

**THE ALS ASSOCIATION  
CENTRAL AND SOUTHERN OHIO CHAPTER**

FINANCIAL STATEMENTS

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January 31, 2022 and 2021

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**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

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## ***INDEPENDENT AUDITOR'S REPORT***

To the Board of Directors  
ALS Association – Central and Southern Ohio Chapter  
Columbus, Ohio

### ***Opinion***

We have audited the accompanying financial statements of ALS Association – Central and Southern Ohio Chapter (a corporation, not-for-profit), which comprise the statements of financial position as of January 31, 2022 and 2021, and the related statements of activities and net assets, functional expenses, and cash flows 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 - Central and Southern Ohio Chapter, as of January 31, 2022 and 2021, and the results of its activities 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ALS Association – Central and Southern Ohio Chapter and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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.

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 – Central and Southern Ohio Chapter's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's 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.

***Auditor's Responsibilities for the Audit of the Financial Statements - Continued***

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 – Central and Southern Ohio 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ALS Association – Central and Southern Ohio 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.

Circleville, Ohio  
September 7, 2022

*BHM CPA Group, Inc.*

**THE ALS ASSOCIATION  
CENTRAL AND SOUTHERN OHIO CHAPTER**

STATEMENTS OF FINANCIAL POSITION

January 31, 2022 and 2021

**ASSETS**

	<b>2022</b>	<b>2021</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,301,301	\$ 1,064,174
Marketable securities	43,119	33,765
<b>TOTAL CURRENT ASSETS</b>	<b>1,344,420</b>	<b>1,097,939</b>
<b>BOARD-DESIGNATED OTHER ASSETS</b>		
Cash and cash equivalents	51,445	46,361
Marketable securities	3,369,059	3,293,889
<b>TOTAL OTHER ASSETS</b>	<b>3,420,504</b>	<b>3,340,250</b>
<b>PROPERTY AND EQUIPMENT, NET</b>	<b>262,779</b>	<b>216,145</b>
<b>TOTAL ASSETS</b>	<b>\$ 5,027,703</b>	<b>\$ 4,654,334</b>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Revenue sharing payable to the national affiliate	\$ 62,175	\$ 47,997
Accounts payable	9,785	-
Accrued expenses and payroll liabilities	17,945	24,126
Paycheck protection program	-	12,379
<b>TOTAL CURRENT LIABILITIES</b>	<b>89,905</b>	<b>84,502</b>

**NET ASSETS**

Net assets without donor restrictions	4,937,798	4,569,832
<b>TOTAL NET ASSETS</b>	<b>4,937,798</b>	<b>4,569,832</b>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,027,703</b>	<b>\$ 4,654,334</b>
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The accompanying notes are an integral part of these financial statements.

**THE ALS ASSOCIATION  
CENTRAL AND SOUTHERN OHIO CHAPTER**

STATEMENTS OF ACTIVITIES AND NET ASSETS

For the Years Ended January 31, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b>Revenues</b>		
Contributions and memorial gifts	\$ 618,131	\$ 424,356
Special event fundraisers	533,396	642,065
<b>Total revenues</b>	<b>1,151,527</b>	<b>1,066,421</b>
<b>Expenses</b>		
Program services	1,033,538	923,967
Management and general	91,350	80,160
Fundraising	175,592	198,158
<b>Total expenses</b>	<b>1,300,480</b>	<b>1,202,285</b>
<b>Expenses in excess of revenues</b>	<b>(148,953)</b>	<b>(135,864)</b>
<b>Other income</b>		
Interest and dividend income	101,254	89,986
Net realized gain on disposition of investments	104,096	30,139
Paycheck protection program loan forgiveness	111,217	103,521
Unrealized gain on investments	76,502	97,015
Donations of equipment	123,849	113,841
Miscellaneous income	-	17,716
<b>Total other income</b>	<b>516,918</b>	<b>452,218</b>
<b>Change in net assets</b>	<b>367,966</b>	<b>316,354</b>
<b>Net assets at beginning of period</b>	<b>4,569,832</b>	<b>4,253,478</b>
<b>Net assets at end of period</b>	<b>\$ 4,937,798</b>	<b>\$ 4,569,832</b>

