

Compassionate Care ALS, Inc.

Financial Statements

December 31, 2022

Compassionate Care ALS, Inc.

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December 31, 2022

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FRITZ DEGUGLIELMO LLC
*CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS*

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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 Compassionate Care ALS, Inc. as of December 31, 2022, and the changes in net assets and its cash flows for the year 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 Compassionate Care ALS, Inc. 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 Compassionate Care ALS, Inc.'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. 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 Compassion Care ALS, Inc.'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 Compassionate Care ALS, Inc.'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.

Report on Summarized Comparative Information

We have previously audited the Compassionate Care ALS, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 11, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants

Newburyport, Massachusetts

November 21, 2023

Compassionate Care ALS, Inc.

Statement of Financial Position

December 31, 2022

(with summarized financial information as of December 31, 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 2,324,981	\$ 2,510,660
Accounts receivable	904	3,404
Pledges receivable - current	450,250	40,115
Contract asset	-	97,863
Investments	1,721,800	520,636
Prepaid expenses and deposits	39,900	44,462
Total current assets	<u>4,537,835</u>	<u>3,217,140</u>
Pledges receivable - noncurrent	360,544	22,676
Right-of-use leased assets, net of accumulated amortization	37,685	-
Cash restricted for vehicle purchase	-	13,459
	<u>398,229</u>	<u>36,135</u>
Property and equipment	6,143,874	5,999,644
Less: Accumulated depreciation	<u>(1,224,181)</u>	<u>(1,130,419)</u>
Property and equipment, net	<u>4,919,693</u>	<u>4,869,225</u>
Organizational costs	6,110	6,110
Less: Accumulated amortization	<u>(6,110)</u>	<u>(6,110)</u>
Organizational costs, net	-	-
Total Assets	<u>\$ 9,855,757</u>	<u>\$ 8,122,500</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 38,162	\$ 22,838
Accrued expenses	50,666	37,490
Contract liability	97,864	-
Current portion of lease liability	20,277	-
Current portion of notes payable	6,466	8,105
Total current liabilities	<u>213,435</u>	<u>68,433</u>
Lease liabilities, net of current portion	8,569	-
Notes payable, net of current portion	<u>19,232</u>	<u>-</u>
Total long-term liabilities	27,801	-
Total Liabilities	<u>241,236</u>	<u>68,433</u>
Net Assets:		
Without donor restrictions	8,553,727	7,990,182
With donor restrictions	<u>1,060,794</u>	<u>63,885</u>
Total Net Assets	<u>9,614,521</u>	<u>8,054,067</u>
Total Liabilities and Net Assets	<u>\$ 9,855,757</u>	<u>\$ 8,122,500</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, 2022
(with summarized financial information for the year ended December 31, 2021)

	<u>Without Donor</u>	<u>With Donor</u>	<u>2022</u>	<u>2021</u>
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Total</u>	<u>Total</u>
Support, Revenues and Reclassifications:				
Public Support and Revenue:				
Contributions	\$ 1,621,473	\$ 350,368	\$ 1,971,841	\$2,026,650
Grants	943,000	1,155,000	2,098,000	810,000
Fundraising events	736,803	-	736,803	614,219
Program services	196,469	-	196,469	219,259
PPP loan forgiveness	-	-	-	161,005
Investment income, net	21,021	-	21,021	6,188
Realized loss on investments	(23,204)	-	(23,204)	-
Unrealized gain/(loss) on investments	(48,405)	-	(48,405)	2,991
Gain/(loss) on disposal of assets	41,762	-	41,762	(31,914)
In-kind revenue	71,990	-	71,990	86,980
Net assets released from restrictions:				
Satisfaction of donor restrictions	508,459	(508,459)	-	-
Total Support, Revenues and Reclassifications	4,069,368	996,909	5,066,277	3,895,378
Operating Expenses:				
Program Services	1,926,548	-	1,926,548	1,701,935
Supporting Services:				
Administrative	217,701	-	217,701	201,491
Fundraising	427,277	-	427,277	215,786
Total Operating Expenses	2,571,526	-	2,571,526	2,119,212
Change in Net Assets, before Assistance to Individuals	1,497,842	996,909	2,494,751	1,776,166
Assistance to Individuals:				
Donated supplies and equipment	73,540	-	73,540	34,675
Less: Assistance to individuals	(1,007,837)	-	(1,007,837)	(712,052)
Net Assistance to Individuals	(934,297)	-	(934,297)	(677,377)
Change in Net Assets	563,545	996,909	1,560,454	1,098,789
Net Assets - Beginning of Year	7,990,182	63,885	8,054,067	6,955,278
Net Assets - End of Year	\$ 8,553,727	\$ 1,060,794	\$ 9,614,521	\$ 8,054,067

