

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

FINANCIAL STATEMENTS

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January 31, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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 audit 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.

Columbus, Ohio  
July 18, 2023

*BHM CPA Group, Inc.*

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

STATEMENTS OF FINANCIAL POSITION

January 31, 2023 and 2022

**ASSETS**

	<b>2023</b>	<b>2022</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 982,955	\$ 1,301,301
Marketable securities	46,920	43,119
<b>TOTAL CURRENT ASSETS</b>	<b>1,029,875</b>	<b>1,344,420</b>
<b>BOARD-DESIGNATED ASSETS</b>		
Cash and cash equivalents	51,140	51,445
Marketable securities	2,992,579	3,369,059
<b>TOTAL BOARD-DESIGNATED ASSETS</b>	<b>3,043,719</b>	<b>3,420,504</b>
<b>OTHER ASSETS</b>		
Right of use asset, net of accumulated amortization of \$20,937	125,055	-
<b>TOTAL OTHER ASSETS</b>	<b>125,055</b>	<b>-</b>
 <b>PROPERTY AND EQUIPMENT, NET</b>	 <b>322,737</b>	 <b>262,779</b>
 <b>TOTAL ASSETS</b>	 <b>\$ 4,521,386</b>	 <b>\$ 5,027,703</b>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Revenue sharing payable to the national affiliate	\$ 78,571	\$ 62,175
Accounts payable	-	9,785
Accrued expenses and payroll liabilities	21,019	17,945
Current portion of right of use liability	36,913	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>136,503</b>	<b>89,905</b>

**NONCURRENT LIABILITIES**

Noncurrent portion of right of use liability	88,142	-
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**NET ASSETS**

Net assets without donor restrictions	4,296,741	4,937,798
<b>TOTAL NET ASSETS</b>	<b>4,296,741</b>	<b>4,937,798</b>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,521,386</b>	<b>\$ 5,027,703</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, 2023 and 2022

	<b>2023</b>	<b>2022</b>
<b>Revenues</b>		
Contributions and memorial gifts	\$ 507,360	\$ 618,131
Special event fundraisers	728,752	533,396
<b>Total revenues</b>	<b>1,236,112</b>	<b>1,151,527</b>
<b>Expenses</b>		
Program services	1,424,142	1,033,538
Management and general	132,315	91,349
Fundraising	244,261	175,592
<b>Total expenses</b>	<b>1,800,718</b>	<b>1,300,479</b>
<b>Expenses in excess of revenues</b>	<b>(564,606)</b>	<b>(148,952)</b>
<b>Other income</b>		
Interest and dividend income	96,057	101,254
Net realized gain on disposition of investments	112,780	104,096
Paycheck protection program loan forgiveness	-	111,217
Unrealized gain (loss) on investments	(372,373)	76,502
Donations of equipment	87,085	123,849
<b>Total other income (loss)</b>	<b>(76,451)</b>	<b>516,918</b>
<b>Change in net assets</b>	<b>(641,057)</b>	<b>367,966</b>
<b>Net assets at beginning of period</b>	<b>4,937,798</b>	<b>4,569,832</b>
<b>Net assets at end of period</b>	<b>\$ 4,296,741</b>	<b>\$ 4,937,798</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, 2023

	<u>Program Services</u>				<u>Supporting Services</u>	
	<u>Patient Services and Support</u>	<u>Public Awareness</u>	<u>Advocacy and Research</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>
Salaries and wages	\$ 448,218	\$ 126,134	\$ -	\$ 574,352	\$ 45,996	\$ 124,382
Payroll taxes	27,615	10,440	-	38,055	3,827	10,335
Employee benefits	56,891	9,270	-	66,161	3,873	3,288
Patient grant program	199,851	-	-	199,851	-	-
Support group coordinators	402	-	-	1,006	402	604
Supplies	21,328	23,256	-	44,584	4,796	502
Telephone	-	2,377	-	5,943	2,377	3,567
Postage and shipping	4,201	6,301	-	10,502	4,201	6,302
Printing and publications	5,007	7,510	-	12,517	5,007	7,509
Conferences, staff training and advocacy	570	48	522	1,140	132	16
Depreciation	91,646	3,146	-	94,792	698	-
Bank charges	-	-	-	-	21,160	-
Patient equipment	18,981	7,333	-	26,314	-	-
Special event	-	18,814	-	18,814	5,755	32,984
Mileage and meal reimbursement	101	-	-	101	4	20
Revenue sharing with the national affiliate	54,602	26,114	113,952	194,668	11,395	31,338
Rent (including storage)	17,575	17,575	-	35,150	5,858	5,858
Other	49,432	50,760	-	100,192	16,834	17,556
<b>TOTAL EXPENSES</b>	<b>\$ 996,420</b>	<b>\$ 309,078</b>	<b>\$ 114,474</b>	<b>\$ 1,424,142</b>	<b>\$ 132,315</b>	<b>\$ 244,261</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	7,344	6,581
<b>TOTAL EXPENSES</b>	<b>\$ 760,462</b>	<b>\$ 170,001</b>	<b>\$ 103,075</b>	<b>\$ 1,033,538</b>	<b>\$ 91,349</b>	<b>\$ 175,592</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, 2023 and 2022

