,262,439
Investments	2,653,609	-	2,653,609
Pledges Receivable, Net	101,156	29,552	130,708
Grants Receivable	339,409	160,492	499,901
Other Receivables	57,571	-	57,571
Prepaid Expenses	60,984	-	60,984
TOTAL CURRENT ASSETS	3,612,654	1,052,558	4,665,212
PROPERTY, PLANT, AND EQUIPMENT			
Patient Transport Vehicles	72,669	-	72,669
Computers and Equipment	663,283	27,840	691,123
	735,952	27,840	763,792
Less: Accumulated Depreciation	632,134	27,840	659,974
NET PROPERTY, PLANT, AND EQUIPMENT	103,818	-	103,818
OTHER ASSETS			
Pledges Receivable, Net	176,520	51,503	228,023
Beneficial Interest in Perpetual Trust	-	491,095	491,095
TOTAL OTHER ASSETS	176,520	542,598	719,118
TOTAL ASSETS	\$ 3,892,992	\$ 1,595,156	\$ 5,488,148
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 586,798	\$ -	\$ 586,798
OTHER LIABILITIES			
Conditional Contribution - Paycheck Protection Program	416,340	-	416,340
Deferred Rent	22,087	-	22,087
TOTAL OTHER LIABILITIES	438,427	-	438,427
TOTAL LIABILITIES	1,025,225	-	1,025,225
NET ASSETS	2,867,767	1,595,156	4,462,923
TOTAL LIABILITIES AND NET ASSETS	\$ 3,892,992	\$ 1,595,156	\$ 5,488,148

The accompanying notes are an integral part of these financial statements.

THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER
STATEMENT OF ACTIVITIES
YEAR ENDED JANUARY 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions and Special Events	\$ 3,622,064	\$ 900,277	\$ 4,522,341
Government Grants	416,340	1,205,152	1,621,492
Net Investment Income	46,700	-	46,700
Change in Beneficial Interest in Perpetual Trust	-	(75,695)	(75,695)
	4,085,104	2,029,734	6,114,838
Total Revenues			
Net Assets Released from Restrictions	2,604,418	(2,604,418)	-
	6,689,522	(574,684)	6,114,838
TOTAL REVENUES AND OTHER SUPPORT			
EXPENSES			
Program			
Education	785,623	-	785,623
Care Services	3,114,687	-	3,114,687
Research	682,285	-	682,285
	4,582,595	-	4,582,595
Total Program Expenses			
Management and General	732,956	-	732,956
Fundraising	1,065,722	-	1,065,722
	6,381,273	-	6,381,273
TOTAL EXPENSES			
CHANGE IN NET ASSETS	308,249	(574,684)	(266,435)
NET ASSETS - Beginning of Year	2,867,767	1,595,156	4,462,923
NET ASSETS - End of Year	\$ 3,176,016	\$ 1,020,472	\$ 4,196,488

The accompanying notes are an integral part of these financial statements.

THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER
STATEMENT OF ACTIVITIES
YEAR ENDED JANUARY 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Contributions and Special Events	\$ 3,757,972	\$ 677,677	\$ 4,435,649
Government Grants	305,895	1,016,675	1,322,570
Gain on Disposal of Vehicle	1,750	-	1,750
Net Investment Income	7,836	-	7,836
Change in Beneficial Interest in Perpetual Trust	-	4,294	4,294
	<hr/>	<hr/>	<hr/>
Total Revenues	4,073,453	1,698,646	5,772,099
Net Assets Released from Restrictions	<hr/>	<hr/>	<hr/>
	1,320,169	(1,320,169)	-
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES AND OTHER SUPPORT	5,393,622	378,477	5,772,099
EXPENSES			
Program			
Education	660,980	-	660,980
Care Services	2,686,762	-	2,686,762
Research	512,916	-	512,916
	<hr/>	<hr/>	<hr/>
Total Program Expenses	3,860,658	-	3,860,658
Management and General	506,032	-	506,032
Fundraising	851,783	-	851,783
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	5,218,473	-	5,218,473
CHANGE IN NET ASSETS	175,149	378,477	553,626
NET ASSETS - Beginning of Year	2,692,618	1,216,679	3,909,297
	<hr/>	<hr/>	<hr/>
NET ASSETS - End of Year	\$ 2,867,767	\$ 1,595,156	\$ 4,462,923
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The accompanying notes are an integral part of these financial statements.

THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JANUARY 31, 2023

	<u>Program</u>				<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Education</u>	<u>Care Services</u>	<u>Research</u>	<u>Subtotal</u>			
SALARIES, WAGES, AND BENEFITS	\$ 529,074	\$ 1,680,712	\$ 48,533	\$ 2,258,319	\$ 288,090	\$ 616,038	\$ 3,162,447
SPECIAL EVENTS	415	-	-	415	-	281,904	282,319
PROGRAM SERVICES	140,870	1,065,250	450,758	1,656,878	-	-	1,656,878
PROFESSIONAL FEES	-	-	-	-	271,210	-	271,210
OFFICE AND OCCUPANCY	49,580	202,826	31,551	283,957	99,160	67,609	450,726
DEPRECIATION	5,849	23,926	3,721	33,496	11,698	7,975	53,169
MISCELLANEOUS EXPENSES	-	18,389	-	18,389	16,013	4,122	38,524
REVENUE SHARING TO NATIONAL	59,835	123,584	147,722	331,141	46,785	88,074	466,000
TOTAL EXPENSES	<u>\$ 785,623</u>	<u>\$ 3,114,687</u>	<u>\$ 682,285</u>	<u>\$ 4,582,595</u>	<u>\$ 732,956</u>	<u>\$ 1,065,722</u>	<u>\$ 6,381,273</u>
PERCENT OF TOTAL EXPENSES	12.3%	48.8%	10.7%	71.8%	11.5%	16.7%	100.0%

The accompanying notes are an integral part of these financial statements.

THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JANUARY 31, 2022

	<u>Program</u>				<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Education</u>	<u>Care Services</u>	<u>Research</u>	<u>Subtotal</u>			
SALARIES, WAGES, AND BENEFITS	\$ 443,418	\$ 1,546,752	\$ 45,952	\$ 2,036,122	\$ 242,806	\$ 489,197	\$ 2,768,125
SPECIAL EVENTS	-	-	-	-	-	249,629	249,629
PROGRAM SERVICES	131,995	822,375	361,228	1,315,598	-	-	1,315,598
PROFESSIONAL FEES	-	-	-	-	174,230	-	174,230
OFFICE AND OCCUPANCY	57,128	232,206	44,331	333,665	43,736	69,751	447,152
DEPRECIATION	5,202	21,144	4,037	30,383	3,982	6,352	40,717
MISCELLANEOUS EXPENSES	-	16,291	-	16,291	23,109	2,650	42,050
REVENUE SHARING TO NATIONAL	23,237	47,994	57,368	128,599	18,169	34,204	180,972
TOTAL EXPENSES	<u>\$ 660,980</u>	<u>\$ 2,686,762</u>	<u>\$ 512,916</u>	<u>\$ 3,860,658</u>	<u>\$ 506,032</u>	<u>\$ 851,783</u>	<u>\$ 5,218,473</u>
PERCENT OF TOTAL EXPENSES	12.7%	51.5%	9.8%	74.0%	9.7%	16.3%	100.0%

The accompanying notes are an integral part of these financial statements.

THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER
STATEMENTS OF CASH FLOWS
YEARS ENDED JANUARY 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (266,435)	\$ 553,626
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities		
Paycheck Protection Program	(416,340)	(305,895)
Depreciation	53,169	40,717
Provision for Uncollectible Pledges Receivable	5,261	(5,365)
Discount on Pledges Receivable	8,883	2,221
Donated Marketable Securities	(70,000)	(10,000)
Unrealized Loss (Gain) on Investments	6,282	(4,902)
Gain on Disposal of Vehicle	-	(1,750)
Change in Beneficial Interest in Perpetual Trust	75,695	(4,294)
Changes in		
Pledges Receivable	(47,962)	48,902
Grant Receivables	(273,249)	37,148
Other Receivables	56,034	(6,807)
Prepaid Expenses	(80,203)	4,836
Accounts Payable and Accrued Liabilities	63,522	(81,565)
Right-of-Use Asset - Operating Lease	116,015	-
Operating Lease Liability	(125,694)	-
Deferred Rent	-	(6,951)
	(895,022)	259,921
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(88,731)	(119,564)
Proceeds from Sale of Vehicle	-	1,750
Reinvested Interest and Dividends	(52,921)	(2,834)
	(141,652)	(120,648)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Finance Lease Liability	(11,266)	-
Proceeds from Paycheck Protection Program	-	416,340
	(11,266)	416,340
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,047,940)	555,613
CASH AND CASH EQUIVALENTS - Beginning of Year	1,262,439	706,826
CASH AND CASH EQUIVALENTS - End of Year	\$ 214,499	\$ 1,262,439
NONCASH INVESTING AND FINANCING ACTIVITIES		
Right-of-Use Asset Acquired Through Operating Lease Liability	\$ 234,088	\$ -
Right-of-Use Asset Acquired Through Finance Lease Liability	\$ 45,246	\$ -

The accompanying notes are an integral part of these financial statements.

THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2023

NOTE 1: NATURE OF ACTIVITIES

Organization and Operations - The Amyotrophic Lateral Sclerosis Association, Greater Philadelphia Chapter, d/b/a The ALS Association Greater Philadelphia Chapter (Chapter), a Pennsylvania nonprofit corporation, is a chapter of The ALS Association, a national nonprofit organization (National). The Chapter represents eastern Pennsylvania, southern New Jersey, and Delaware in providing service to patients with Amyotrophic Lateral Sclerosis (ALS) and their families, providing education and information to the public about ALS, and funding research related to ALS.

During July 2021, the Chapter's Board of Directors was notified by The ALS Association that beginning February 1, 2024, all members (the chapters) of The ALS Association will be absorbed through merger and turn over governance to The ALS Association's Board, leaving only a local advisory committee remaining in each chapter territory. In January 2023, the Chapter, along with 14 other chapters, initiated litigation opposing this forced merger. In June 2023, the litigation concluded in an out of court resolution through which the chapters will retain their independence and all of their assets. Effective September 1, 2023, the Chapter will no longer be a member of The ALS Association under Delaware law and is in the process of applying for exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Additionally, the Chapter's Board of Directors voted to rename the organization ALS United Mid-Atlantic reflecting its anticipated affiliation with the cooperative, ALS United.

Reporting Entity - The financial statements reflect the financial position, results of activities, and cash flows of the Chapter.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle - In February 2016, FASB issued ASU 2016-02, *Leases* (Topic 842). The update increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statements of financial position and provides additional key disclosures about leasing agreements. During the year ended January 31, 2022, the Chapter changed its accounting method for leases as a result of implementing the requirements in Topic 842. The Chapter, as a lessee, classified its leasing arrangements as operating leases or finance leases in accordance with Topic 842.

THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JANUARY 31, 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Changes in Accounting Principles - Continued

Operating Leases - The Chapter is required to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments in the statements of financial position. The Chapter recognizes a single lease cost, allocated over the lease term on a straight-line basis in the statements of activities. The Chapter classifies all cash payments within operating activities in the statements of cash flows.

Finance Leases - The Chapter is required to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments in the statements of financial position. The Chapter recognizes interest on the lease liability separately from the amortization of the right-of-use asset in the statements of activities. The Chapter classifies repayments of the principal portion of the lease liability within financing activities and payments of interest on the lease liability and variable lease payments within operating activities in the statements of cash flows.

The Chapter adopted the standard effective February 1, 2022, and recognized and measured leases existing at, or entered into after, February 1, 2022 (the beginning of the reporting period of adoption). A right-of-use operating lease asset and a lease liability were recognized in the amount of \$234,088 and \$256,175, respectively, on February 1, 2022. Additionally, a right-of-use finance lease asset and a lease liability were recognized in the amount of \$45,246 on February 1, 2022.

The Chapter has elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

The Chapter has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

The Chapter elected the practical expedient to not separate lease and non-lease components.

THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JANUARY 31, 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition - In accordance with the Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC) Topic 606, *Revenue Recognition*, the Chapter recognizes revenue resulting from exchange transactions when it satisfies its performance obligations by transferring control over a product or service to a customer. The following is a description of principal exchange transactions from which the Chapter generates revenue:

Special Events - The Chapter recognizes special events revenue equal to the cost of direct benefits provided to the donor, and contribution revenue for the difference. Special event revenue equal to the cost of direct benefits provided to the donor is recognized at the point in time the benefit is delivered, generally when the event occurs. Contribution revenue resulting from special events is recognized immediately. Special event revenue subject to FASB ASC Topic 606 during the year ended January 31, 2023 was \$68,040. Special event revenue subject to FASB ASC Topic 606 during the year ended January 31, 2022 was not material to the financial statements.

The Chapter holds annual walks, bike rides, and related events. Participants of these events raise funds that are donated to the Chapter by the participant on or before the event date. Participants receive no direct benefit. As a result, the Chapter recognizes revenue derived from these events as contribution revenue.

There were no contract assets, contract liabilities, or accounts receivable as of the beginning or end of the years ended January 31, 2023 and 2022.

The following is a description of principal activities from which the Chapter generates revenue which fall outside the scope of Topic 606:

Contributions - The Chapter recognizes contributions when cash, securities or other financial assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Government Grants - The Chapter receives state awards for the purpose of providing a societal benefit. Unconditional awards are recognized as revenue when notification of the award is received. Awards that contain a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JANUARY 31, 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Financial Statement Presentation - Financial statement presentation follows the recommendations of the FASB ASC 958, *Not-for-Profit Entities*. Under FASB ASC 958, net assets, revenues, gains and losses are classified based on the existence or absence of donor-or grantor-imposed restrictions. The Chapter is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. A description of the two net assets classifications is as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions although their use may be limited by other factors such as by contract or board designation.