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

**THE ALS ASSOCIATION  
CENTRAL AND SOUTHERN OHIO CHAPTER**

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended January 31, 2022

	<u>Program Services</u>			<u>Total Program Services</u>	<u>Supporting Services</u>	
	<u>Patient Services and Support</u>	<u>Public Awareness</u>	<u>Advocacy and Research</u>		<u>Management and General</u>	<u>Fundraising</u>
Salaries and wages	\$ 313,131	\$ 54,055	\$ -	\$ 367,186	\$ 20,328	\$ 95,860
Payroll taxes	23,405	4,614	-	28,019	1,743	7,862
Employee benefits	41,531	8,904	-	50,435	3,919	395
Patient grant program	169,294	-	-	169,294	-	-
Support group coordinators	2,287	-	-	2,287	-	-
Supplies	4,862	9,542	-	14,404	1,214	1,217
Telephone	-	-	-	-	6,312	-
Postage and shipping	3,469	5,204	-	8,673	3,469	5,204
Printing and publications	3,540	3,541	-	7,081	150	3,145
Conferences, staff training and advocacy	2,731	-	2,731	5,462	606	-
Depreciation	77,625	633	-	78,258	140	-
Temporary labor	-	-	-	-	7,241	-
Bank charges	-	-	-	-	18,824	-
Insurance	2,163	-	-	2,163	721	721
Patient equipment	32,246	5,916	-	38,162	-	-
Special event	-	14,227	-	14,227	4,352	24,942
Mileage and meal reimbursement	73	-	-	73	2	15
Revenue sharing with the national affiliate	40,158	19,206	100,344	159,708	8,381	23,047
Rent (including storage)	19,810	19,810	-	39,620	6,603	6,603
Other	24,137	24,349	-	48,486	7,345	6,581
<b>TOTAL EXPENSES</b>	<u>\$ 760,462</u>	<u>\$ 170,001</u>	<u>\$ 103,075</u>	<u>\$ 1,033,538</u>	<u>\$ 91,350</u>	<u>\$ 175,592</u>

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

**THE ALS ASSOCIATION  
CENTRAL AND SOUTHERN OHIO CHAPTER**

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended January 31, 2021

	<u>Program Services</u>			<u>Total Program Services</u>	<u>Supporting Services</u>	
	<u>Patient Services and Support</u>	<u>Public Awareness</u>	<u>Advocacy and Research</u>		<u>Management and General</u>	<u>Fundraising</u>
Salaries and wages	\$ 301,816	\$ 50,423	\$ -	\$ 352,239	\$ 18,870	\$ 120,940
Payroll taxes	23,073	4,355	-	27,428	1,647	9,968
Employee benefits	42,518	6,059	-	48,577	2,633	2,174
Patient grant program	153,868	-	-	153,868	-	-
Support group coordinators	1,800	-	-	1,800	-	-
Supplies	4,456	8,010	-	12,466	1,092	924
Telephone	1,387	1,387	-	2,774	4,796	1,126
Postage and shipping	11,407	11,407	-	22,814	1,508	1,235
Printing and publications	3,852	3,852	-	7,704	437	757
Conferences, staff training and advocacy	1,428	-	1,428	2,856	319	-
Depreciation	55,534	634	-	56,168	140	-
Temporary labor	-	-	-	-	7,307	-
Bank charges	-	-	-	-	18,299	-
Insurance	2,262	-	-	2,262	754	753
Patient equipment	11,146	12,404	-	23,550	226	2,032
Special event	-	16,063	-	16,063	4,868	27,746
Mileage and meal reimbursement	2,641	-	-	2,641	118	506
Revenue sharing with the national affiliate	35,192	16,831	73,444	125,467	7,344	20,197
Rent (including storage)	13,918	13,919	-	27,837	4,640	4,639
Other	15,484	21,969	-	37,453	5,162	5,161
<b>TOTAL EXPENSES</b>	<b>\$ 681,782</b>	<b>\$ 167,313</b>	<b>\$ 74,872</b>	<b>\$ 923,967</b>	<b>\$ 80,160</b>	<b>\$ 198,158</b>