	<b>2023</b>	<b>2022</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (641,057)	\$ 367,966
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation of property and equipment	95,490	78,398
Donations of equipment	(87,085)	(123,849)
Net realized gain on disposition of investments	(112,780)	(104,096)
Unrealized (gain) loss on investments	372,373	(76,502)
Paycheck protection program loan forgiveness	-	(111,217)
Changes in assets and liabilities:		
Revenue sharing payable to the national affiliate	16,396	14,178
Accounts payable	(9,785)	9,785
Accrued expenses and payroll liabilities	3,074	(6,181)
<b>Net cash provided (used) by operating activities</b>	<b>(363,374)</b>	<b>48,482</b>
 <b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(68,363)	(1,183)
Purchase of marketable securities	(86,914)	(78,926)
Proceeds from sale of marketable securities	200,000	175,000
<b>Net cash provided by investing activities</b>	<b>44,723</b>	<b>94,891</b>
 <b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payments on paycheck protection program	-	(12,379)
Proceeds from paycheck protection program	-	111,217
<b>Net cash provided by investing activities</b>	<b>-</b>	<b>98,838</b>
 Net change in cash and cash equivalents	 (318,651)	 242,211
Cash and cash equivalents at beginning of year	1,352,746	1,110,535
 <b>Cash and cash equivalents at end of year</b>	 <b>\$ 1,034,095</b>	 <b>\$ 1,352,746</b>

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

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

NOTES TO FINANCIAL STATEMENTS

January 31, 2023 and 2022

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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 at January 31, 2023 and 2022 were as follows:

	<b>Cost</b>	<b>Fair Value</b>	<b>Unrealized Gain</b>
January 31, 2023			
Marketable securities	\$ 11,441	\$ 46,920	\$ 35,479
Board-designated marketable securities	2,713,591	2,992,579	278,988
Total	\$ 2,725,032	\$ 3,039,499	\$ 314,467
January 31, 2022			
Marketable securities	\$ 11,609	\$ 43,119	\$ 31,510
Board-designated marketable securities	2,818,623	3,369,059	550,436
Total	\$ 2,830,232	\$ 3,412,178	\$ 581,946

The Chapter periodically monitors its investments for impairment and recognizes an impairment charge when the decline in fair value is determined to be other-than-temporary. No impairments have been recorded in either year presented.

**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.

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

NOTES TO FINANCIAL STATEMENTS - Continued

January 31, 2023 and 2022

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Property and Equipment - Continued**

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. No impairment losses were recognized in either year presented.

Property and equipment consist of the following:

	<u>2023</u>	<u>2022</u>
Office equipment	\$ 128,343	\$ 59,979
Patient services equipment	820,247	733,162
Less accumulated depreciation	<u>(625,853)</u>	<u>(530,362)</u>
Net property and equipment	<u>\$ 322,737</u>	<u>\$ 262,779</u>

Depreciation expense for the years ended January 31, 2023 and 2022 totaled \$95,490 and \$78,398, 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 2020, 2021 and 2022 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 Chapter generally meets its performance obligations related to the services provided within a year of the contract initiation. Payment for the Chapter'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.

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

NOTES TO FINANCIAL STATEMENTS - Continued

January 31, 2023 and 2022

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Revenue and Expense Recognition - Continued**

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

	<b>2023</b>	<b>2022</b>
<b>Special event fundraising revenue</b>		
Walk to defeat ALS	\$ 713,071	\$ 518,348
Community partner events	13,973	13,548
One dollar difference	-	1,500
Strike out ALS	1,708	-
<b>Total special event fundraising revenue</b>	<b>\$ 728,752</b>	<b>\$ 533,396</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 \$199,851 and \$169,294 during the years ended January 31, 2023 and 2022, 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, 2023 and 2022.

