

**THE ALS ASSOCIATION  
GREATER PHILADELPHIA CHAPTER**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORTS**

**JANUARY 31, 2022 AND 2021**

**THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER**  
**TABLE OF CONTENTS**  
**JANUARY 31, 2022 AND 2021**

	<u>Page No.</u>
<b>Independent Auditors' Report</b>	1
<b>Financial Statements</b>	
Statements of Financial Position	4
Statements of Activities	6
Statements of Functional Expenses	8
Statements of Cash Flows	10
Notes to Financial Statements	11
<b>Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</b>	26
<b>Supplementary Information</b>	
Schedule of Expenditures of State Financial Assistance	29



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*Independent Auditors' Report*

To the Board of Directors  
The Amyotrophic Lateral Sclerosis Association,  
Greater Philadelphia Chapter

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of The Amyotrophic Lateral Sclerosis Association, Greater Philadelphia Chapter (a nonprofit organization), d/b/a The ALS Association Greater Philadelphia Chapter (Chapter), which comprise the statements of financial position as of January 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The ALS Association Greater Philadelphia Chapter, as of January 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Chapter and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors  
The Amyotrophic Lateral Sclerosis Association,  
Greater Philadelphia Chapter

### ***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 the Chapter's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' 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 auditors' 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 and *Government 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 and *Government 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 the 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.

To the Board of Directors  
The Amyotrophic Lateral Sclerosis Association,  
Greater Philadelphia Chapter

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of State Financial Assistance is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2022, on our consideration of the Chapter's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Chapter's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Chapter's internal control over financial reporting and compliance.

*Belfint, Lyons & Shuman, P.A.*

September 26, 2022  
Wilmington, Delaware

**THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER**  
**STATEMENT OF FINANCIAL POSITION**  
**JANUARY 31, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ 239,433	\$ 1,023,006	\$ 1,262,439
Investments	2,653,609	-	2,653,609
Pledges Receivable, Net	101,156	29,552	130,708
Grants Receivable	499,901	-	499,901
Other Receivables	57,571	-	57,571
Prepaid Expenses	60,984	-	60,984
<b>TOTAL CURRENT ASSETS</b>	<b>3,612,654</b>	<b>1,052,558</b>	<b>4,665,212</b>
<b>PROPERTY, PLANT, AND EQUIPMENT</b>			
Patient Transport Vehicles	72,669	-	72,669
Computers and Equipment	663,283	27,840	691,123
	735,952	27,840	763,792
Less: Accumulated Depreciation	632,134	27,840	659,974
<b>NET PROPERTY, PLANT, AND EQUIPMENT</b>	<b>103,818</b>	<b>-</b>	<b>103,818</b>
<b>OTHER ASSETS</b>			
Pledges Receivable, Net	176,520	51,503	228,023
Beneficial Interest in Perpetual Trust	-	491,095	491,095
<b>TOTAL OTHER ASSETS</b>	<b>176,520</b>	<b>542,598</b>	<b>719,118</b>
<b>TOTAL ASSETS</b>	<b>\$ 3,892,992</b>	<b>\$ 1,595,156</b>	<b>\$ 5,488,148</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	\$ 586,798	\$ -	\$ 586,798
<b>TOTAL CURRENT LIABILITIES</b>	<b>586,798</b>	<b>-</b>	<b>586,798</b>
<b>OTHER LIABILITIES</b>			
Conditional Contribution - Paycheck Protection Program	416,340	-	416,340
Deferred Rent	22,087	-	22,087
<b>TOTAL OTHER LIABILITIES</b>	<b>438,427</b>	<b>-</b>	<b>438,427</b>
<b>TOTAL LIABILITIES</b>	<b>1,025,225</b>	<b>-</b>	<b>1,025,225</b>
<b>NET ASSETS</b>	<b>2,867,767</b>	<b>1,595,156</b>	<b>4,462,923</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,892,992</b>	<b>\$ 1,595,156</b>	<b>\$ 5,488,148</b>

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

**THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER**  
**STATEMENT OF FINANCIAL POSITION**  
**JANUARY 31, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ 327,479	\$ 379,347	\$ 706,826
Investments	2,635,874	-	2,635,874
Pledges Receivable, Net	137,509	96,667	234,176
Grants Receivable	315,982	221,067	537,049
Other Receivables	50,764	-	50,764
Prepaid Expenses	65,820	-	65,820
<b>TOTAL CURRENT ASSETS</b>	<b>3,533,428</b>	<b>697,081</b>	<b>4,230,509</b>
<b>PROPERTY, PLANT, AND EQUIPMENT</b>			
Patient Transport Vehicles	112,899	-	112,899
Computers and Equipment	543,719	27,840	571,559
	656,618	27,840	684,458
Less: Accumulated Depreciation	631,648	27,840	659,488
<b>NET PROPERTY, PLANT, AND EQUIPMENT</b>	<b>24,970</b>	<b>-</b>	<b>24,970</b>
<b>OTHER ASSETS</b>			
Pledges Receivable, Net	137,516	32,797	170,313
Beneficial Interest in Perpetual Trust	-	486,801	486,801
<b>TOTAL OTHER ASSETS</b>	<b>137,516</b>	<b>519,598</b>	<b>657,114</b>
<b>TOTAL ASSETS</b>	<b>\$ 3,695,914</b>	<b>\$ 1,216,679</b>	<b>\$ 4,912,593</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	\$ 668,363	\$ -	\$ 668,363
<b>TOTAL CURRENT LIABILITIES</b>	<b>668,363</b>	<b>-</b>	<b>668,363</b>
<b>OTHER LIABILITIES</b>			
Conditional Contribution - Paycheck Protection Program	305,895	-	305,895
Deferred Rent	29,038	-	29,038
<b>TOTAL OTHER LIABILITIES</b>	<b>334,933</b>	<b>-</b>	<b>334,933</b>
<b>TOTAL LIABILITIES</b>	<b>1,003,296</b>	<b>-</b>	<b>1,003,296</b>
<b>NET ASSETS</b>	<b>2,692,618</b>	<b>1,216,679</b>	<b>3,909,297</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,695,914</b>	<b>\$ 1,216,679</b>	<b>\$ 4,912,593</b>