Net Assets With Donor Restrictions - Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates - In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - Cash and cash equivalents consist of cash on hand and cash held in banks for use in operations; cash and short-term investments held in investment accounts are recognized as investments.

Investments - Investments are reported at fair value. Donated securities are also reported at fair market value as of the date of receipt. All realized and unrealized gains and losses arising from fluctuations in market values, sales, or other disposition of assets are accounted for as increases or decreases in net assets without donor restrictions. Investment income is reported net of investment fees on the statements of activities.

Pledges Receivable - Unconditional promises to give are recorded as pledges receivable and are reported at net realizable value if, at the time the pledge is made, payment is expected to be received in one year or less. Payments expected to be collected in more than one year are reported at fair value initially and in subsequent periods. The Chapter provides for probable uncollectible amounts through a provision for uncollectible pledges receivable and an adjustment to a valuation account based on its assessment of the current status of individual accounts.

THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JANUARY 31, 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Agency Transactions - The Chapter, at times, coordinates patient care with various outside organizations and support groups. Expenses paid by the Chapter in connection with providing patient care is later billed and collected from these various organizations and groups. Accordingly, the transaction is classified as an “agency” transaction and no revenue or expense is reported by the Chapter. As of January 31, 2023 and 2022, the Chapter had no receivables resulting from agency transactions.

Other Receivables - Included in other receivables are amounts due from National for general quarterly appeals and reimbursement of payroll expense for a shared employee. As of January 31, 2023 and 2022, amounts due from National totaled \$0 and \$57,571, respectively.

Property, Plant, and Equipment - The Chapter records purchased property, plant, and equipment at cost. Vans are primarily used for the transportation of ALS patients and their caregivers. The Chapter’s policy is to capitalize any contributed assets, purchases, or improvements over \$5,000.

Property, plant, and equipment are being depreciated using the straight-line method over the estimated useful life of the related asset. Estimated useful lives are as follows:

Vans and Motorized Wheelchairs	3 - 5 Years
Computers (Including Assistive Technology Devices)	3 - 5 Years
Office Equipment	7 Years

When assets are retired or otherwise disposed of the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in revenue in the period. The cost of maintenance and repairs is expensed as incurred; renewals and betterments are capitalized.

Fair Value - The Chapter follows the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. FASB ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Chapter has the ability to access. Since valuations are based on quoted market prices that are readily and regularly available in an active market, it does not entail a significant degree of judgment.

THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JANUARY 31, 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fair Value - Continued

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported in net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Chapter reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Chapter reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Contributed materials and other nonfinancial assets are recognized at fair value as revenue when received and expense at the time the items are placed into service or distributed.

The Chapter received no contributed nonfinancial assets during the years ended January 31, 2023 and 2022.

In accordance with FASB ASC 958, contributed services are recorded at the fair market value of those services only if they create or enhance nonfinancial assets, or if they require specialized skills and are performed by a person possessing those skills. For the years ended January 31, 2023 and 2022, the Chapter did not recognize any amounts for contributed services.

The Chapter receives contributed services from volunteers in support of special events, board support, and support for program services throughout the year which are not recognized in the financial statements because the recognition criteria under FASB ASC 958 were not met.

THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JANUARY 31, 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Expense Allocation - The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. The allocation methods utilized by the Chapter are as follows:

Expense	Method
Salaries, Wages, and Benefits	Time and Effort
Special Events	Direct
Program Services	Direct
Professional Services	Direct
Office and Occupancy	Allocated based on each functional category's percentage of total expenses before Office and Occupancy and Depreciation costs.
Depreciation	Allocated based on each functional category's percentage of total expenses before Office and Occupancy and Depreciation costs.
Miscellaneous Expenses	Direct
Revenue Sharing to National	Allocated based on the percentage provided by National.

Income Taxes - The Chapter is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt from Pennsylvania state income tax. In addition, the Chapter qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Income not related to the Chapter's tax-exempt purpose may be subject to taxation as unrelated business income. Accounting principles generally accepted in the United States of America impose a threshold for determining when an income tax benefit can be recognized in regard to uncertain tax positions. The Chapter has determined that no liability for uncertain tax positions is required to be accrued and included in the statements of financial position as of January 31, 2023 and 2022.

The federal and state information returns of the Chapter for the years ended January 31, 2020, 2021, and 2022, are subject to examination by the tax authorities, generally for three years after they were filed.

THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JANUARY 31, 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Subsequent Events - The Chapter's policy is to evaluate events and transactions subsequent to its year end for potential recognition in the financial statements or disclosure in the notes to the financial statements. Management has evaluated events and transactions through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

NOTE 3: AVAILABILITY AND LIQUIDITY

The following reflects the Chapter's financial assets as of January 31, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position dates:

	2023	2022
Financial Assets as of January 31		
Cash and Cash Equivalents	\$ 214,499	\$ 1,262,439
Investments	2,770,248	2,653,609
Beneficial Interest in Perpetual Trust	415,400	491,095
Pledges Receivable, Net	392,549	358,731
Grants Receivable	773,150	499,901
Other Receivables	1,537	57,571
Total Financial Assets as of January 31	4,567,383	5,323,346
Less: Those Unavailable for General Expenditures Within One Year, Due to:		
Donor-Imposed Restrictions		
Restricted by Donor With Purpose Restrictions	248,493	767,049
Restricted by Grantor With Purpose Restrictions	254,958	160,492
Beneficial Interest in Perpetual Trust	415,400	491,095
Time-Imposed Restrictions		
Unrestricted Pledges Receivable, Due Greater Than One Year Unavailable for Expenditure Until Due	101,621	176,520
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 3,546,911	\$ 3,728,190

The Chapter's goal is generally to maintain financial assets to meet 4 months of operating expenses. The Chapter has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JANUARY 31, 2023

NOTE 4: BENEFICIAL INTEREST IN PERPETUAL TRUST

The Chapter has a beneficial interest in a charitable perpetual trust, the assets of which are not in the possession of the Chapter. This beneficial interest allows the Chapter to receive quarterly distributions consisting of dividends and interest earned on trust assets restricted to research. The Chapter's beneficial interest in this trust is irrevocable; therefore, the Chapter measures their beneficial interest in the trust's assets at fair value. During the years ended January 31, 2023 and 2022, restricted gains (losses) on trust assets of \$(75,695) and \$4,294, respectively, are recorded in the statements of activities. The Chapter's beneficial interest in the perpetual trust included in the statements of financial position as of January 31, 2023 and 2022, was \$415,400 and \$491,095, respectively. The net assets associated with the Chapter's beneficial interest in the perpetual trust are reported as net assets with donor restrictions.

The Chapter's management does not believe that beneficial interests in a charitable perpetual trust are within the scope of FASB ASC 958 in regard to required disclosures for endowments, because in contrast to donor-restricted endowment funds, no ongoing decisions about the investment of the trust or distributions from the trust are within the authority of the Chapter.

NOTE 5: PLEDGES RECEIVABLE

Unconditional pledges receivable consisted of the following as of January 31:

	2023				
	Unrestricted	Subject to Time Restrictions	Restricted for Research	Restricted for Patient Services	Total
Due in Less than One Year	\$ 158,878	\$ -	\$ 7,000	\$ 22,850	\$ 188,728
Due in One to Five Years	-	68,000	-	123,652	191,652
Due in More than Five Years	-	50,000	25,000	-	75,000
Less: Discounts to Net Present Value	-	(3,434)	(1,927)	(7,515)	(12,876)
Less: Reserve for Uncollectible Accounts	(17,429)	(12,945)	(3,510)	(16,071)	(49,955)
Net Unconditional Pledges Receivable	<u>\$ 141,449</u>	<u>\$ 101,621</u>	<u>\$ 26,563</u>	<u>\$ 122,916</u>	<u>\$ 392,549</u>

THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JANUARY 31, 2023

NOTE 5: PLEDGES RECEIVABLE - CONTINUED

	2022				Total
	Unrestricted	Subject to Time Restrictions	Restricted for Research	Restricted for Patient Services	
Due in Less than One Year	\$ 113,620	\$ -	\$ -	\$ 34,800	\$ 148,420
Due in One to Five Years	-	150,500	-	33,500	184,000
Due in More than Five Years	-	50,000	25,000	-	75,000
Less: Discounts to Net Present Value	-	(1,985)	(248)	(1,762)	(3,995)
Less: Reserve for Uncollectible Accounts	(12,464)	(21,995)	(2,742)	(7,493)	(44,694)
Net Unconditional Pledges Receivable	<u>\$ 101,156</u>	<u>\$ 176,520</u>	<u>\$ 22,010</u>	<u>\$ 59,045</u>	<u>\$ 358,731</u>

NOTE 6: FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis as of January 31 were as follows:

	2023			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial Interest in Perpetual Trust Investments	\$ 415,400	\$ -	\$ 415,400	\$ -
Unconditional Pledges Receivable	2,770,248	2,770,248	-	-
	392,549	-	-	392,549
Total Assets, at Fair Value	<u>\$ 3,578,197</u>	<u>\$ 2,770,248</u>	<u>\$ 415,400</u>	<u>\$ 392,549</u>

	2022			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial Interest in Perpetual Trust Investments	\$ 491,095	\$ -	\$ 491,095	\$ -
Unconditional Pledges Receivable	2,653,609	2,653,609	-	-
	358,731	-	-	358,731
Total Assets, at Fair Value	<u>\$ 3,503,435</u>	<u>\$ 2,653,609</u>	<u>\$ 491,095</u>	<u>\$ 358,731</u>

THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JANUARY 31, 2023

NOTE 6: FAIR VALUE MEASUREMENTS - CONTINUED

Beneficial Interest in Perpetual Trust - Fair values for the beneficial interest in the perpetual trust are determined based upon the underlying value of the trust's assets. The trust's assets consist of mutual fund portfolios consisting of fixed income and equity investments.

Unconditional Pledges Receivable - Fair Value Election - Unconditional pledges receivable are reported at net realizable value if, at the time the pledge is made, payment is expected to be received in one year or less. Unconditional pledges receivable that are expected to be collected in more than one year are reported at fair value initially and in subsequent periods because the Chapter elected the fair value option in accordance with generally accepted accounting principles. Management believes that the use of fair value reduces the cost of measuring unconditional pledges receivable in periods subsequent to their receipt and provides equal or better information to users of its financial statements than if those pledges were measured using historical discount rates.

When estimating the fair value of unconditional pledges receivable, management considers the relationship with the donor, the donor's past history of making timely payments, the donor's overall creditworthiness, general economic conditions in the geographic area in which the majority of the Chapter's donors live, the Chapter's policies concerning enforcement of pledges receivable, and market interest rate assumptions.

The table below presents information about the fair value measurements of unconditional pledges receivable as of January 31:

	2023			
	Due in Less than One Year	Due in One to Five Years	Due in More Than Five Years	Total
Pledges Receivable Measured at Fair Value				
Pledged Cash Flow	\$ 188,728	\$ 191,652	\$ 75,000	\$ 455,380
Carrying Amount	162,908	165,051	64,590	392,549
Fair Value Estimate	162,908	165,051	64,590	392,549
	2022			
	Due in Less than One Year	Due in One to Five Years	Due in More Than Five Years	Total
Pledges Receivable Measured at Fair Value				
Pledged Cash Flow	\$ 148,420	\$ 184,000	\$ 75,000	\$ 407,420
Carrying Amount	130,708	161,993	66,030	358,731
Fair Value Estimate	130,708	161,993	66,030	358,731

THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JANUARY 31, 2023

NOTE 6: FAIR VALUE MEASUREMENTS - CONTINUED

Unconditional Pledges Receivable - Continued

The table below presents information about the changes in unconditional pledges receivable for the years ended January 31:

	<u>2023</u>	<u>2022</u>
Beginning Balance	\$ 358,731	\$ 404,489
New Pledges Received	388,658	100,425
Collections	(340,698)	(139,327)
Writeoff as Uncollectible	-	(10,000)
Change in Discount and Allowance	<u>(14,142)</u>	<u>3,144</u>
Ending Balance	<u>\$ 392,549</u>	<u>\$ 358,731</u>

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with donor restrictions are available for the following purposes:

	<u>2023</u>	<u>2022</u>
Subject to Expenditure for Specified Purpose		
Patient Services	\$ 353,972	\$ 844,036
Research	-	2,450
Net Pledges Receivable, the Proceeds from		
Which Have Been Restricted for:		
Patient Services	122,916	59,045
Research	<u>26,563</u>	<u>22,010</u>
	503,451	927,541
Subject to the Passage of Time		
Net Pledges Receivable That are Not Restricted by Donors		
but Which are Unavailable for Expenditure Until Due	101,621	176,520
Not Subject to Appropriation or Expenditure		
Beneficial Interest in Perpetual Trust	<u>415,400</u>	<u>491,095</u>
Total Net Assets With Donor Restrictions	<u>\$ 1,020,472</u>	<u>\$ 1,595,156</u>

THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JANUARY 31, 2023

NOTE 8: EMPLOYEE BENEFIT PLAN

The Chapter sponsors a defined contribution plan (Plan) covering all employees, age 21 and older, with at least three months of service. Effective January 1, 2013, the Chapter reinstated an employer match, matching participants' contributions to the Plan up to four percent of the individual participant's compensation. Additionally, the Chapter may make a discretionary contribution to the Plan determined annually by the Board of Trustees. During the years ended January 31, 2023 and 2022, the Chapter made no discretionary contributions. Total plan expense for the years ended January 31, 2023 and 2022, was \$35,926 and \$40,657, respectively.

