

COMPASSIONATE CARE ALS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2011



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**FRITZ DEGUGLIELMO LLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**& BUSINESS ADVISORS**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Compassionate Care ALS, Inc.  
West Falmouth, Massachusetts

We have audited the accompanying statement of financial position of Compassionate Care ALS, Inc. (a nonprofit organization) as of December 31, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Compassionate Care ALS, Inc.'s 2010 financial statements and, in our report dated July 12, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As explained in Note F to the financial statements, equipment intended for use in the Organization's programs is expensed in the financial statements. In our opinion, accounting principles generally accepted in the United States of America require that such equipment be recorded as an asset at the date of acquisition and depreciated accordingly. It was not practicable to determine the effects of the unrecorded equipment on the financial statements.

In our opinion, except for the effects of not recording equipment held for use in programs as an asset, as described in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Compassionate Care ALS, Inc. as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Fritz Deguglielmo LLC*

Certified Public Accountants  
July 9, 2012

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COMPASSIONATE CARE ALS, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2011

(with summarized financial information as of December 31, 2010)

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash	\$ 211,772	\$ 145,126
Accounts receivable	20,350	4,000
Prepaid rent and deposit	1,500	3,985
	<u>233,622</u>	<u>153,111</u>
Organizational Costs	6,110	6,110
Less: Accumulated Amortization	<u>(6,110)</u>	<u>(6,110)</u>
Organizational Costs, Net	<u>-</u>	<u>-</u>
Property and Equipment	150,718	149,318
Less: Accumulated Depreciation	<u>(104,100)</u>	<u>(74,767)</u>
Property and Equipment, Net	<u>46,618</u>	<u>74,551</u>
Total Assets	<u>\$ 280,240</u>	<u>\$ 227,662</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 18,024	\$ 15,637
Accrued expenses	6,328	7,427
Loans payable - vehicles	<u>20,683</u>	<u>30,242</u>
Total Liabilities	<u>45,035</u>	<u>53,306</u>
Net Assets:		
Unrestricted	<u>235,205</u>	<u>174,356</u>
Total Net Assets	<u>235,205</u>	<u>174,356</u>
Total Liabilities and Net Assets	<u>\$ 280,240</u>	<u>\$ 227,662</u>

See independent auditors' report and accompanying notes to financial statements.

COMPASSIONATE CARE ALS, INC.

STATEMENT OF ACTIVITIES

For the year ended December 31, 2011  
(with summarized financial information for the year ended December 31, 2010)

	<u>2011</u>	<u>2010</u>
Unrestricted:		
Support, Revenues and Reclassifications:		
Public Support and Revenue:		
Contributions	\$ 318,737	\$ 317,665
Grants	118,500	103,000
Fundraising Events, net of \$88,352 and \$64,338 of expenses, respectively	312,934	223,705
Program Services	97,923	31,289
Interest Income	74	84
Total Support, Revenues and Reclassifications	<u>848,168</u>	<u>675,743</u>
Operating Expenses:		
Program Services	290,392	285,493
Supporting Services:		
Fundraising	94,770	89,347
Administrative	108,401	88,050
Total Operating Expenses	<u>493,563</u>	<u>462,890</u>
Change in Net Assets, before Assistance to Individuals	354,605	212,853
Assistance to Individuals:		
Donated Supplies and Equipment	182,700	109,350
Less: Assistance to Individuals	(476,456)	(295,613)
	<u>(293,756)</u>	<u>(186,263)</u>
Change in Net Assets	60,849	26,590
Net Assets - Beginning of Year	<u>174,356</u>	<u>147,766</u>
Net Assets - End of Year	<u>\$ 235,205</u>	<u>\$ 174,356</u>

See independent auditors' report and accompanying notes to financial statements.

COMPASSIONATE CARE ALS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2011  
(with summarized financial information for the year ended December 31, 2010)