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

**THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JANUARY 31, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUES AND OTHER SUPPORT</b>			
Contributions and Special Events	\$ 3,757,972	\$ 677,677	\$ 4,435,649
Government Grants	-	1,322,570	1,322,570
Gain on Disposal of Vehicle	1,750	-	1,750
Investment Income	7,836	-	7,836
Change in Beneficial Interest in Perpetual Trust	-	4,294	4,294
	3,767,558	2,004,541	5,772,099
Total Revenues			
Net Assets Released from Restrictions	1,626,064	(1,626,064)	-
	<b>5,393,622</b>	<b>378,477</b>	<b>5,772,099</b>
<b>EXPENSES</b>			
Program			
Education	660,980	-	660,980
Care Services	2,686,762	-	2,686,762
Research	512,916	-	512,916
	3,860,658	-	3,860,658
Total Program Expenses			
Management and General	506,032	-	506,032
Fundraising	851,783	-	851,783
	5,218,473	-	5,218,473
<b>TOTAL EXPENSES</b>			
<b>CHANGE IN NET ASSETS</b>	175,149	378,477	553,626
<b>NET ASSETS - Beginning of Year</b>	2,692,618	1,216,679	3,909,297
<b>NET ASSETS - End of Year</b>	\$ 2,867,767	\$ 1,595,156	\$ 4,462,923

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

**THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JANUARY 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>			
Contributions and Special Events	\$ 3,298,497	\$ 748,687	\$ 4,047,184
Government Grants	-	850,392	850,392
Gain on Disposal of Vehicle	-	-	-
Investment Income	23,376	-	23,376
Change in Beneficial Interest in Perpetual Trust	-	14,330	14,330
	<hr/>	<hr/>	<hr/>
Total Revenues	3,321,873	1,613,409	4,935,282
Net Assets Released from Restrictions	1,508,768	(1,508,768)	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<b>4,830,641</b>	<b>104,641</b>	<b>4,935,282</b>
<b>EXPENSES</b>			
Program			
Education	635,374	-	635,374
Care Services	2,780,071	-	2,780,071
Research	820,349	-	820,349
	<hr/>	<hr/>	<hr/>
Total Program Expenses	4,235,794	-	4,235,794
Management and General	464,871	-	464,871
Fundraising	765,666	-	765,666
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENSES</b>	<b>5,466,331</b>	<b>-</b>	<b>5,466,331</b>
<b>CHANGE IN NET ASSETS</b>	<b>(635,690)</b>	<b>104,641</b>	<b>(531,049)</b>
<b>NET ASSETS - Beginning of Year</b>	<b>3,328,308</b>	<b>1,112,038</b>	<b>4,440,346</b>
	<hr/>	<hr/>	<hr/>
<b>NET ASSETS - End of Year</b>	<b>\$ 2,692,618</b>	<b>\$ 1,216,679</b>	<b>\$ 3,909,297</b>
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The accompanying notes are an integral part of these financial statements.

**THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JANUARY 31, 2022**

	2022						
	Program				Management and General	Fundraising	Total
	Education	Care Services	Research	Subtotal			
<b>SALARIES, WAGES, AND BENEFITS</b>	\$ 443,418	\$ 1,546,752	\$ 45,952	\$ 2,036,122	\$ 242,806	\$ 489,197	\$ 2,768,125
<b>SPECIAL EVENTS</b>	-	-	-	-	-	249,629	249,629
<b>PROGRAM SERVICES</b>	131,995	822,375	361,228	1,315,598	-	-	1,315,598
<b>PROFESSIONAL FEES</b>	-	-	-	-	174,230	-	174,230
<b>OFFICE AND OCCUPANCY</b>	57,128	232,206	44,331	333,665	43,736	69,751	447,152
<b>DEPRECIATION</b>	5,202	21,144	4,037	30,383	3,982	6,352	40,717
<b>MISCELLANEOUS EXPENSES</b>	-	16,291	-	16,291	23,109	2,650	42,050
<b>REVENUE SHARING TO NATIONAL</b>	23,237	47,994	57,368	128,599	18,169	34,204	180,972
<b>TOTAL EXPENSES</b>	<u>\$ 660,980</u>	<u>\$ 2,686,762</u>	<u>\$ 512,916</u>	<u>\$ 3,860,658</u>	<u>\$ 506,032</u>	<u>\$ 851,783</u>	<u>\$ 5,218,473</u>
<b>PERCENT OF TOTAL EXPENSES</b>	12.70%	51.50%	9.80%	74.00%	9.70%	16.30%	100.00%