**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	\$ 1,034,095
Investments	3,039,499
<b>Total</b>	<b>\$ 4,073,594</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.

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

NOTES TO FINANCIAL STATEMENTS - Continued

January 31, 2023 and 2022

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

***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, 2023 and 2022.

***Concentration of Credit Risk***

The Chapter's "Walk to Defeat ALS" fundraiser (\$713,071 and \$518,348 for the years ended January 31, 2023 and 2022, respectively) represented 98% and 97% of the total special event fundraising revenue for the years ended January 31, 2023 and 2022, respectively.

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, 2023 and 2022, the Chapter's uninsured cash balances total \$615,783 and \$936,321, respectively. The Chapter 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.

***Adoption of Recent Accounting Standards***

The Chapter adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, and additional ASUs issued to clarify and update the guidance in ASU 2016-02, on February 1, 2022. This standard modifies lease accounting for lessees to increase transparency and comparability by requiring the recognition of a lease liability and a right-of-use assets for all leases (with the exception of short-term leases). The Chapter adopted the new lease standards utilizing the modified retrospective transition method, under which prior period balances were not restated. All leases were classified as operating under ASU 2016-02 and prior to its adoption. A right of use asset and liability of \$145,992 were added as of February 1, 2022, with no changes to retained margins.

***Recent Accounting Standards***

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, 2022. The Chapter is currently evaluating the impact the adoption will have on its financial statements.

***RIGHT OF USE ACCOUNTS AND LEASE AGREEMENTS***

The Chapter leases office space under an operating lease from an unrelated party. As mentioned previously, the Chapter adopted ASU 2016-02 during the year ended December 31, 2022. In accordance with ASU 2016-02, the Chapter used a risk free rate at the time of lease inception (3.65%) to estimate the value of the right of use asset and related liability for these leases. For 2023, the lease calls for increasing monthly payments ranging from \$3,312 to \$3,379 through April 2026.

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

NOTES TO FINANCIAL STATEMENTS - Continued

January 31, 2023 and 2022

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***RIGHT OF USE ACCOUNTS AND LEASE AGREEMENTS - Continued***

Total expense under this operating lease agreement was \$36,241 and \$41,848 for fiscal years ended January 31, 2023 and 2022, respectively. The Chapter recognizes short-term leases on a straight-line basis. The Chapter does not record a related lease or asset liability for such leases.

Required minimum lease payments for the years subsequent to January 30, 2023 are as follows:

2024	\$	40,212
2025		41,016
2026		41,837
2027		<u>10,545</u>
Total lease payments		133,611
Less: interest		<u>(8,556)</u>
Present value of lease liabilities	\$	<u>125,055</u>

***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, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Unrestricted revenue sharing	\$ 229,496	\$ 174,600
Restricted revenue sharing	<u>7,905</u>	<u>16,536</u>
Total revenue sharing	<u>\$ 237,401</u>	<u>\$ 191,136</u>

***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 years ended January 31, 2023 and 2022 were \$14,555 and \$8,727, respectively.

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

NOTES TO FINANCIAL STATEMENTS - Continued

January 31, 2023 and 2022

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**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, 2023 and 2022 was \$3,043,719 and \$3,420,504 respectively.

**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.

**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 ALS ASSOCIATION  
CENTRAL AND SOUTHERN OHIO CHAPTER**

NOTES TO FINANCIAL STATEMENTS - Continued

January 31, 2023 and 2022

**FAIR VALUE MEASUREMENTS - Continued**

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, 2023				
Marketable securities	\$ 3,039,499	\$ -	\$ 3,039,499	\$ -
January 31, 2022				
Marketable securities	\$ 3,412,178	\$ -	\$ 3,412,178	\$ -

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.

**PAYCHECK PROTECTION PROGRAM**

In March 2021, the Chapter 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 Chapter 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**

In May 2023, the Chapter received a \$500,000 grant in state operating support as part of the American Rescue Plan Act. Official language from the ARPA states that the funds are to be used in patient programming "for the expansion of in-home respite care, the purchasing of durable medical equipment and home modifications, and professional services for persons with Amyotrophic Lateral Sclerosis (ALS)".

Subsequent events were evaluated through July 18, 2023, which is the date the financial statements were available to be issued.