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, 2022
(with summarized financial information for the year ended December 31, 2021)

	Program Services	Admin- istration	Fundraising	2022 Total	2021 Total
Director's compensation	\$ 154,980	\$ 8,610	\$ 8,610	\$ 172,200	\$ 164,121
Other wages and salaries	981,103	-	-	981,103	846,593
Payroll taxes	86,666	657	657	87,980	80,373
Benefits	112,506	853	853	114,212	90,148
Depreciation	291,617	6,086	-	297,703	276,408
Event expenses	-	-	284,586	284,586	113,573
Insurance	86,895	3,808	-	90,703	77,747
Interest	1,069	-	-	1,069	13,665
Landscaping	21,042	-	-	21,042	26,901
Marketing and website	100	3,552	3,910	7,562	11,934
Occupancy and telephone	41,181	312	312	41,805	44,078
Office supplies and expense	23,610	18,520	694	42,824	52,815
Other	694	2,494	2,685	5,873	2,542
Postage and delivery	21,617	4,984	13,360	39,961	32,393
Printing	7,706	13,947	39,183	60,836	22,068
Professional fees	7,945	153,388	68,983	230,316	208,312
Retreat center repairs	31,006	-	-	31,006	28,041
Retreat center supplies	2,104	-	-	2,104	839
Travel	54,707	490	3,444	58,641	26,661
Total Operating Expenses	1,926,548	217,701	427,277	2,571,526	2,119,212
Assistance to individuals	1,007,837	-	-	1,007,837	712,052
	\$ 2,934,385	\$ 217,701	\$ 427,277	\$ 3,579,363	\$ 2,831,264

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, 2022

Cash Flows From Operating Activities:	
Change in net assets	\$ 1,560,454
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation	297,703
Gain on disposal of assets	(41,762)
Donated vehicles	(71,990)
Donated stock	(61,576)
Realized loss on sale of investments	23,204
Unrealized loss on investments	48,405
Decrease in accounts receivable	2,500
Pledges made to support operations	(748,003)
Increase in contract asset	97,863
Increase in prepaid expenses and deposits	4,562
Increase in accounts payable and accrued expenses	28,500
Increase in contract liability	97,864
Change in right-of-use lease assets	(8,839)
Net cash provided by operating activities	<u>1,228,885</u>
Cash Flows From Investing Activities:	
Purchase of investments	(1,646,150)
Sale of investments	434,953
Sale of capital asset	27,000
Purchase of capital assets	(234,696)
Net cash used in investing activities	<u>(1,418,893)</u>
Cash Flows From Financing Activities:	
Repayment of notes payable	(9,130)
Net cash used in financing activities	<u>(9,130)</u>
Net Decrease in Cash	(199,138)
Cash and Restricted Cash at Beginning of Year	<u>2,524,119</u>
Cash and Restricted Cash at End of Year	<u>\$ 2,324,981</u>
Non-cash Transactions	
<p>During 2021, the Organization disposed of equipment with a total cost in the amount of \$45,110 and accumulated depreciation of \$39,872. The Organization sold a van for \$27,000 with both cost and accumulated depreciation of \$63,180. The Organization traded-in two vans with both total cost and accumulated depreciation of \$100,889 and received trade-in value for the two vehicles of \$20,000 used against the purchase of two new vehicles. The Organization purchased a vehicle for \$45,979 of which a portion of the purchase price was from a note payable totaling \$26,723.</p>	
Supplemental Disclosures:	
Interest Paid	<u>\$ 1,069</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, 2022

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.

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.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The Organization maintains its accounts and prepares its financial statements on the accrual basis of accounting.

Compassionate Care ALS, Inc.