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



**THE ALS ASSOCIATION  
CENTRAL AND SOUTHERN OHIO CHAPTER**

STATEMENTS OF CASH FLOWS

For the Years Ended January 31, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 367,966	\$ 316,354
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	78,398	56,308
Donations of equipment	(123,849)	(113,841)
Net realized gain on disposition of investments	(104,096)	(30,139)
Unrealized gain on investments	(76,502)	(97,015)
Paycheck protection program loan forgiveness	(111,217)	(103,521)
Changes in assets and liabilities:		
Revenue sharing payable to the national affiliate	14,178	1,144
Accounts payable	9,785	-
Accrued expenses and payroll liabilities	(6,181)	5,079
<b>Net cash provided by operating activities</b>	<b>48,482</b>	<b>34,369</b>
 <b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(1,183)	(5,281)
Purchase of marketable securities	(78,926)	(84,449)
Proceeds from sale of marketable securities	175,000	150,000
<b>Net cash provided by investing activities</b>	<b>94,891</b>	<b>60,270</b>
 <b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payments on paycheck protection program	(12,379)	-
Proceeds from paycheck protection program	111,217	115,900
<b>Net cash provided by investing activities</b>	<b>98,838</b>	<b>115,900</b>
 Net increase in cash and cash equivalents	242,211	210,539
Cash and cash equivalents at beginning of year	1,110,535	899,996
 <b>Cash and cash equivalents at end of year</b>	<b>\$ 1,352,746</b>	<b>\$ 1,110,535</b>

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

**THE ALS ASSOCIATION  
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NOTES TO FINANCIAL STATEMENTS

January 31, 2022 and 2021

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**NATURE OF ORGANIZATION**

The Amyotrophic Lateral Sclerosis Association - Central and Southern Ohio Chapter (the Chapter) was founded in 1984 as an Ohio not-for-profit organization. The Chapter's mission is 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 Chapter is a member of The Amyotrophic Lateral Association (the Association) which is a national organization that shares the same mission as described above. These financial statements are not included with the financial statements of the Association, since in its agreement with the Association, the Chapter is independent and separately governed by the Chapter's Board of Directors.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements of the Chapter have been prepared utilizing the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and those common to not-for-profit organizations. Consequently, revenues and gains are recognized when earned and expenses and losses are recognized when incurred.

**Investments**

The Chapter's investments consist of marketable securities and are presented at fair value based on published market prices. Realized and unrealized gains and losses are included in the statements of activities. Cost, fair value and unrealized gain (loss) at January 31, 2022 and 2021 were as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
January 31, 2022			
Marketable securities	\$ 11,609	\$ 43,119	\$ 31,510
Board-designated marketable securities	<u>2,818,623</u>	<u>3,369,059</u>	<u>550,436</u>
Total	<u>\$ 2,830,232</u>	<u>\$ 3,412,178</u>	<u>\$ 581,946</u>
January 31, 2021			
Marketable securities	\$ 10,618	\$ 33,765	\$ 23,147
Board-designated marketable securities	<u>2,906,837</u>	<u>3,293,889</u>	<u>387,052</u>
Total	<u>\$ 2,917,455</u>	<u>\$ 3,327,654</u>	<u>\$ 410,199</u>

**Property and Equipment**

Property and equipment are recorded at cost or, if donated, at fair value at the date of donation (not to exceed the appraised value of the related assets). Depreciation for financial reporting purposes is computed using straight-line methods over the estimated useful lives of the assets. All purchases or donations of property and equipment over \$1,000 are capitalized and those under \$1,000 are recorded as expense, usually as patient equipment.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset or asset group may not be recoverable. An impairment loss would be recognized in operations for the amount that the carrying value of an asset or asset group exceeds its fair value determined using applicable accounting standards.

**THE ALS ASSOCIATION  
CENTRAL AND SOUTHERN OHIO CHAPTER**

NOTES TO FINANCIAL STATEMENTS - Continued

January 31, 2022 and 2021

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***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued***

***Property and Equipment - Continued***

Property and equipment consist of the following:

	<u>2022</u>	<u>2021</u>
Office equipment	\$ 59,979	\$ 58,797
Patient services equipment	733,162	609,313
Less accumulated depreciation	<u>(530,363)</u>	<u>(451,965)</u>
Net property and equipment	<u>\$ 262,778</u>	<u>\$ 216,145</u>

Depreciation expense for the years ended January 31, 2022 and 2021 totaled \$78,398 and \$56,308, respectively.