NOTE 9: CONCENTRATION OF CREDIT RISK

The Chapter maintains cash balances at a regional financial institution. As of January 31, 2023, all deposit accounts, including all non-interest-bearing deposit accounts, were insured up to the standard maximum amount of \$250,000 per institution. As of January 31, 2023 and 2022, uninsured balances totaled \$35,847 and \$1,044,369, respectively.

NOTE 10: LEASE AGREEMENTS AS LESSEE

During the year ended January 31, 2023, the Chapter entered into an agreement to lease office equipment. The lease has been recognized in the financial statements as a finance lease. The lease expires in January 2026.

The Chapter leases office space under an agreement classified as an operating lease. The lease expires in January 2024. Total expense under this lease was \$118,781 and \$126,388 for the years ended January 31, 2023 and 2022, respectively.

As of January 31, 2023, future minimum lease payments under noncancelable leases with terms greater than one year are as follows:

	<u>Finance Lease</u>	<u>Operating Lease</u>
2024	\$ 12,570	\$ 120,753
2025	12,570	-
2026	10,475	-
Total Future Minimum Lease Payments	35,615	120,753
Less: Amount Representing Imputed Interest	1,635	1,145
Present Value of Future Minimum Lease Payments	33,980	119,608
Less: Current Maturities	11,638	119,608
Lease Obligations - Net of Current Maturities	<u>\$ 22,342</u>	<u>\$ -</u>

THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JANUARY 31, 2023

NOTE 10: LEASE AGREEMENTS AS LESSEE - CONTINUED

The following represents lease cost for the year ended January 31:

	2023
Finance Lease Cost	
Amortization of Right-of-Use Assets	\$ 11,835
Interest on Lease Liability	1,304
Total Finance Lease Cost	13,139
Operating Lease Cost	118,781
Total Lease Cost	\$ 131,920

The following are required lease disclosures as of and for the year ended January 31:

	2023
Cash Paid for Amounts in the Measurement of Lease Liabilities	
Operating Cash Flows for Operating Lease	\$ 118,781
Operating Cash Flows for Finance Lease	1,304
Finance Cash Flows from Finance Lease	11,266
Total Cash Paid for Amounts in the Measurement of Lease Liabilities	\$ 131,351
Right-of-Use Asset Obtained in Exchange for Finance Lease Liability	\$ 45,246
Right-of-Use Asset Obtained in Exchange for Operating Lease Liability	\$ 234,088
Weighted-Average Remaining Lease Term - Finance Lease	2.92 Years
Weighted-Average Remaining Lease Term - Operating Lease	1.00 Year
Weighted-Average Discount Rate - Finance Lease	3.25%
Weighted-Average Discount Rate - Operating Lease	1.61%

THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JANUARY 31, 2023

NOTE 11: RELATED-PARTY TRANSACTIONS

For the years ended January 31, 2023 and 2022, the Chapter received contributions in the amount of \$293,400 and \$210,000, respectively, from organizations affiliated with members of the Chapter's Board of Directors. Contributions totaling \$107,169 and \$83,195 were received during fiscal years ended January 31, 2023 and 2022, respectively, from members of the Chapter's Board of Trustees and Board of Directors.

The Chapter disburses research payments to National quarterly. Research payments disbursed to National totaled \$322,181 and \$218,165 during the years ended January 31, 2023 and 2022, respectively, and are included in program services on the statements of functional expenses. The Chapter also disburses revenue sharing payments to National, which are classified as revenue sharing to National on the statements of functional expenses. Revenue sharing payments disbursed to National during the years ended January 31, 2023 and 2022, totaled \$466,000 and \$180,972, respectively.

The Chapter pays an annual fee along with fees based on monthly activity directly to National for the use of a fundraising platform. The amount of expense included in the statements of functional expenses totaled \$116 and \$72,471, for the years ended January 31, 2023 and 2022, respectively.

Amounts owed to National and included in accounts payable and accrued liabilities on the statements of financial position totaled \$385,409 and \$344,212, for the years ended January 31, 2023 and 2022, respectively.

Included in other receivables are amounts due from National for general quarterly appeals and reimbursement of payroll expense for a shared employee. As of January 31, 2023 and 2022, amounts due from National totaled \$0 and \$57,571, respectively.

NOTE 12: CONDITIONAL GRANTS

Certain government grants are conditioned upon the completion of performance obligations and the incurrence of allowable expenses. As of January 31, 2023, conditional contributions of \$590,943, for which no amounts have been received in advance, have not been recognized in the accompanying financial statements. This amount will be recognized as revenue over time as specific qualifying expenses are incurred. The Chapter anticipates incurring the qualifying expenses during the year ending January 31, 2024.