Notes to Financial Statements

December 31, 2022

NOTE B – *continued*

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 the Organization’s financial statements for the year ended December 31, 2021, 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, 2022.

Cumulative Effect of Change in Accounting Principle

The Organization has fully implemented *ASC 842 Leases*. ASC 842 requires the present value of long-term leases to be recorded as an asset of the Organization and future lease payments to be recorded as a liability. The asset is required to be amortized ratably over the lease term and lease payments are allocated between interest expense and liability payments. Previously, operating lease payments were expensed as incurred with no corresponding asset or liability recorded. The significant impact to the Organization’s financial statements is to the Statement of Financial Position. The beginning net assets on the Statement of Activities as a result of the cumulative effect of this change in accounting principle has not changed.

Recognition of Contributions with Donor Restrictions

The Organization reports gifts of cash and other assets with restrictions as support with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions with donor restrictions received and expended in accordance with the donor’s restrictions in the same fiscal year are recognized as public support without donor restrictions in these financial statements.

Fair Value Measurements

Management has adopted the criteria of FASB ASC 820-10, (formerly SFAS No. 157, “*Fair Value Measurements*”). FASB ASC 820-10 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles, and expands disclosure about fair value measurements. FASB ASC 820-10 establishes a fair value framework that prioritizes the inputs and assumptions used to measure fair value. The three levels of the fair value framework under FASB ASC 820-10 are as follows:

- | | |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Level 1 | Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date. |
| Level 2 | Inputs other than quoted market prices in active markets that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active. |
| Level 3 | Inputs that are unobservable. |

An asset or liability’s level within the framework is based on the lowest level of any input that is significant to the fair value measurement.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash and cash equivalents includes checking, savings and money market accounts and certificates of deposit with an initial maturity of three months or less.

Compassionate Care ALS, Inc.

Notes to Financial Statements

December 31, 2022

NOTE B – *continued*

Accounts Receivable

Accounts receivable consist of grant and program service revenues not yet collected. There was \$904 in accounts receivable at December 31, 2022. Management deemed all receivables to be collectible at December 31, 2022 and therefore, no allowance for doubtful accounts has been established.

Pledges Receivable

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows.

The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Management deemed all pledges receivable to be collectible at December 31, 2022 and therefore, no allowance for uncollectible pledges receivable has been established.

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 \$2,500.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. The Organization reports contributions restricted by donors as increased in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increased in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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.

Compassionate Care ALS, Inc.

Notes to Financial Statements

December 31, 2022

NOTE B – *continued*

Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as occupancy, which is allocated on a square footage basis. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Contract Revenues, Assets and Liabilities

Contract revenues are recognized as consulting services are performed, in an amount that reflects the consideration the Organization expects to be entitled to in exchange for the services. Revenues received in advance are deferred to the applicable period in which the related services are performed. Contract assets include unbilled amounts resulting from the amount of services transferred to date in relation to the remaining services promised under the contract. Contract liabilities include advanced billings on uncompleted services.

Subsequent Events

Subsequent events have been evaluated through November 21, 2023 which is the date the financial statements were available to be issued.

NOTE C – INVESTMENTS

Investments as of December 31, 2022 consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Measured using Level 1 fair value measures:			
Mutual funds	\$1,503,577	\$1,482,030	(\$ 21,547)
Bonds	89,251	87,422	(1,829)
Stocks	12,067	11,697	(370)
Equity ETPs	<u>162,426</u>	<u>140,651</u>	<u>(21,775)</u>
Total investments measured at fair value	<u>\$1,767,321</u>	<u>\$1,721,800</u>	<u>(\$ 45,521)</u>

Net unrealized losses and realized losses on investments for the year ended December 31, 2022 were \$48,405 and \$23,204, respectively. Net investment income for the year ending December 31, 2022 was \$23,770. Investment fees were \$2,749 for the year ended December 31, 2022 and are reported net with investment income on the financial statements.

NOTE D – PROPERTY AND EQUIPMENT

During the year ended December 31, 2022, the Organization received a donated vehicle with a total fair market value of \$71,990. The vehicle has been capitalized with a corresponding in-kind revenue adjustment.

Compassionate Care ALS, Inc.