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

**THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JANUARY 31, 2021**

	2021						
	Program				Management and General	Fundraising	Total
	Education	Care Services	Research	Subtotal			
<b>SALARIES, WAGES, AND BENEFITS</b>	\$ 457,536	\$ 1,511,420	\$ 43,963	\$ 2,012,919	\$ 346,646	\$ 519,797	\$ 2,879,362
<b>SPECIAL EVENTS</b>	11	-	-	11	-	82,318	82,329
<b>PROGRAM SERVICES</b>	68,750	867,849	534,579	1,471,178	-	-	1,471,178
<b>PROFESSIONAL FEES</b>	-	-	-	-	23,125	-	23,125
<b>OFFICE AND OCCUPANCY</b>	49,019	214,285	63,287	326,591	35,899	59,068	421,558
<b>DEPRECIATION</b>	3,034	15,733	3,917	22,684	2,221	3,656	28,561
<b>MISCELLANEOUS EXPENSES</b>	-	9,769	-	9,769	14,720	794	25,283
<b>REVENUE SHARING TO NATIONAL</b>	<u>57,024</u>	<u>161,015</u>	<u>174,603</u>	<u>392,642</u>	<u>42,260</u>	<u>100,033</u>	<u>534,935</u>
<b>TOTAL EXPENSES</b>	<u>\$ 635,374</u>	<u>\$ 2,780,071</u>	<u>\$ 820,349</u>	<u>\$ 4,235,794</u>	<u>\$ 464,871</u>	<u>\$ 765,666</u>	<u>\$ 5,466,331</u>
<b>PERCENT OF TOTAL EXPENSES</b>	11.60%	50.90%	15.00%	77.50%	8.50%	14.00%	100.00%

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

**THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JANUARY 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 553,626	\$ (531,049)
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities		
Paycheck Protection Program	(305,895)	-
Depreciation	40,717	28,561
Provision for Uncollectible Pledges Receivable	(5,365)	(3,151)
Discount on Pledges Receivable	2,221	(4,357)
Donated Marketable Securities	(10,000)	(6,308)
Unrealized Gain on Investments	(4,902)	(13,408)
Gain on Disposal of Vehicle	(1,750)	-
Change in Beneficial Interest in Perpetual Trust	(4,294)	(14,330)
Changes in		
Pledges Receivable	48,902	5,725
Grant Receivables	37,148	(219,593)
Other Receivables	(6,807)	(12,335)
Prepaid Expenses	4,836	(6,541)
Accounts Payable and Accrued Liabilities	(81,565)	83,439
Deferred Revenue	-	(205)
Deferred Rent	(6,951)	(4,404)
	<b>259,921</b>	<b>(697,956)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(119,564)	-
Proceeds from Sale of Vehicle	1,750	-
Reinvested Interest and Dividends	(2,834)	(17,803)
Proceeds from Sale of Donated Marketable Securities	-	6,308
	<b>(120,648)</b>	<b>(11,495)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Paycheck Protection Program	416,340	305,895
	<b>555,613</b>	<b>(403,556)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	<b>706,826</b>	<b>1,110,382</b>
<b>CASH AND CASH EQUIVALENTS - End of Year</b>	<b>\$ 1,262,439</b>	<b>\$ 706,826</b>

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

**THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**JANUARY 31, 2022**

**NOTE 1: NATURE OF ACTIVITIES**

**Organization and Operations** - The Amyotrophic Lateral Sclerosis Association, Greater Philadelphia Chapter, d/b/a The ALS Association Greater Philadelphia Chapter (Chapter), a Pennsylvania nonprofit corporation, is a chapter of The ALS Association, a national nonprofit organization (National). The Chapter represents eastern Pennsylvania, southern New Jersey, and Delaware in providing service to patients with Amyotrophic Lateral Sclerosis (ALS) and their families, providing education and information to the public about ALS, and funding research related to ALS.

During July 2021, the Chapter's Board of Directors was notified that beginning February 1, 2024, pending final agreement by the National Board of Trustees of The ALS Association, all members of the Association (local chapters) will relegate formal governance to the National Board with only a local advisory committee remaining. This proposal has not been accepted by the Chapter as of the date these financial statements were available to be issued.

**Reporting Entity** - The financial statements reflect the financial position, results of activities, and cash flows of the Chapter.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting** - The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

**Revenue Recognition** - In accordance with the Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC) Topic 606, *Revenue Recognition*, the Chapter recognizes revenue resulting from exchange transactions when it satisfies its performance obligations by transferring control over a product or service to a customer. The following is a description of principal exchange transactions from which the Chapter generates revenue:

*Special Events* - The Chapter recognizes special events revenue equal to the cost of direct benefits provided to the donor, and contribution revenue for the difference. Special event revenue equal to the cost of direct benefits provided to the donor is recognized at the point in time the benefit is delivered, generally when the event occurs. Contribution revenue resulting from special events is recognized immediately. Special event revenue subject to FASB ASC Topic 606 during the years ended January 31, 2022 and 2021 was not material to the financial statements.

**THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JANUARY 31, 2022**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***Revenue Recognition - Continued***

*Special Events - Continued*

The Chapter holds annual walks, bike rides, and related events. Participants of these events raise funds that are donated to the Chapter by the participant on or before the event date. Participants receive no direct benefit. As a result, the Chapter recognizes revenue derived from these events as contribution revenue.

Contract liabilities totaled \$205, \$0, and \$0, as of January 31, 2020, 2021, and 2022, respectively. There were no contract assets or accounts receivable as of the beginning or end of the years ended January 31, 2022 and 2021.

The following is a description of principal activities from which the Chapter generates revenue which fall outside the scope of Topic 606:

*Contributions* - The Chapter recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

*Government Grants* - The Chapter receives state awards for the purpose of providing a societal benefit. Unconditional awards are recognized as revenue when notification of the award is received. Awards that contain a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

***Financial Statement Presentation*** - Financial statement presentation follows the recommendations of the FASB ASC 958, *Not-for-Profit Entities*. Under FASB ASC 958, net assets, revenues, gains and losses are classified based on the existence or absence of donor-or grantor-imposed restrictions. The Chapter is required to report 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. A description of the two net assets classifications is as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions although their use may be limited by other factors such as by contract or board designation.

**THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JANUARY 31, 2022**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***Financial Statement Presentation - Continued***

*Net Assets With Donor Restrictions* - Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

***Use of Estimates*** - In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Cash and Cash Equivalents*** - Cash and cash equivalents consist of cash on hand and cash held in banks for use in operations; cash and short-term investments held in investment accounts are recognized as investments.

***Investments*** - Investments are reported at fair value. Donated securities are also reported at fair market value as of the date of receipt. All realized and unrealized gains and losses arising from fluctuations in market values, sales, or other disposition of assets are accounted for as increases or decreases in net assets without donor restrictions. Investment income is reported net of investment fees on the statements of activities.

***Pledges Receivable*** - Unconditional promises to give are recorded as pledges receivable and are reported at net realizable value if, at the time the pledge is made, payment is expected to be received in one year or less. Payments expected to be collected in more than one year are reported at fair value initially and in subsequent periods. The Chapter provides for probable uncollectible amounts through a provision for uncollectible pledges receivable and an adjustment to a valuation account based on its assessment of the current status of individual accounts.

***Agency Transactions*** - The Chapter, at times, coordinates patient care with various outside organizations and support groups. Expenses paid by the Chapter in connection with providing patient care is later billed and collected from these various organizations and groups. Accordingly, the transaction is classified as an “agency” transaction and no revenue or expense is reported by the Chapter. As of January 31, 2022 and 2021, the Chapter had no receivables resulting from agency transactions.

**THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JANUARY 31, 2022**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Other Receivables** - Included in other receivables are amounts due from National for general quarterly appeals and reimbursement of payroll expense for a shared employee. As of January 31, 2022 and 2021, amounts due from National totaled \$57,571 and \$50,450, respectively.

**Property, Plant, and Equipment** - The Chapter records purchased property, plant, and equipment at cost. Vans are primarily used for the transportation of ALS patients and their caregivers. The Chapter's policy is to capitalize any contributed assets, purchases, or improvements over \$5,000.

Property, plant, and equipment are being depreciated using the straight-line method over the estimated useful life of the related asset. Estimated useful lives are as follows:

Vans and Motorized Wheelchairs	3 - 5 Years
Computers (Including Assistive Technology Devices)	3 - 5 Years
Office Equipment	7 Years

When assets are retired or otherwise disposed of the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in revenue in the period. The cost of maintenance and repairs is expensed as incurred; renewals and betterments are capitalized.

**Fair Value** - The Chapter follows the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. FASB ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Chapter has the ability to access. Since valuations are based on quoted market prices that are readily and regularly available in an active market, it does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

**THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JANUARY 31, 2022**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*Deferred Rent* - The Chapter has entered into operating lease agreements for its corporate office and facilities which include provisions for future rent increases. In accordance with generally accepted accounting principles, the Chapter records rent expense on a straight-line basis equal to the total of the payments due over the lease term, divided by the number of months of the lease term. The difference between rent expense recorded and the amount paid is charged to deferred rent.

***In-Kind Contributions***

*Contributed Assets* - Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported in net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Chapter reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Chapter reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. There was no contributed property and equipment recorded for the years ended January 31, 2022 and 2021.

*Contributed Materials* - In accordance with FASB ASC 958, contributed materials are recorded at the fair market value at the time of the donation. For the years ended January 31, 2022 and 2021, the Chapter did not recognize any amounts for contributed materials.

*Contributed Services* - In accordance with FASB ASC 958, contributed services are recorded at the fair market value of those services only if they create or enhance nonfinancial assets, or if they require specialized skills and are performed by a person possessing those skills. For the years ended January 31, 2022 and 2021, the Chapter did not recognize any amounts for contributed services.

The Chapter receives contributed services from volunteers in support of special events, board support, and support for program services throughout the year which are not recognized in the financial statements because the recognition criteria under FASB ASC 958 were not met.

**THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JANUARY 31, 2022**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Expense Allocation** - The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. The allocation methods utilized by the Chapter are as follows:

Expense	Method
Salaries, Wages, and Benefits	Time and Effort
Special Events	Direct
Program Services	Direct
Professional Services	Direct
Office and Occupancy	Allocated based on each functional category's percentage of total expenses before Office and Occupancy and Depreciation costs.
Depreciation	Allocated based on each functional category's percentage of total expenses before Office and Occupancy and Depreciation costs.
Miscellaneous Expenses	Direct
Revenue Sharing to National	Allocated based on the percentage provided by National.

**Income Taxes** - The Chapter is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt from Pennsylvania state income tax. In addition, the Chapter qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Income not related to the Chapter's tax-exempt purpose may be subject to taxation as unrelated business income. Accounting principles generally accepted in the United States of America impose a threshold for determining when an income tax benefit can be recognized in regard to uncertain tax positions. The Chapter has determined that no liability for uncertain tax positions is required to be accrued and included in the statements of financial position as of January 31, 2022 and 2021.

The federal and state information returns of the Chapter for the years ended January 31, 2019, 2020, and 2021, are subject to examination by the tax authorities, generally for three years after they were filed.

**THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JANUARY 31, 2022**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*Subsequent Events* - The Chapter's policy is to evaluate events and transactions subsequent to its year end for potential recognition in the financial statements or disclosure in the notes to the financial statements. Management has evaluated events and transactions through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

**NOTE 3: AVAILABILITY AND LIQUIDITY**

The following reflects the Chapter's financial assets as of January 31, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position dates:

	2022	2021
Financial Assets as of January 31		
Cash and Cash Equivalents	\$ 1,262,439	\$ 706,826
Investments	2,653,609	2,635,874
Pledges Receivable, Net	358,731	404,489
Grants Receivable	499,901	537,049
Other Receivables	57,571	50,764
Total Financial Assets as of January 31	4,832,251	4,335,002
Less: Those Unavailable for General Expenditures Within One Year, Due to:		
Donor-Imposed Restrictions		
Restricted by Donor With Purpose Restrictions	427,640	371,295
Restricted by Grantor With Purpose Restrictions	499,901	221,067
Time-Imposed Restrictions		
Unrestricted Pledges Receivable, Due Greater Than One Year Unavailable for Expenditure Until Due	176,520	137,516
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 3,728,190	\$ 3,605,124

The Chapter's goal is generally to maintain financial assets to meet 30 days of operating expenses. The Chapter has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JANUARY 31, 2022**

**NOTE 4: BENEFICIAL INTEREST IN PERPETUAL TRUST**

The Chapter has a beneficial interest in a charitable perpetual trust, the assets of which are not in the possession of the Chapter. This beneficial interest allows the Chapter to receive quarterly distributions consisting of dividends and interest earned on trust assets restricted to research. The Chapter's beneficial interest in this trust is irrevocable; therefore, the Chapter measures their beneficial interest in the trust's assets at fair value. During the years ended January 31, 2022 and 2021, restricted gains on trust assets of \$4,294 and \$14,330, respectively, are recorded in the statements of activities. The Chapter's beneficial interest in the perpetual trust included in the statements of financial position as of January 31, 2022 and 2021, was \$491,095 and \$486,801, respectively. The net assets associated with the Chapter's beneficial interest in the perpetual trust are reported as net assets with donor restrictions.

The Chapter's management does not believe that beneficial interests in a charitable perpetual trust are within the scope of FASB ASC 958 in regard to required disclosures for endowments, because in contrast to donor-restricted endowment funds, no ongoing decisions about the investment of the trust or distributions from the trust are within the authority of the Chapter.

**NOTE 5: PLEDGES RECEIVABLE**

Unconditional pledges receivable consisted of the following as of January 31:

	2022				
	Unrestricted	Subject to Time Restrictions	Restricted for Research	Restricted for Patient Services	Total
Due in Less than One Year	\$ 113,620	\$ -	\$ -	\$ 34,800	\$ 148,420
Due in One to Five Years	-	150,500	-	33,500	184,000
Due in More than Five Years	-	50,000	25,000	-	75,000
Less: Discounts to Net Present Value	-	(1,985)	(248)	(1,762)	(3,995)
Less: Reserve for Uncollectible Accounts	(12,464)	(21,995)	(2,742)	(7,493)	(44,694)
Net Unconditional Pledges Receivable	<u>\$ 101,156</u>	<u>\$ 176,520</u>	<u>\$ 22,010</u>	<u>\$ 59,045</u>	<u>\$ 358,731</u>

**THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JANUARY 31, 2022**

**NOTE 5: PLEDGES RECEIVABLE - CONTINUED**

	2021				Total
	Unrestricted	Subject to Time Restrictions	Restricted for Research	Restricted for Patient Services	
Due in Less than One Year	\$ 154,453	\$ -	\$ -	\$ 109,728	\$ 264,181
Due in One to Five Years	-	105,140	-	12,000	117,140
Due in More than Five Years	-	50,000	25,000	-	75,000
Less: Discounts to Net Present Value	-	(605)	(98)	(1,070)	(1,773)
Less: Reserve for Uncollectible Accounts	(16,944)	(17,019)	(2,743)	(13,353)	(50,059)
Net Unconditional Pledges Receivable	<u>\$ 137,509</u>	<u>\$ 137,516</u>	<u>\$ 22,159</u>	<u>\$ 107,305</u>	<u>\$ 404,489</u>

Multi-year pledges receivable were discounted at 0.99% and 0.39% as of January 31, 2022 and 2021, respectively.

**NOTE 6: FAIR VALUE MEASUREMENTS**

Fair values of assets measured on a recurring basis as of January 31 were as follows:

	2022			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial Interest in Perpetual Trust Investments	\$ 491,095 2,653,609	\$ - 2,653,609	\$ 491,095 -	\$ - -
Unconditional Pledges Receivable	358,731	-	-	358,731
Total Assets at Fair Value	<u>\$ 3,503,435</u>	<u>\$ 2,653,609</u>	<u>\$ 491,095</u>	<u>\$ 358,731</u>

  

	2021			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial Interest in Perpetual Trust Investments	\$ 486,801 2,635,874	\$ - 2,635,874	\$ 486,801 -	\$ - -
Unconditional Pledges Receivable	404,489	-	-	404,489
Total Assets at Fair Value	<u>\$ 3,527,164</u>	<u>\$ 2,635,874</u>	<u>\$ 486,801</u>	<u>\$ 404,489</u>

**THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JANUARY 31, 2022**

**NOTE 6: FAIR VALUE MEASUREMENTS - CONTINUED**

***Beneficial Interest in Perpetual Trust*** - Fair values for the beneficial interest in the perpetual trust are determined based upon the underlying value of the trust's assets. The trust's assets consist of mutual fund portfolios consisting of fixed income and equity investments.

***Unconditional Pledges Receivable - Fair Value Election*** - Unconditional pledges receivable are reported at net realizable value if, at the time the pledge is made, payment is expected to be received in one year or less. Unconditional pledges receivable that are expected to be collected in more than one year are reported at fair value initially and in subsequent periods because the Chapter elected the fair value option in accordance with generally accepted accounting principles. Management believes that the use of fair value reduces the cost of measuring unconditional pledges receivable in periods subsequent to their receipt and provides equal or better information to users of its financial statements than if those pledges were measured using historical discount rates.