NOTE 13: SUPPLEMENTAL CASH FLOW DISCLOSURES

During the normal course of operations, the Chapter receives donations of marketable securities. The Chapter has a standing order with a financial institution to immediately liquidate marketable securities upon receipt and transfer the proceeds to the Chapter. The Chapter believes that recognition of the transferred proceeds as cash received from operations on the statements of cash flows more accurately depicts the nature of the transactions. Proceeds from

THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JANUARY 31, 2023

NOTE 13: SUPPLEMENTAL CASH FLOW DISCLOSURES - CONTINUED

donated marketable securities which are not immediately liquidated are recognized in the statements of cash flows as cash received from investing activities. Proceeds received by the Chapter from immediate liquidation of donated marketable securities and included in the statements of cash flows as cash received from operations totaled \$70,000 and \$10,000 for the years ended January 31, 2023 and 2022, respectively.

NOTE 14: PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Chapter received proceeds in the amount of \$305,895 under the Paycheck Protection Program (PPP) administered by the Small Business Association (SBA). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, provides loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. Loan and accrued interest amounts may be eligible for forgiveness as long as the borrower uses the loan proceeds during the covered period for eligible purposes, including payroll, benefits, rent and utilities, and maintains its employee and salary levels for a period of time after receipt of the loan funds.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for a period of ten months after the end of the covered period.

During the year ended January 31, 2022, the loan was forgiven and recognized as revenue.

In January 2021, the SBA opened the loan application process for a second draw PPP loan for eligible organizations that previously received a first draw PPP loan. Loan terms for second draw PPP loans are consistent with the initial round of funding, with the exception of a loan term of five years. In March 2021, the Chapter received loan proceeds in the amount of \$416,340 under the second draw of PPP funding.

During the year ended January 31, 2023, the loan was forgiven and recognized as revenue.

NOTE 15: INVESTMENTS

Investments consisted of the following as of January 31:

	2023	2022	
Money Market Fund	\$ 2,654,861	\$ 2,604,870	
Mutual Funds	115,387	48,739	
Total Investments	\$ 2,770,248	\$ 2,653,609	

THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JANUARY 31, 2023

NOTE 16: COMMITMENTS AND CONTINGENCIES

In the normal course of business there are various commitments and contingencies outstanding which are not reflected in these financial statements. In the opinion of management, the outcome of such events, if any, will not have a material effect on the Chapter's financial position.

NOTE 17: RECLASSIFICATIONS

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no impact on the prior year total assets, liabilities, revenues, expenses, and net assets.



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***Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards***

To the Board of Directors
The Amyotrophic Lateral Sclerosis Association,
Greater Philadelphia Chapter

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Amyotrophic Lateral Sclerosis Association, Greater Philadelphia Chapter (a nonprofit organization), d/b/a The ALS Association Greater Philadelphia Chapter, which comprise the statements of financial position as of January 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 13, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The ALS Association Greater Philadelphia Chapter's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The ALS Association Greater Philadelphia Chapter's internal control. Accordingly, we do not express an opinion on the effectiveness of The ALS Association Greater Philadelphia Chapter's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Board of Directors
The Amyotrophic Lateral Sclerosis Association,
Greater Philadelphia Chapter

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The ALS Association Greater Philadelphia Chapter's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Belfint, Lyons & Shuman, P.A.

October 13, 2023
Wilmington, Delaware

SUPPLEMENTARY INFORMATION

**THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER
SCHEDULE OF EXPENDITURES OF NEW JERSEY FINANCIAL ASSISTANCE
YEAR ENDED JANUARY 31, 2023**

<u>State Grantor Department Program Title/Name</u>	<u>State Grant Award Number</u>	<u>Grant Award Period</u>	<u>Fiscal Year Grant Expenditures*</u>	<u>Total Grant Expenditures to Date</u>
New Jersey Department of Health ALS Association 2023	DCHS23ALS002	07/01/2022 - 06/30/2023	\$ 142,843	\$ 142,843
New Jersey Department of Health ALS Association 2022	DCHS22ALS001	07/01/2021 - 06/30/2022	223,203	497,858

*Fiscal Year Grant Expenditures may not agree with fiscal year grant revenue reported in the statements of activities due to the following:

- 1) Timing differences between when grant expenditures are made and when grant awards are recognized as revenue in accordance with generally accepted accounting principles.
- 2) The Chapter does not include amounts shared with affiliated organizations as revenues or expenses in their statements of activities.