Notes to Financial Statements

December 31, 2022

NOTE D – *continued*

During the year ended December 31, 2022, the Organization purchased equipment in the amount of \$47,636 and five vehicles totaling \$233,783. 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. Depreciation expense for the year ending December 31, 2022 is \$297,703. A summary of property and equipment as of December 31, 2022 is as follows:

	Estimated <u>Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>
Retreat Center	39	\$4,641,007	\$ 416,501
Retreat Center Fixtures & Improvements	7/15	97,071	21,682
Computer Equipment	3	19,156	19,156
Website and Software	3	28,647	28,147
Office Furniture	5/7	32,965	28,222
Program Equipment	7	639,532	470,786
Motor Vehicles	5	<u>685,496</u>	<u>239,687</u>
		<u>\$6,143,874</u>	<u>\$1,224,181</u>

NOTE E – PLEDGES RECEIVABLE

The Organization has carried out a fund-raising campaign for funds to purchase, construct, and operate property for future use in its programs. As of December 31, 2022, pledges receivable from the campaign were \$2,750. During the year ended December 31, 2019, the Organization received a pledge of \$125,000 to support ongoing programs to be received over five years. During the year ended December 31, 2022, the Organization received a pledge of \$1,155,000 to support ongoing programs over three years, a pledge for \$25,000 to support ongoing programs and received the funds in the early part of 2023 as well as a pledge of \$25,000 to support ongoing programs over two years. Promises to give are restricted to payment of the costs of the new facility and implied time restrictions. The promises to give as of December 31, 2022 are unconditional with installments of \$397,500 due in 2023 and \$397,500 due the following year. Promises to give that are due after 2023 are discounted at 5%. The unamortized discount on promises to give is \$36,956 as of December 31, 2022. Uncollectible promises are expected to be insignificant.

NOTE F – CONTRACT ASSETS AND LIABILITIES

Contract assets include unbilled amounts typically resulting from income received from contracts when the percentage of services transferred to date relative to the remaining services obligated under the contract is utilized and revenue recognized exceeds the amount billed to the customer. Contract liabilities include billings in excess of revenue recognized. Contract assets and contract liabilities were as follows for the year ended December 31, 2022:

	Balance <u>12/31/2021</u>	Billings/ <u>Collections</u>	Revenues <u>Recognized</u>	Balance <u>12/31/2022</u>
Contract Assets	\$ 97,863	\$ 195,727	\$ 97,864	\$ -
Contract Liabilities	<u>-</u>	<u>195,727</u>	<u>97,863</u>	<u>97,864</u>
	<u>\$ 97,863</u>	<u>\$ 391,454</u>	<u>\$ 195,727</u>	<u>(\$ 97,864)</u>

Compassionate Care ALS, Inc.

Notes to Financial Statements

December 31, 2022

NOTE G – NOTES PAYABLE

During the year ended December 31, 2022, the Organization purchased a vehicle in the amount of \$45,979. The Organization financed \$26,723 of the purchase through a loan with a financing company. The loan is payable in monthly installments of principal and interest at 2.49% in the amount of \$586 until maturity in October, 2026. As of December 31, 2022, the balance of the loan was \$25,698.

Future maturities of notes payable as December 31, 2022 were as follows:

2023	\$ 6,466
2024	6,629
2025	6,796
2026	5,807
	<u>\$ 25,698</u>

NOTE H – LEASES

The Organization has adopted to record leases under ASC 842 utilizing the effective date method and has calculated the initial right-of-use assets and liabilities as of January 1, 2022. The Organization has elected a package of practical expedients to not reassess whether a contract is or contains a lease, lease classification or initial direct costs. The Organization did not elect the hindsight expedient, does not have land easements and will elect the short-term lease exemption, when applicable.