	Program Services	Fund- raising	Admin- istration	2011 Total	2010 Total
Director's compensation	\$ 82,830	\$ 17,749	\$ 17,749	\$ 118,328	\$ 117,288
Other wages and salaries	43,749	-	-	43,749	33,321
Payroll taxes	11,043	1,549	1,549	14,141	12,180
Benefits	11,886	1,667	1,667	15,220	16,631
Contract services	3,920	-	338	4,258	19,800
Depreciation	29,333	-	-	29,333	29,038
Education and outreach	7,221	-	-	7,221	6,137
Insurance	16,197	-	1,610	17,807	18,301
Interest	2,371	-	717	3,088	4,770
Marketing and website	2,065	1,085	355	3,505	2,158
Occupancy and telephone	31,871	-	2,448	34,319	22,999
Office supplies and expense	3,178	1,096	7,853	12,127	7,362
Other	302	21	933	1,256	3,057
Postage and delivery	1,120	7,814	2,525	11,459	13,356
Printing	537	23,456	11,515	35,508	28,124
Professional fees	6,633	39,253	59,138	105,024	93,701
Travel	36,136	1,080	4	37,220	34,667
Total operating expenses	290,392	94,770	108,401	493,563	462,890
Assistance to individuals	476,456	-	-	476,456	295,613
	<u>\$ 766,848</u>	<u>\$ 94,770</u>	<u>\$ 108,401</u>	<u>\$ 970,019</u>	<u>\$ 758,503</u>

See independent auditors' report and accompanying notes to financial statements.



COMPASSIONATE CARE ALS, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2011

Cash Flows From Operating Activities:

Change in net assets	\$ 60,849
Adjustments to reconcile change in net assets to cash provided by operating activities:	

Depreciation	29,333
Increase in accounts receivable	(16,350)
Decrease in prepaid rent and deposit	2,485
Increase in accounts payable and accrued expenses	<u>1,288</u>

Net cash provided by operating activities	<u>77,605</u>
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Cash Flows From Investing Activities:

Purchase of property & equipment	<u>(1,400)</u>
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Net cash used in investing activities	<u>(1,400)</u>
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Cash Flows From Financing Activities:

Repayment of loan payable - vehicles	<u>(9,559)</u>
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Net cash used in financing activities	<u>(9,559)</u>
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Net increase in Cash	66,646
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Cash at Beginning of Year	<u>145,126</u>
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Cash at End of Year	<u><u>\$ 211,772</u></u>
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Supplemental Disclosures:

Interest Paid	\$ 3,088
Income Taxes Paid	<u><u>\$ -</u></u>

See independent auditors' report and accompanying notes to financial statements.



COMPASSIONATE CARE ALS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

NOTE A – ORGANIZATION AND PROGRAM SERVICES

Compassionate Care ALS, Inc. was incorporated as a non-profit organization in 2002 and grew out of the work of the Gordon T. Heald ALS Fund. Gordon T. Heald was an active New England businessman who participated in and gave generously to local charities. In 1997 he was diagnosed with ALS. Before Gordon's death, the idea of starting a fund for ALS families in his name came to light. An announcement in Gordon's obituary in October 1998 generated the seed money for the Gordon T. Heald ALS Fund. Compassionate Care ALS, Inc. is dedicated to providing assistance to families in dealing with the complexities of ALS. Compassionate Care ALS, Inc. models compassion to those affected by ALS by providing educational and legal resources, respite opportunities, instruction and guidance, subsidy of living aids and assistance, durable goods and intimate dialogue with patients and their caregivers, families, and friends. The Organization's approach draws from hands-on experience and strives to understand the overwhelming dynamics ALS families endure.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The Organization prepares its financial statements in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958 (formerly SFAS No. 117, "*Financial Statements of Not-for-Profit Organizations*"). Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets as defined below:

*Unrestricted Net Assets* – consists of assets, public support and program revenues which are available and used for operations and programs. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

*Temporarily Restricted Net Assets* – includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and is satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants, bequests, contracts and investment incomes earned on restricted funds.

*Permanently Restricted Net Assets* – includes resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently, but permits the Organization to expend part or all of the income derived from the donated assets.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Compassionate Care ALS, Inc.'s financial statements for the year ended December 31, 2010, from which the summarized information was derived. Certain reclassifications have been made to the summarized information to be consistent with the presentation in the audited financial statements as of December 31, 2011.

COMPASSIONATE CARE ALS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

NOTE B – *continued*

Recognition of Donor-restricted Contributions

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted contributions received and expended in accordance with the donor's restrictions in the same fiscal year are recognized as unrestricted public support in these financial statements.

Property and Equipment

Property and equipment purchases are capitalized at cost, if purchased, or at fair market value at the date of receipt, if donated. The Organization's policy is to capitalize items with a cost or value in excess of \$500. Capitalized assets are depreciated over their estimated useful lives using the straight-line method of depreciation. Expenditures for maintenance repairs and renewals are charged to expense as incurred, whereas, major betterments are capitalized using the straight-line method, and is charged against income over the estimated useful lives of the assets. A summary of property and equipment as of December 31, 2011 is as follows:

	Estimated <u>Life</u>	<u>Cost</u>	Accumulated <u>Depreciation</u>
Computer Equipment	3	\$ 5,421	\$ 4,652
Website	3	3,000	3,000
Office Furniture	5	1,400	140
Motor Vehicles	5	<u>140,897</u>	<u>96,308</u>
		<u>\$ 150,718</u>	<u>\$ 104,100</u>

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates used.

