

COMPASSIONATE CARE ALS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2012

## CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-11



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

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Compassionate Care ALS, Inc.

We have audited the accompanying financial statements of Compassionate Care ALS, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Basis for Qualified 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. 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. The effects on the accompanying financial statements of the unrecorded equipment have not been determined.

***Qualified Opinion***

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Compassionate Care ALS, Inc. as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited Compassionate Care ALS, Inc.'s 2011 financial statements, and our report dated July 9, 2012, expressed a qualified opinion on those audited financial statements due to the Organization not recording equipment held for use in programs as an asset, as is required by accounting principles generally accepted in the United States of America. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants  
Newburyport, Massachusetts

May 16, 2013

COMPASSIONATE CARE ALS, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2012

(with summarized financial information as of December 31, 2011)

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash	\$ 338,404	\$ 211,772
Accounts receivable	-	20,350
Prepaid rent and deposit	1,500	1,500
	<u>339,904</u>	<u>233,622</u>
Organizational Costs	6,110	6,110
Less: Accumulated Amortization	(6,110)	(6,110)
Organizational Costs, Net	<u>-</u>	<u>-</u>
Property and Equipment	168,217	150,718
Less: Accumulated Depreciation	(130,392)	(104,100)
Property and Equipment, Net	<u>37,825</u>	<u>46,618</u>
Total Assets	<u>\$ 377,729</u>	<u>\$ 280,240</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 16,323	\$ 18,024
Accrued expenses	14,781	6,328
Loans payable - vehicles	7,608	20,683
Total Liabilities	<u>38,712</u>	<u>45,035</u>
Net Assets:		
Unrestricted	289,017	235,205
Temporarily restricted	50,000	-
Total Net Assets	<u>339,017</u>	<u>235,205</u>
Total Liabilities and Net Assets	<u>\$ 377,729</u>	<u>\$ 280,240</u>

See independent auditor's report and accompanying notes to financial statements.

COMPASSIONATE CARE ALS, INC.

STATEMENT OF ACTIVITIES

For the year ended December 31, 2012  
(with summarized financial information for the year ended December 31, 2011)

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	2012 <u>Total</u>	2011 <u>Total</u>
Support, Revenues and Reclassifications:				
Public Support and Revenue:				
Contributions	\$ 379,823	\$ -	\$ 379,823	\$ 318,737
Grants	115,000	50,000	165,000	118,500
Fundraising Events, net of \$108,086 and \$88,352 of expenses, respectively	439,904	-	439,904	312,934
Program Services	49,402	-	49,402	97,923
Interest Income	130	-	130	74
Total Support, Revenues and Reclassifications	<u>984,259</u>	<u>50,000</u>	<u>1,034,259</u>	<u>848,168</u>
Operating Expenses:				
Program Services	424,023	-	424,023	290,392
Supporting Services:				
Fundraising	85,735	-	85,735	94,770
Administrative	103,206	-	103,206	108,401
Total Operating Expenses	<u>612,964</u>	<u>-</u>	<u>612,964</u>	<u>493,563</u>
Change in Net Assets, before Assistance to Individuals	371,295	50,000	421,295	354,605
Assistance to Individuals:				
Donated Supplies and Equipment	111,150	-	111,150	182,700
Less: Assistance to Individuals	<u>(428,633)</u>	<u>-</u>	<u>(428,633)</u>	<u>(476,456)</u>
	<u>(317,483)</u>	<u>-</u>	<u>(317,483)</u>	<u>(293,756)</u>
Change in Net Assets	53,812	50,000	103,812	60,849
Net Assets - Beginning of Year	<u>235,205</u>	<u>-</u>	<u>235,205</u>	<u>174,356</u>
Net Assets - End of Year	<u>\$ 289,017</u>	<u>\$ 50,000</u>	<u>\$ 339,017</u>	<u>\$ 235,205</u>

See independent auditor's report and accompanying notes to financial statements.

COMPASSIONATE CARE ALS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2012  
(with summarized financial information for the year ended December 31, 2011)