When estimating the fair value of unconditional pledges receivable, management considers the relationship with the donor, the donor's past history of making timely payments, the donor's overall creditworthiness, general economic conditions in the geographic area in which the majority of the Chapter's donors live, the Chapter's policies concerning enforcement of pledges receivable, and market interest rate assumptions.

The table below presents information about the fair value measurements of unconditional pledges receivable as of January 31:

	2022			
	Due in Less than One Year	Due in One to Five Years	Due in More Than Five Years	Total
Pledges Receivable Measured at Fair Value				
Pledged Cash Flow	\$ 148,420	\$ 184,000	\$ 75,000	\$ 407,420
Carrying Amount	130,708	161,993	66,030	358,731
Fair Value Estimate	130,708	161,993	66,030	358,731
	2021			
	Due in Less than One Year	Due in One to Five Years	Due in More Than Five Years	Total
Pledges Receivable Measured at Fair Value				
Pledged Cash Flow	\$ 264,181	\$ 117,140	\$ 75,000	\$ 456,321
Carrying Amount	234,177	103,833	66,479	404,489
Fair Value Estimate	234,177	103,833	66,479	404,489

**THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JANUARY 31, 2022**

**NOTE 6: FAIR VALUE MEASUREMENTS - CONTINUED**

*Unconditional Pledges Receivable - Continued*

The table below presents information about the changes in unconditional pledges receivable for the years ended January 31:

	2022	2021
Beginning Balance	\$ 404,489	\$ 402,706
New Pledges Received	100,425	156,375
Collections	(139,327)	(162,100)
Writeoff as Uncollectible	(10,000)	-
Change in Discount and Allowance	3,144	7,508
	\$ 358,731	\$ 404,489

**NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS**

Net Assets with donor restrictions are available for the following purposes:

	2022	2021
Subject to Expenditure for Specified Purpose		
Patient Services	\$ 844,036	\$ 460,597
Research	2,450	2,301
Net Pledges Receivable, the Proceeds from Which Have Been Restricted for:		
Patient Services	59,045	107,305
Research	22,010	22,159
	927,541	592,362
Subject to the Passage of Time		
Net Pledges Receivable That are Not Restricted by Donors but Which are Unavailable for Expenditure Until Due	176,520	137,516
Not Subject to Appropriation or Expenditure		
Beneficial Interest in Perpetual Trust	491,095	486,801
	\$ 1,595,156	\$ 1,216,679

**THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JANUARY 31, 2022**

**NOTE 8: EMPLOYEE BENEFIT PLAN**

The Chapter sponsors a defined contribution plan (Plan) covering all employees, age 21 and older, with at least three months of service. Effective January 1, 2013, the Chapter reinstated an employer match, matching participants' contributions to the Plan up to four percent of the individual participant's compensation. Additionally, the Chapter may make a discretionary contribution to the Plan determined annually by the Board of Trustees. During the years ended January 31, 2022 and 2021, the Chapter made no discretionary contributions. Total plan expense for the years ended January 31, 2022 and 2021, was \$40,657 and \$37,797, respectively.

**NOTE 9: CONCENTRATION OF CREDIT RISK**

The Chapter maintains cash balances at two regional financial institutions. As of January 31, 2022, all deposit accounts, including all non-interest-bearing deposit accounts, were insured up to the standard maximum amount of \$250,000 per institution. As of January 31, 2022 and 2021, uninsured balances totaled \$1,044,369 and \$854,267, respectively.

**NOTE 10: OPERATING LEASE COMMITMENTS**

The Chapter leases equipment under noncancelable operating leases that expire in various periods through January 2024.

The Chapter also leases office space through January 31, 2024, under a noncancelable operating lease.

Future lease commitments for the next two years ending January 31, are as follows:

2023	\$	142,374
2024		<u>134,995</u>
	\$	<u><u>277,369</u></u>

Rent expense was \$145,931 and \$145,207 for the years ended January 31, 2022 and 2021, respectively.

**NOTE 11: RELATED-PARTY TRANSACTIONS**

For the years ended January 31, 2022 and 2021, the Chapter received contributions in the amount of \$210,000 and \$208,525, respectively, from organizations affiliated with members of the Chapter's Board of Directors. Contributions totaling \$83,195 and \$84,960 were received during fiscal years ended January 31, 2022 and 2021, respectively, from members of the Chapter's Board of Trustees and Board of Directors.

**THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JANUARY 31, 2022**

**NOTE 11: RELATED-PARTY TRANSACTIONS - CONTINUED**

The Chapter disburses research payments to National quarterly. Research payments disbursed to National totaled \$218,165 and \$398,124 during the years ended January 31, 2022 and 2021, respectively, and are included in program services on the statements of functional expenses. The Chapter also disburses revenue sharing payments to National, which are classified as revenue sharing to National on the statements of functional expenses. Revenue sharing payments disbursed to National during the years ended January 31, 2022 and 2021, totaled \$180,972 and \$534,935, respectively.

The Chapter pays an annual fee along with fees based on monthly activity directly to National for the use of a fundraising platform. The amount of expense included in the statements of functional expenses totaled \$72,471 and \$61,799, for the years ended January 31, 2022 and 2021, respectively.

Amounts owed to National and included in accounts payable and accrued liabilities on the statements of financial position totaled \$344,212 and \$110,238, for the years ended January 31, 2022 and 2021, respectively.