***Compensated Absences***

Eligible employees receive paid vacation and sick days based on years of service. Employees may accumulate and carry over a maximum of forty hours which is included in accrued expenses.

***Income Taxes***

The Chapter qualifies as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been provided in the financial statements.

The Chapter complies with Accounting Standards Codification (ASC) 740-10 related to uncertain tax positions. ASC 740-10 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken on a tax return. Management is not aware of any tax positions taken on its tax returns that they consider to be uncertain. Tax returns for 2019, 2020 and 2021 are open and subject to examination by the Internal Revenue Service.

***Net Assets***

In accordance with generally accepted accounting principles and those common for not-for-profit organizations, the Chapter reports 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. None of the Chapter's net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as net assets without donor restriction.

***Revenue and Expense Recognition***

Revenues are recognized at the time services are provided to the customer including event admission, event sponsorships, management fees, and other revenues, usually determined by when the actual service is provided, collection of the related receivable is probable, evidence of an arrangement exists, and sales price is determinable. The Association generally meets its performance obligations related to the services provided within a year of the contract initiation. Payment for the Association's products and events are due in advance of the event or upon delivery of the service. The sales price for the goods and events are fixed at the amounts established in a contract. There are generally no rights of return or warranties related to the sale of the products and services.

Donations are recorded in accordance with ASC 958-605 as they do not represent a contract with a customer. Revenues are included in activities in the period in which they are earned or, in the case of donations, when an unconditional pledge or contribution is received. Revenues received for specific purposes are used in accordance with donor or grantor restrictions. Expenses are included in activities in the period they are incurred.

**THE ALS ASSOCIATION  
CENTRAL AND SOUTHERN OHIO CHAPTER**

NOTES TO FINANCIAL STATEMENTS - Continued

January 31, 2022 and 2021

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Revenue and Expense Recognition - Continued**

The table below includes disaggregated revenue information by significant fundraising events during the years ended January 31:

	<b>2022</b>	<b>2021</b>
<b>Special event fundraising revenue</b>		
Walk to defeat ALS	\$ 518,348	\$ 603,919
Community partner events	13,548	7,094
One dollar difference	1,500	28,520
Strike out ALS	-	2,532
<b>Total special event fundraising revenue</b>	<b>\$ 533,396</b>	<b>\$ 642,065</b>

**Donated Services**

The Chapter receives donated services from unpaid volunteers who assist in administration of the Chapter, fundraising, and special projects. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

**Patient Grant Program**

The Chapter offers a patient grant program to provide grants to support patients. Total grants expensed were \$169,294 and \$153,868 during the years ended January 31, 2022 and 2021, respectively. Grants were paid based upon eligibility applications that were reviewed and approved by Chapter management.

**Advertising Expense**

Advertising costs are expensed as incurred. There were no amounts charged for advertising in the statement of activities and net assets for the years ended January 31, 2022 and 2021.

**Liquidity Management**

The Chapter's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash and cash equivalents	\$ 1,352,746
Investments	3,412,178
<b>Total</b>	<b>\$ 4,764,924</b>

Those assets are sufficient to meet ordinary business expenses in excess of one year. The Chapter has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. As part of its liquidity management, the Chapter invests in short-term investments to provide access to cash for unanticipated expenses effecting continuing operations, fund near-term strategic initiatives, and to manage investment risk.

**Statement of Cash Flows**

For purposes of the statement of cash flows, the Chapter considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents. There were no payments for interest or income taxes for the years ended January 31, 2022 and 2021.

**Concentration of Credit Risk**

The Chapter's "Walk to Defeat ALS" fundraiser (\$518,348 and \$603,919 for the years ended January 31, 2022 and 2021, respectively) represented 97% and 94% of the total special event fundraising revenue for the years ended January 31, 2022 and 2021, respectively.

