

COMPASSIONATE CARE ALS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2006

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**FRITZ DEGUGLIELMO, LLC**

**CERTIFIED PUBLIC ACCOUNTANTS**

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ACCOUNTANTS' REPORT

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

We have reviewed the accompanying statement of financial position of Compassionate Care ALS, Inc. as of December 31, 2006, and the related statements of activities, functional expenses and cash flows for the year then ended in accordance with statements on standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The prior year summarized comparative information has been derived from the Organization's 2005 reviewed financial statements whose report was dated March 17, 2006. All information included in these financial statements is the representation of Compassionate Care ALS, Inc.

A review consists principally of inquiries of the Organization's personnel and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with generally accepted accounting standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

*Fritz DeGuglielmo LLC*

Certified Public Accountants

April 27, 2007

COMPASSIONATE CARE ALS, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2006

(with summarized financial information for the year ended December 31, 2005)

	<u>2006</u>	<u>2005</u>
ASSETS		
Cash	\$ 72,858	\$ 29,153
Loan receivable	4,277	-
	<u>77,135</u>	<u>29,153</u>
Organizational Costs	6,110	6,110
Less: Accumulated Amortization	(4,888)	(3,666)
Organizational Costs, Net	<u>1,222</u>	<u>2,444</u>
Equipment	3,882	3,882
Less: Accumulated Depreciation	(2,862)	(1,568)
Equipment, Net	<u>1,020</u>	<u>2,314</u>
Total Assets	<u>\$ 79,377</u>	<u>\$ 33,911</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 15,675	\$ 12,109
Loan payable - director	<u>26,238</u>	<u>34,238</u>
Total Liabilities	<u>41,913</u>	<u>46,347</u>
Net Assets:		
Unrestricted	2,464	(13,436)
Temporarily Restricted	<u>35,000</u>	<u>1,000</u>
Total Net Assets (Deficiency)	<u>37,464</u>	<u>(12,436)</u>
Total Liabilities and Net Assets	<u>\$ 79,377</u>	<u>\$ 33,911</u>

See accountants' report and accompanying notes to financial statements.

COMPASSIONATE CARE ALS, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2006  
 (with summarized financial information for the year ended December 31, 2005)

	Unrestricted	Temporarily Restricted	2006 Total	2005 Total
Support, Revenues and Reclassifications:				
Public Support and Revenue:				
Contributions	\$ 142,196	\$ 35,000	\$ 177,196	\$ 139,222
Grants	71,720	-	71,720	55,000
Fundraising Events	80,959	-	80,959	88,923
Donated Services and Supplies	122,308	-	122,308	26,065
Other	17,557	-	17,557	8,451
Net Assets Released From Restrictions	1,000	(1,000)	-	-
Total Support, Revenues and Reclassifications	<u>435,740</u>	<u>34,000</u>	<u>469,740</u>	<u>317,661</u>
Expenses:				
Program Services	357,862	-	357,862	234,386
Supporting Services:				
Fundraising	40,684	-	40,684	36,742
Administrative	21,294	-	21,294	33,402
Total Expenses	<u>419,840</u>	<u>-</u>	<u>419,840</u>	<u>304,530</u>
Change in Net Assets	15,900	34,000	49,900	13,131
Net Assets - Beginning of Year	<u>(13,436)</u>	<u>1,000</u>	<u>(12,436)</u>	<u>(25,567)</u>
Net Assets - End of Year	<u>\$ 2,464</u>	<u>\$ 35,000</u>	<u>\$ 37,464</u>	<u>\$ (12,436)</u>

See accountants' report and accompanying notes to financial statements.

COMPASSIONATE CARE ALS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2006

(with summarized financial information for the year ended December 31, 2005)