Functional Expenses

Compassionate Care ALS, Inc. allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases used in conjunction with the Organization's cost allocation plan.



COMPASSIONATE CARE ALS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

NOTE B – *continued*

Functional Expenses – (continued)

Supporting services are those related to operating and managing Compassionate Care ALS, Inc. and its programs on a day-to-day basis. Supporting services have been sub-classified as follows:

*Management and General* – includes all activities related to Compassionate Care ALS, Inc.’s internal management and accounting for program services.

*Fundraising* – includes all activities related to maintaining contributor information, writing grant proposals, distribution of materials and other similar projects related to the procurement of funds for Compassionate Care ALS, Inc.’s programs.

Subsequent Events

Subsequent events have been evaluated through July 9, 2012 which is the date the financial statements were available to be issued.

NOTE C – PROGRAM SERVICES

Program services of the organization include the Gordon T. Heald program and Compassionate Care ALS program. Both programs provide assistance to families with ALS. Compassionate Care ALS’s range of services helps individuals to live as fully as possible within the parameters of the illness, and to gracefully experience the end of life with conscious choice and compassion. Services offered are tailored to meet the individual needs of each patient and family. Types of assistance offered include:

- **Emotional Support** – The staff visits families at home, listens and suggests options. The staff also facilitates gatherings for caregivers, offer counseling, match caregivers with caregivers & patients with patients to foster intimate dialogue at home or in other safe settings.
- **Integrative Therapies** – Subsidized massage, acupuncture, cranial-sacral therapy, self-inquiry, energy work, contemplative practice such as meditation and promoting self-care for both patients and caregivers.
- **Contemplative Practice** – Work one on one with caregivers and families, teaching meditation and visualization techniques to help alleviate fear and anxiety and to promote well-being.
- **Education** – Lead workshops on “Cultivating Compassion” for health care professionals, caregivers, and the community about investigating conscious choice, living and dying with terminal illness, practicing self-care, and other topics related to ALS.
- **Van Service** – Provide the availability of a wheelchair-accessible van for everyday needs and special trips.
- **Youth Program** – Children of ALS patients are offered rites of passage programs and other supportive resources.
- **Gordon T. Heald ALS Fund** – Subsidizes the purchase of home care equipment such as communications devices and wheelchair ramps, and assist with prescription costs and other living expenses as needed.
- **Other assistance** – Responsive to a broad spectrum of special requests to ease the family burden of living with ALS.

COMPASSIONATE CARE ALS INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

NOTE D – NOTE PAYABLE

The Organization had a note payable to a financial services company, secured by a vehicle. Monthly payments are \$720 through November 2013, including interest at 8.7%. The balance due under the note, as of December 31, 2011, was \$15,192.

The Organization also had another note payable to a financial services company, secured by a vehicle. Monthly payments are \$274 through August 2013, including interest at 6%. The balance due under the note, as of December 31, 2011, was \$5,491.

Maturities of long-term debt are as follows:

2012	\$10,667
2013	<u>10,964</u>
	<u>\$20,683</u>

NOTE E – LEASES AND RELATED PARTY

The Organization leases office space from its executive director under a month to month lease agreement. Monthly payments under the agreement are \$985 per month.

The Organization also entered into a lease of warehouse space expiring March 31, 2013. The lease has payments of \$1,500 per month through March 31, 2012 and \$1,575 per month from April 1, 2012 to March 31, 2013. Future minimum lease commitments under this lease is as follows:

2012	\$ 18,675
2013	<u>4,725</u>
	<u>\$ 23,400</u>

Total lease expense for the year ended December 31, 2011 was \$29,820.

NOTE F – ASSISTANCE TO INDIVIDUALS

During 2010, the Board of Directors of the Organization determined that all equipment intended for use in the Organization's programs is to be considered equipment owned by the Organization, unless title is specifically transferred to the individual. As of December 31, 2011, the Organization had not estimated the value of all equipment held or provided for use in programs. Therefore, all equipment donated to or purchased by the Organization is expensed under the caption "Assistance to Individuals."

During 2011, Assistance to Individuals expense includes donated supplies and equipment with an estimated value of \$182,700, as well as purchased supplies and equipment and other financial assistance of \$293,756.