**THE ALS ASSOCIATION  
CENTRAL AND SOUTHERN OHIO CHAPTER**

NOTES TO FINANCIAL STATEMENTS - Continued

January 31, 2022 and 2021

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***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued***

***Concentration of Credit Risk - Continued***

The Chapter maintains its demand deposits in various financial institutions. Accounts at most of the institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. At January 31, 2022 and 2021, the Chapter's uninsured cash balances total \$936,321 and \$710,021 respectively. The Association utilizes reputable financial institutions and continually monitors its risk related to deposits in excess of insured amounts.

***Use of Estimates***

The preparation of financial statements in conformity with the accrual basis of accounting requires management to make estimates and assumptions that affect the reported amounts at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

***Recent Accounting Standards***

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*. ASU 2016-02 requires recognition of a lease liability and a right-of-use asset for all leases (with the exception of short-term leases) on the balance sheet. The guidance is effective for annual periods beginning after December 15, 2021 and will require either a modified retrospective transition approach be applied to all periods presented or the cumulative effect of applying the new standard will be recognized in the opening balance of net assets. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The Chapter is currently evaluating the impact that the adoption will have on its financial statements for fiscal year 2023.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses*. The ASU revises the measurement of credit losses for financial assets measured at amortized cost from an incurred loss methodology to an expected loss methodology. These expected credit losses for financial assets held at the reporting date are to be based on historical experience, current conditions and reasonable and supportable forecasts. This ASU will also require enhanced disclosures relating to significant estimates and judgments used in estimating credit losses, as well as the credit quality. The ASU is effective for years beginning after December 15, 2021. The Association is currently evaluating the impact the adoption will have on its financial statements.

***BOARD-DESIGNATED OTHER ASSETS***

The Chapter's board-designated endowment was established by the Board of Directors in September of 2012. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Chapter intends to use the endowment's principal and earnings to finance operations and to provide a reserve fund that could be available at the Board of Directors' discretion to offset temporary sharp unanticipated reductions in operating revenue.

The Chapter has adopted a conservative investment policy in order to reduce market volatility, yet with sufficient risk to grow at a rate that will exceed inflation and provide some reasonable spending rate to the Chapter. This investment policy is achieved through a diversified total return strategy employing both current yield and capital appreciation with normal exposure to market risk. The Fund will be reviewed and rebalancing is considered at least quarterly with a 20 year investment time horizon as a primary factor. The carrying amount of this endowment fund at January 31, 2022 and 2021 was \$3,420,504 and \$3,340,250 respectively.

**THE ALS ASSOCIATION  
CENTRAL AND SOUTHERN OHIO CHAPTER**

NOTES TO FINANCIAL STATEMENTS - Continued

January 31, 2022 and 2021

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**LEASE AND RENTAL AGREEMENTS**

The Chapter leases office space under an operating lease through June 2022 from an unrelated party. Total expense under this operating lease agreement was \$41,848 and \$37,116 for fiscal years ended January 31, 2022 and 2021, respectively. Future minimum lease payments required under the lease, including subsequent extensions, is \$15,190 for 2023.

**REVENUE SHARING EXPENSES**

The Chapter has an agreement that provides for sharing revenue with the Association. The Chapter's revenue sharing is remitted quarterly and calculated as follows:

- 13.6% of the Chapter's gross revenue from all sources adjusted to exclude all donor-restricted research revenue.
- 100% of the revenue restricted by the donors for the specific purpose of ALS related research. For each dollar of revenue restricted for this purpose, the revenue sharing with the Association is reduced by 46.4%.
- The Chapter can make voluntary Chapter Directed Research (CDR) payments to the Association to provide financial support to research efforts.

Revenue sharing expenses for the fiscal years ended January 31, 2021 and 2020 were as follows:

	<u>2022</u>	<u>2021</u>
Unrestricted revenue sharing	\$ 174,600	\$ 210,993
Restricted revenue sharing	<u>16,536</u>	<u>2,395</u>
Total revenue sharing	<u>\$ 191,136</u>	<u>\$ 213,388</u>

**FAIR VALUE MEASUREMENTS**

The Chapter complies with ASC 820 *Fair Value Measurements and Disclosures* to account for and report fair value. ASC 820 provides a single definition of fair value, a framework for measuring fair value and expanded disclosures concerning fair value. The standard defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Fair values of certain assets are determined based on the fair value hierarchy established in this standard, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs are inputs that reflect assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances. The standard describes three levels within its hierarchy that may be used to measure fair value which are:

**Level 1**

Values are based on unadjusted quoted prices in active markets for identical assets or liabilities.