	Program Services				2006	2005
	Gordon T. Heald Fund	Com- passionate Care	Fund- raising	Admin- istration	Total	Total
Assistance to individuals	\$ 24,305	\$ 244,756	\$ -	\$ -	\$ 269,061	\$ 156,627
Amortization	-	-	-	1,222	1,222	1,222
Depreciation	-	431	431	432	1,294	1,294
Director's compensation and benefits	-	66,000	8,000	4,000	78,000	72,000
Donated services	-	4,100	-	-	4,100	12,275
Insurance	-	1,845	219	107	2,171	0
Internet	-	-	-	239	239	539
Marketing	-	-	571	-	571	500
Office supplies and expense	60	1,294	1,496	1,719	4,569	2,363
Outside services	-	-	-	957	957	6,128
Postage and delivery	-	736	1,166	2,279	4,181	3,556
Printing	-	1,752	3,937	938	6,627	7,140
Professional fees	-	12,583	24,864	9,401	46,848	40,886
	<u>\$ 24,365</u>	<u>\$ 333,497</u>	<u>\$ 40,684</u>	<u>\$ 21,294</u>	<u>\$ 419,840</u>	<u>\$ 304,530</u>

See accountants' report and accompanying notes to financial statements.

COMPASSIONATE CARE ALS, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2006  
 (with summarized financial information for the year ended December 31, 2005)

	<u>2006</u>	<u>2005</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 49,900	\$ 13,131
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Amortization	1,222	1,222
Depreciation	1,294	1,294
(Increase) decrease in loan receivable	(4,277)	-
Increase in accounts payable	<u>3,566</u>	<u>12,109</u>
Net cash provided by operating activities	<u>51,705</u>	<u>27,756</u>
Cash Flows From Financing Activities -		
Repayment of loan payable - director	<u>(8,000)</u>	<u>-</u>
Net cash used in financing activities	<u>(8,000)</u>	<u>-</u>
Net increase in Cash	43,705	27,756
Cash at Beginning of Year	<u>29,153</u>	<u>1,397</u>
Cash at End of Year	<u><u>\$ 72,858</u></u>	<u><u>\$ 29,153</u></u>
Supplemental Disclosures:		
Interest Paid	<u>\$ 184</u>	<u>\$ -</u>
Income Taxes Paid	<u>\$ -</u>	<u>\$ -</u>

See accountants' report and accompanying notes to financial statements.

COMPASSIONATE CARE ALS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006

NOTE A – ORGANIZATION AND PROGRAM SERVICES

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

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

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

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

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

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

Recognition of Donor-restricted Contributions

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

COMPASSIONATE CARE ALS, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2006

NOTE B – *continued*

Property and Equipment

Property and equipment purchases are capitalized at cost, if purchased, or at fair market value at the date of receipt, if donated. The Organization’s policy is to capitalize items with a cost or value in excess of \$500. Capitalized assets are depreciated over their estimated useful lives using the straight line method of depreciation. Expenditures for maintenance repairs and renewals are charged to expense as incurred, whereas, major betterments are capitalized using the straight-line method, and is charged against income over the estimated useful lives of the assets. A summary of property and equipment as of December 31, 2006 is as follows:

	<u>Estimated Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>
Computer Equipment	3	\$ <u>3,882</u>	\$ <u>2,862</u>

Use of Estimates

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

Functional Expenses

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

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

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

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

COMPASSIONATE CARE ALS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006

NOTE C – PROGRAM SERVICES

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

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

NOTE D – DONATED SERVICES AND EQUIPMENT

Contributions of donated assets and equipment for use by individuals and families with ALS or other terminal illness are recognized at their fair market values in the period received. Typically, the equipment is designated by the donor to be given to an individual with terminal illness. Accordingly, the equipment is recorded as assistance to individuals.

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

COMPASSIONATE CARE ALS INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006

NOTE D – *continued*

During 2006 donated equipment and services consisted of the following:

Equipment donated and provided to individuals	<u>\$ 118,208</u>
Services provided for program development	<u>\$ 4,100</u>

NOTE E – RELATED PARTY TRANSACTIONS

At December 31, 2006 the Organization had a loan of \$26,238 payable to the executive director of the Organization. The loan accrues no interest and there are no scheduled repayment terms.

NOTE F- TEMPORARILY RESTRICTED ASSETS AND NET ASSETS RELEASED FROM RESTRICTIONS

In fiscal 2006 restricted contributions were received for the purchase of a van in the amount of \$35,000. Equipment aggregating \$1,000 had been purchased in 2005 and provided to an individual in need during the 2006 fiscal year, releasing the restriction imposed by the donor. The equipment expenses are recorded as assistance to individuals in the statement of functional expenses and the remaining amount of \$35,000 is recorded as temporarily restricted net assets at December 31, 2006.