

**THE ALS ASSOCIATION -
GREATER NY CHAPTER**

**Financial Statements
for the years ended
January 31, 2018
and
January 31, 2017**

Independent Auditor's Report

To the Board of Directors of
The ALS Association –
Greater NY Chapter

We have audited the accompanying financial statements of The ALS Association – Greater NY Chapter which comprise the statement of financial position as of January 31, 2018 and January 31, 2017 and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The ALS Association – Greater NY Chapter as of January 31, 2018 and January 31, 2017 and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Condon O'Meara McGinty + Donnelly LLP

July 10, 2018

THE ALS ASSOCIATION – GREATER NY CHAPTER

Statement of Financial Position

Assets

	January 31	
	2018	2017
Cash and cash equivalents	\$ 2,050,539	\$ 2,285,575
Investments, at fair value – designated	5,055,165	5,191,340
Due from National ALS Association	82,500	231,791
Grants receivable	461,750	515,792
Prepaid expenses	93,537	144,587
Leasehold improvements, office property and equipment, net	151,700	143,737
Security deposit	52,788	40,325
Total assets	\$ 7,947,979	\$ 8,553,147

Liabilities and Net Assets

Liabilities

Accounts payable and accrued	\$ 16,711	\$ 96,844
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Net assets

Unrestricted		
Operating	2,740,818	2,921,089
Board-designated fund	5,055,165	5,191,340
Total unrestricted	7,795,983	8,112,429
Temporarily restricted	135,285	343,874
Total net assets	7,931,268	8,456,303
Total liabilities and net assets	\$ 7,947,979	\$ 8,553,147

See notes to financial statements.

THE ALS ASSOCIATION – GREATER NY CHAPTER

Statement of Activities

	Years Ended January 31					
	2018			2017		
	Operating	Unrestricted Board-Designated Fund	Temporarily Restricted	Operating	Unrestricted Board-Designated Fund	Temporarily Restricted
Public support and revenue						
Contributions	\$ 1,719,029	\$ -	\$ 65,000	\$ 1,784,029	\$ 668,500	\$ 265,729
Gross revenue from special events	3,783,455	3,783,455	-	3,783,455	-	-
Total public support and revenue	5,502,484	5,502,484	65,000	5,567,484	668,500	265,729
Less: Expenses from special events	1,374,036	1,374,036	-	1,374,036	-	-
Net revenue from charitable activities	4,128,448	4,128,448	65,000	4,193,448	668,500	265,729
Investment return and other						
Investment return	548	463,825	140	464,513	272,761	154
Other	-	-	-	-	-	-
Transfer from operations	-	-	-	-	500,000	-
Net assets released from restrictions	273,729	273,729	(273,729)	-	-	(68,761)
Net revenue available for Association's mission	4,402,725	4,866,550	(208,589)	4,657,961	1,441,261	197,122
Expenses						
Program services						
Research and grants	632,826	350,000	-	982,826	350,000	-
Patient services and support	2,449,220	250,000	-	2,699,220	250,000	-
Public awareness and education	381,994	-	-	381,994	-	-
Advocacy	206,319	-	-	206,319	-	-
Total program services	3,670,359	600,000	-	4,270,359	600,000	-
Supporting activities						
Fundraising	426,553	-	-	426,553	-	-
General and administrative	486,084	-	-	486,084	-	-
Total supporting activities	912,637	-	-	912,637	-	-
Total expenses	4,582,996	600,000	-	5,182,996	600,000	-
Increase (decrease) in net assets	(180,271)	(136,175)	(208,589)	(525,035)	841,261	197,122
Net assets, beginning of year	2,921,089	5,191,340	343,874	8,456,303	4,350,079	146,752
Net assets, end of year	\$2,740,818	\$5,055,165	\$ 135,285	\$7,931,268	\$5,191,340	\$ 343,874

See notes to financial statements.