**THE ALS ASSOCIATION  
CENTRAL AND SOUTHERN OHIO CHAPTER**

NOTES TO FINANCIAL STATEMENTS - Continued

January 31, 2022 and 2021

**FAIR VALUE MEASUREMENTS - Continued**

**Fair Value Hierarchy – Continued**

**Level 2**

Values are based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, 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**

Values are generated from unobservable inputs that are supported by little or no market activity and that are a significant component of the fair value of the assets or liabilities. These unobservable inputs would reflect management's estimates of assumptions that market participants would use in pricing related assets or liabilities. Valuation techniques might include the use of pricing models, discounted cash flow models or similar techniques.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents the assets and liabilities included in the balance sheet that are carried at fair value measured on a recurring basis and indicates the level within the fair value hierarchy utilized to determine such value:

	<u>Fair Value</u>	<u>Fair Value Measurements using:</u>		
		<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
January 31, 2022				
Marketable securities	\$ 3,412,178	\$ -	\$ 3,412,178	\$ -
January 31, 2021				
Marketable securities	\$ 3,327,654	\$ -	\$ 3,327,654	\$ -

A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the classification of fair value assets and liabilities within the fair value hierarchy levels.

The marketable securities held by the Chapter are in the form of mutual funds and equity securities. They are valued based on the values of the underlying securities held by the fund. As a result, they are therefore categorized as Level 2. The carrying value of financial instruments classified as current assets and current liabilities approximate fair value due to the short-term maturity of the instruments.

**THE ALS ASSOCIATION  
CENTRAL AND SOUTHERN OHIO CHAPTER**

NOTES TO FINANCIAL STATEMENTS - Continued

January 31, 2022 and 2021

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***RETIREMENT PLAN***

The Chapter adopted a SIMPLE plan effective September 30, 2002. The plan covers all eligible employees. The Chapter contributes a matching contribution equal to the eligible employee's contribution up to a limit of 3% of the employee's compensation for the calendar year. The Chapter's contributions for the year ended January 31, 2022 and 2021 was \$8,727 and \$8,882, respectively.

***PAYCHECK PROTECTION PROGRAM***

In May 2020, the Association entered into a promissory note with a bank made under the Small Business Administration's Paycheck Protection Program ("PPP") as part of the CARES Act. The loan was for \$115,900 with monthly payments of \$4,390 including interest at 1.0% beginning in November 2020 through maturity in April 2022. There were no prepayment penalties or other financial covenants on these loans. As part of the PPP, if certain criteria relating to the use of the loans and the number of employees retained during the reporting period are met, the loans may be forgiven. Management met the criteria for forgiveness in the year ended January 2021 and in July 2021, the Association received official approval from the SBA that the loan has been forgiven. The total amount requested for forgiveness was \$103,521. Forgiveness was recorded as other income on the statements of activities and net assets during the year ending January 31, 2021. The remaining portion of the loan was classified as a current liability on the statement of financial position and was paid off during the year ended January 31, 2022.

In March 2021, the Association entered a promissory note with a bank for \$111,217 through the second round of the Paycheck Protection Program (PPP 2 Loan) administered by the United States government, enabled by the CARES Act. Under the terms of the CARES Act, all, or a portion of the principal of the PPP 2 Loan may be forgiven. Such forgiveness was evaluated, subject to limitations, based on the use of the PPP 2 Loan proceeds for payroll costs, mortgage interest payments, utility payments, and other allowable expenses and compliance with other provisions of the program. In December 2021, the Association received official approval that the entire loan has been forgiven. Forgiveness is recorded as other income on the statements of activities and net assets during the year ended January 31, 2022.

***SUBSEQUENT EVENTS***

Subsequent events were evaluated through September 7, 2022, which is the date the financial statements were available to be issued.