Included in other receivables are amounts due from National for general quarterly appeals and reimbursement of payroll expense for a shared employee. As of January 31, 2022 and 2021, amounts due from National totaled \$57,571 and \$50,450, respectively.

**NOTE 12: CONDITIONAL GRANTS**

Certain government grants are conditioned upon the completion of performance obligations and the incurrence of allowable expenses. As of January 31, 2022, conditional contributions of \$290,590, for which no amounts have been received in advance, have not been recognized in the accompanying financial statements. This amount will be recognized as revenue over time as specific qualifying expenses are incurred. The Chapter anticipates incurring the qualifying expenses during the year ending January 31, 2023.

**NOTE 13: SUPPLEMENTAL CASH FLOW DISCLOSURES**

During the normal course of operations, the Chapter receives donations of marketable securities. The Chapter has a standing order with a financial institution to immediately liquidate marketable securities upon receipt and transfer the proceeds to the Chapter. The Chapter believes that recognition of the transferred proceeds as cash received from operations on the statements of cash flows more accurately depicts the nature of the transactions. Proceeds from donated marketable securities which are not immediately liquidated are recognized in the statements of cash flows as cash received from investing activities. Proceeds received by the Chapter from immediate liquidation of donated marketable securities and included in the statements of cash flows as cash received from operations totaled \$0 and \$6,308 for the years ended January 31, 2022 and 2021, respectively.

**THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JANUARY 31, 2022**

**NOTE 14: PAYCHECK PROTECTION PROGRAM LOAN**

In April 2020, the Chapter received proceeds in the amount of \$305,895 under the Paycheck Protection Program (PPP) administered by the SBA. The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, provides loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. Loan and accrued interest amounts may be eligible for forgiveness as long as the borrower uses the loan proceeds during the covered period for eligible purposes, including payroll, benefits, rent and utilities, and maintains its employee and salary levels for a period of time after receipt of the loan funds.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for a period of ten months after the end of the covered period.

During the year ended January 31, 2022, the loan was forgiven and recognized as revenue.

In January 2021, the SBA opened the loan application process for a second draw PPP loan for eligible organizations that previously received a first draw PPP loan. Loan terms for second draw PPP loans are consistent with the initial round of funding, with the exception of a loan term of five years. In March 2021, the Chapter received loan proceeds in the amount of \$416,340 under the second draw of PPP funding.

Subsequent to January 31, 2022, the loan was forgiven and recognized as revenue.

**NOTE 15: INVESTMENTS**

Investments consisted of the following as of January 31:

	2022	2021
Money Market Fund	\$ 2,604,870	\$ 2,604,609
Mutual Funds	48,739	31,265
Total Investments	\$ 2,653,609	\$ 2,635,874

**NOTE 16: COMMITMENTS AND CONTINGENCIES**

In the normal course of business there are various commitments and contingencies outstanding which are not reflected in these financial statements. In the opinion of management, the outcome of such events, if any, will not have a material effect on the Chapter's financial position.

**THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JANUARY 31, 2022**

**NOTE 17: RESTATEMENT**

During the year ended January 31, 2022, the Organization was notified of amounts owed to National relating to charges assessed during fiscal year 2020. As a result, the Chapter increased accounts payable and accrued liabilities as of January 31, 2021, by \$98,246 and decreased net assets without donor restrictions as of February 1, 2020, by the same amount.



***Independent Auditors' Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards***

To the Board of Directors  
The Amyotrophic Lateral Sclerosis Association,  
Greater Philadelphia Chapter

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Amyotrophic Lateral Sclerosis Association, Greater Philadelphia Chapter (a nonprofit organization), d/b/a The ALS Association Greater Philadelphia Chapter, which comprise the statements of financial position as of January 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 26, 2022.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered The ALS Association Greater Philadelphia Chapter's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The ALS Association Greater Philadelphia Chapter's internal control. Accordingly, we do not express an opinion on the effectiveness of The ALS Association Greater Philadelphia Chapter's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Board of Directors  
The Amyotrophic Lateral Sclerosis Association,  
Greater Philadelphia Chapter

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether The ALS Association Greater Philadelphia Chapter's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Belfint, Lyons & Shuman, P.A.*

September 26, 2022  
Wilmington, Delaware

**SUPPLEMENTARY INFORMATION**

**THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED JANUARY 31, 2022**

<u>State Grantor Department Program Title/Name</u>	<u>State Grant Award Number</u>	<u>Grant Award Period</u>	<u>Fiscal Year Grant Expenditures*</u>	<u>Total Grant Expenditures to Date</u>
New Jersey Department of Health ALS Association 2022	DCHS22ALS001	07/01/2021 - 06/30/2022	\$ 274,655	\$ 274,655
New Jersey Department of Health ALS Association 2021	DCHS21ALS004	07/01/2020 - 06/30/2021	298,710	298,710
Pennsylvania Department of Health ALS Patient Care	SAP Number 4100088725	07/01/2020 - 06/30/2022	1,096,041	1,555,462
State of Delaware Grant in Aid	N/A	07/01/2021 - 06/30/2022	35,906	35,906
State of Delaware Grant in Aid	N/A	07/01/2020 - 06/30/2021	11,969	47,875

\*Fiscal Year Grant Expenditures may not agree with fiscal year grant revenue reported in the statements of activities due to the following:

- 1) Timing differences between when grant expenditures are made and when grant awards are recognized as revenue in accordance with generally accepted accounting principles.
- 2) The Chapter does not include amounts shared with affiliated organizations as revenues or expenses in their statements of activities.