	Program Services	Fundraising	Admin- istration	2012 Total	2011 Total
Director's compensation	\$ 82,914	\$ 17,767	\$ 17,767	\$ 118,448	\$ 118,328
Other wages and salaries	161,017	-	-	161,017	43,749
Payroll taxes	20,841	1,518	1,518	23,877	14,141
Benefits	23,614	1,720	1,720	27,054	15,220
Contract services	4,184	-	1,464	5,648	4,258
Depreciation	26,292	-	-	26,292	29,333
Education and outreach	4,929	-	-	4,929	7,221
Insurance	22,600	-	1,716	24,316	17,807
Interest	1,684	-	254	1,938	3,088
Marketing and website	1,460	3,962	190	5,612	3,505
Occupancy and telephone	31,908	-	2,335	34,243	34,319
Office supplies and expense	9,571	841	13,045	23,457	12,127
Other	1,360	370	1,182	2,912	1,256
Postage and delivery	2,202	6,936	2,040	11,178	11,459
Printing	859	16,343	5,010	22,212	35,508
Professional fees	6,041	35,751	54,965	96,757	105,024
Travel	22,547	527	-	23,074	37,220
Total operating expenses	424,023	85,735	103,206	612,964	493,563
Assistance to individuals	428,633	-	-	428,633	476,456
	<u>\$ 852,656</u>	<u>\$ 85,735</u>	<u>\$ 103,206</u>	<u>\$1,041,597</u>	<u>\$ 970,019</u>

See independent auditor's report and accompanying notes to financial statements.

COMPASSIONATE CARE ALS, INC.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2012

Cash Flows From Operating Activities:	
Change in net assets	\$ 103,812
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation	26,292
Decrease in accounts receivable	20,350
Increase in accounts payable and accrued expenses	<u>6,752</u>
Net cash provided by operating activities	<u>157,206</u>
Cash Flows From Investing Activities:	
Purchase of property & equipment	<u>(17,499)</u>
Net cash used in investing activities	<u>(17,499)</u>
Cash Flows From Financing Activities:	
Repayment of loan payable - vehicles	<u>(13,075)</u>
Net cash used in financing activities	<u>(13,075)</u>
Net increase in Cash	126,632
Cash at Beginning of Year	<u>211,772</u>
Cash at End of Year	<u><u>\$ 338,404</u></u>
Supplemental Disclosures:	
Interest Paid	<u>\$ 1,938</u>
Income Taxes Paid	<u>\$ -</u>

See independent auditor's report and accompanying notes to financial statements.



COMPASSIONATE CARE ALS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

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, 2011, 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, 2012.

COMPASSIONATE CARE ALS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

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.

Accounts Receivable

Accounts receivable consist of program service revenues billed but not yet collected. There are no accounts receivable at December 31, 2012.

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. However, as described in Note F, equipment donated to or purchased by the Organization for use in programs is expensed under the caption "Assistance to Individuals." 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, 2012 is as follows:

	<u>Estimated Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>
Computer Equipment	3	\$ 5,421	\$ 5,165
Website	3	3,000	3,000
Office Furniture	5	1,400	420
Motor Vehicles	5	<u>158,396</u>	<u>121,807</u>
		<u>\$ 168,217</u>	<u>\$ 130,392</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, 2012

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:

*Administration* – 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 May 16, 2013, 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, 2012

NOTE D – NOTE PAYABLE

The Organization has 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, 2012, was \$7,608.

Maturities of long-term debt are as follows:

2013	<u>\$ 7,608</u>
	<u>\$ 7,608</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 April 30, 2015. The lease has payments of \$1,575 per month through April 30, 2014 and \$1,600 per month from May 1, 2014 to April 30, 2015. Future minimum lease commitments under this lease are as follows:

2013	\$ 18,900
2014	19,100
2015	<u>6,400</u>
	<u>\$ 44,400</u>

Total lease expense for the year ended December 31, 2012 was \$30,495.

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, 2012, 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 for use in programs is expensed under the caption "Assistance to Individuals."

During 2012, Assistance to Individuals expense includes donated supplies and equipment with an estimated value of \$111,150, as well as purchased supplies and equipment and other financial assistance of \$317,483.

NOTE G – CONCENTRATIONS

The Organization maintains cash balances in three financial institutions that at times may have amounts in excess of Federal Deposit Insurance Corporation (FDIC) coverage of \$250,000.

COMPASSIONATE CARE ALS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

NOTE H – UNRESTRICTED AND TEMPORARILY RESTRICTED NET ASSETS

The unrestricted net assets represent amounts for unrestricted purposes. Unrestricted net assets may be used for carrying on the operations of the Organization in accordance with the limitations of its charter and bylaws. Temporarily restricted net assets consist of \$50,000 for the purchase of a wheelchair van to be used in providing assistance to individuals.

NOTE I – INCOME TAX STATUS

The Organization is organized and operated exclusively for charitable purposes. Income related to its charitable purpose is exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

The Organization has adopted the application of the provisions of FASB ASC 740-10 (formerly FASB Interpretation No. 48, "*Accounting For Uncertainty in Income Taxes*"). The primary tax positions made by the Organization are the existence of Unrelated Business Income Tax and the Organization's status as an exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Organization currently evaluates all tax positions, and makes determinations regarding the likelihood of those positions being upheld under review. For the years presented, and as a result of adoption, the Organization has not recognized any tax benefits or loss contingencies for uncertain tax positions based on its evaluations.