Lease agreements, including modifications, are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Asset/Liability	Accum. Amort. 12/31/2022	Net Asset 12/31/2022	Liability Balance 12/31/2022
Storage Space	5/1/2021	2 years	\$1,788	5.00%	\$ 27,722	\$ 20,617	\$ 7,105	\$ 7,155
222 Main Street - Office	7/1/2021	2 years	\$1,400	5.00%	24,331	16,017	8,314	8,313
Toyota Tacoma	8/25/2022	3 years	\$723	5.00%	24,928	2,662	22,266	13,378
Total Lease Agreements					<u>\$ 76,981</u>	<u>\$ 39,296</u>	<u>\$ 37,685</u>	<u>\$ 28,846</u>

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending 31-Dec	Principal	Interest	Total
2023	\$20,277	\$670	\$20,947
2024	5,055	291	5,346
2025	3,514	51	3,565
2026	-	-	-
2027	-	-	-
Thereafter	-	-	-
	<u>\$28,846</u>	<u>\$1,012</u>	<u>\$29,858</u>

For the year ended December 31, 2022, total amortization expense of leased assets was \$39,296 and total interest expense on lease liability was \$1,848. The total lease expense for the year ended December 31, 2022 was \$41,144.

Compassionate Care ALS, Inc.

Notes to Financial Statements

December 31, 2022

NOTE I – 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, 2022, the Organization inventoried and capitalized the value of equipment held or provided for use in programs.

During 2022, assistance to individuals expense includes donated supplies and equipment with an estimated value of \$73,540, purchased supplies and equipment totaling \$632,049, and other financial assistance of \$302,248.

NOTE J – 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. The excess at two of the financial institutions aren't covered by additional insurance, and, as of December 31, 2022, the Organization's uninsured cash balance totals \$1,545,447.

The Organization's investments are held with a brokerage company and are subject to market risk of loss and are uninsured against such loss. In the case that the brokerage company becomes financially-troubled, security accounts held with this brokerage company are insured up to \$500,000 by Securities Investor Protection Corporation (SIPC) of which up to \$250,000 in cash balances are insured. Amounts in excess of \$500,000 are further covered by "excess of SIPC" coverage provided by the brokerage company that is limited to \$1,900,000 per customer. As of June 30, 2023, the Organization's investments were fully insured against custodial loss should the brokerage firm fail.

NOTE K – NET ASSETS WITH RESTRICTIONS

During prior years, the Organization received support with donor restrictions for the construction and operating costs of a new retreat center in Falmouth, Massachusetts. As of December 31, 2019, construction had been completed and the retreat center was placed in service. Net assets with donor restrictions related to the capital project as of December 31, 2022 were \$2,750, which consists of pledges not yet received of \$2,750 as of December 31, 2022.

During the year ended December 31, 2019, the Organization received a pledge of \$125,000 that would be received in five equal installments over the next five years to be used for the support of patients, families and caregivers effected by ALS. The fourth payment of \$25,000 was received during 2022. During the year ended December 31, 2022 the Organization received a pledge of \$1,155,000 that would be received in three equal installments over three years to be used to support ongoing programs. The first payment of \$385,000 was received during 2022. During the year ended December 31, 2022 the Organization received a pledge of \$25,000 but wasn't received until the first part of 2023 to be used to support ongoing programs. During the year ended December 31, 2022 the Organization received a pledge of \$25,000 that would be received in two equal installments to be used to support ongoing programs. The first installment is to be received in 2023. Due to the implied time restrictions of the support, the remaining amount, net of discount, of \$808,041 is included in net assets with donor restrictions.

During the year ended December 31, 2019, the Organization received support with donor restrictions in the amount of \$60,000 for the purchase of a new van. The Organization purchased two vans totaling \$46,541 during the year ending December 31, 2020. The remaining amount of \$13,459 has been included in net assets with donor restrictions as of December 31, 2021. During the year ended December 31, 2022, there were a five vehicle purchases that fully used the remaining restricted amounts.

During the year ended December 31, 2022, the Organization received support with donor restrictions in the amount of \$250,000 to be used for the salary of a palliative care doctor. As of December 31, 2022 the position had not yet been filled and the entire \$250,000 remained restricted.

Compassionate Care ALS, Inc.

Notes to Financial Statements

December 31, 2022

NOTE L – 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. The Organization’s Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending December 31, 2022, 2021, 2020 and 2019 are subject to examination by the IRS, generally for 3 years after they were filed.

NOTE M – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. As of December 31, 2022, donor-restricted.

Financial assets at year-end (all current assets excluding prepaids):	\$4,497,935
Less those unavailable for general expenditures within one year:	_____ -
Financial assets available to meet cash needs for general expenditure within one year:	<u>\$4,497,935</u>

As of December 31, 2022, the Organization’s only borrowing commitments are the notes payable described in Note G above.