BELFINT • LYONS • SHUMAN  
Certified Public Accountants

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October 5, 2022

To the Board of Directors and Management  
The Amyotrophic Lateral Sclerosis Association,  
Greater Philadelphia Chapter  
321 Norristown Road, Suite 260  
Ambler, Pennsylvania 19002-2755

We have audited the financial statements of Greater Philadelphia Chapter, The Amyotrophic Lateral Sclerosis Association, d/b/a The ALS Association Greater Philadelphia Chapter (Chapter) for the year ended January 31, 2022, and have issued our report thereon dated September 26, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated April 6, 2022. Professional standards also require that we communicate to you the following information related to our audit.

### ***Significant Audit Findings***

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Chapter are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended January 31, 2022. We noted no transactions entered into by the Chapter during the year for which there is a lack of authoritative consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

**Unconditional pledges receivable** are reported at net realizable value if at the time the pledge is made payment is expected to be received in one year or less. Unconditional pledges receivable that are expected to be collected in more than one year are reported at fair value initially and in subsequent periods in accordance with the Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC) 825, *Financial Instruments*.

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### ***Significant Audit Findings - Continued***

#### *Qualitative Aspects of Accounting Practices - Continued*

Management estimates uncollectible accounts by using 125% of the average write off over the past four years. Management has indicated that this estimate will be re-evaluated every year and adjustments made accordingly.

**Reporting expenses by functional classification** is based on the identification of the specific programs and supporting services benefited and appropriate allocation of costs to those programs or supporting services.

We evaluated the key factors and assumptions used to develop the estimated fair market values in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

**Note 3** to the financial statements which discloses financial assets available to meet cash needs for general expenditures within one year of the date of the statements of financial position.

**Note 4** to the financial statements which explains the Chapter's accounting for its beneficial interest in a charitable perpetual trust.

**Note 5** to the financial statements which discloses information relating to the Chapter's pledges receivable at January 31, 2022.

**Note 14** to the financial statement, which discloses information relating to the Chapter's Paycheck Protection Program (PPP) Loans.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The following material misstatements detected as a result of audit procedures were corrected by management:

- Accounts payable and accrued liabilities were increased a total of \$197,231 to adjust net assets, grant activity, and amounts owed to National, as of and for the year ended January 31, 2022.

***Significant Audit Findings - Continued***

*Corrected and Uncorrected Misstatements - Continued*

The attached schedule, Appendix A, summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the independent auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 26, 2022.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Chapter’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Chapter's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

***Other Matters***

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

***Other Matters - Continued***

**FY 2022 New Jersey Appropriation**

The FY 2022 New Jersey Appropriations Handbook states that of the total amount allocated for ALS, 50 percent shall be allocated to the Greater Philadelphia Chapter of the ALS Association to serve residents in southern New Jersey and 50 percent shall be allocated to the Greater New York Chapter of the ALS Association to serve residents in central and northern New Jersey.

The Chapter has an agreement with the Greater New York Chapter that the Greater New York Chapter will receive 65 percent of the total amount allocated for ALS by New Jersey.

We recommend that the Chapter consult with their New Jersey Grant Management Officer to ensure the Chapter's agreement with the Greater New York Chapter does not violate compliance with the FY 2022 New Jersey Appropriations Handbook.

**FASB ASU 2016-02, *Leases***

*[Effective for Annual Reporting Periods Beginning after December 15, 2021 (FYE January 31, 2023)]*

In February 2016, FASB issued ASU 2016-02, *Leases*, with the intent of presenting a more accurate representation of the rights and obligations arising from leases. Among other changes, ASU 2016-02 requires all lessees to recognize lease assets and lease liabilities in the statement of financial position and improve the comparability of lessee's financial commitments regardless of the manner they chose to finance the assets used in their programs.

ASU 2016-02 changes the terminology of leases and how they are to be recorded in the financial statements. Leases will now be classified as either finance or operating. The criteria to distinguish finance leases from operating leases is very similar to the criteria used to distinguish capital leases from operating leases prior to this ASU.

For finance leases, a lessee is required to do the following:

- Recognize a right-of-use asset (an asset that represents a lessee's right to use an underlying asset for the lease term) and a lease liability, initially measured at the present value of the lease payments, in the statement of financial position.
- Recognize interest on the lease liability separately from amortization of the right-of-use asset in the statement of comprehensive income.
- Classify repayments of the principal portion of the lease liability within financing activities and payments of interest on the lease liability and variable lease payments within operating activities in the statement of cash flows.

To the Board of Directors and Management  
The Amyotrophic Lateral Sclerosis Association,  
Greater Philadelphia Chapter  
October 5, 2022  
Page 5 of 5

***Other Matters - Continued***

For operating leases, a lessee is required to do the following:

- Recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in the statement of financial position.
- Recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term on a generally straight-line basis.

This information is intended solely for the use of the Board of Directors and Management of The ALS Association Greater Philadelphia Chapter and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Belfint, Lyons & Shuman, P.A.*

**THE ALS ASSOCIATION GREATER PHILADELPHIA CHAPTER**  
*Appendix A - Uncorrected Misstatements*  
 January 31, 2022

Description	Asset	Liability	Net Assets	Revenue and Other Support	Expenses
To record current year projected error relating to pledge receivables.	\$ (34,971)	\$ -	\$ -	\$ 34,971	\$ -
To adjust depreciation expense.	3,573	-	-	-	(3,573)
To increase pledge discount.	(18,070)	-	13,461	4,609	-
	<u>\$ (49,468)</u>	<u>\$ -</u>	<u>\$ 13,461</u>	<u>\$ 39,580</u>	<u>\$ (3,573)</u>