THE ALS ASSOCIATION – GREATER NY CHAPTER

Statement of Functional Expenses

Year Ended January 31, 2018

	Program Services			Supporting Activities			Total
	Research and Grants	Patient Services and Support	Public Awareness and Education	Advocacy	Fundraising	General and Administrative	
Expenses	\$ 982,826	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 982,826
Contributions	-	1,102,292	115,615	69,494	-	-	1,287,401
Program costs	-	-	-	-	96,126	297,499	393,625
Direct activity costs	-	1,291,834	234,018	120,203	290,285	164,969	2,101,309
Salaries and related costs	-	178,640	32,361	16,622	40,142	22,813	290,578
Allocated costs of rent, telephone, computers, supplies, equipment rentals, and maintenance	982,826	2,572,766	381,994	206,319	426,553	485,281	5,055,739
Total expenses before depreciation and amortization	-	126,454	-	-	-	803	127,257
Depreciation and amortization	\$ 982,826	\$ 2,699,220	\$ 381,994	\$ 206,319	\$ 426,553	\$ 486,084	\$ 912,637
Totals							
Percentage of total expenses 2018	19.0%	52.1%	7.4%	3.9%	8.2%	9.4%	17.6%

Percentage of total expenses 2018

Year Ended January 31, 2017

	Program Services			Supporting Activities			Total
	Research and Grants	Patient Services and Support	Public Awareness and Education	Advocacy	Fundraising	General and Administrative	
Expenses	\$1,042,868	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,042,868
Contributions	-	978,478	139,337	67,713	-	-	1,185,528
Program costs	-	-	-	-	113,829	237,706	351,535
Direct activity costs	-	1,248,642	230,407	111,644	313,813	161,445	2,065,951
Salaries and related expenses	-	164,335	30,324	14,694	41,301	21,249	271,903
Allocated costs of rent, telephone, computers, supplies, equipment rentals, and maintenance	1,042,868	2,391,455	400,068	194,051	468,943	420,400	4,917,785
Total expenses before depreciation and amortization	-	143,699	-	-	-	634	144,333
Depreciation and amortization	\$1,042,868	\$2,535,154	\$ 400,068	\$ 194,051	\$ 468,943	\$ 421,034	\$5,062,118
Totals							
Percentage of total expenses 2017	20.6%	50.1%	7.9%	3.8%	9.3%	8.3%	17.6%

Percentage of total expenses 2017

See notes to financial statements.

THE ALS ASSOCIATION – GREATER NY CHAPTER

Statement of Cash Flows

	Years Ended January 31	
	2018	2017
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (525,035)	\$ 179,771
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) operating activities		
Depreciation and amortization	127,257	144,333
In-kind donations of medical equipment	(104,600)	(106,500)
Unrealized (gain) on investments	(296,998)	(166,309)
Realized (gain) loss on sale of investments	(33,736)	5,369
Donated stocks	(21,635)	(14,494)
Proceeds from donated stocks	21,339	14,085
Realized loss on sale of donated stocks	296	409
Changes in assets and liabilities		
(Increase) decrease in due from National ALS Association	149,291	(87,581)
(Increase) decrease in grants receivable	54,042	(15,769)
(Increase) decrease in prepaid expenses	51,050	(32,875)
(Increase) in security deposit	(12,463)	-
Increase (decrease) in accounts payable and accrued	(80,133)	74,405
Net cash (used in) operating activities	(671,325)	(5,156)
Cash flows from investing activities		
Purchase of expenditures for leasehold improvements, office property and equipment	(30,620)	(6,797)
Purchase of investments	(406,370)	(1,435,540)
Proceeds from sale of investments	600,000	583,200
Net change in money market funds	273,279	172,019
Net cash provided by (used in) investing activities	436,289	(687,118)
Net (decrease) in cash and cash equivalents	(235,036)	(692,274)
Cash and cash equivalents, beginning of year	2,285,575	2,977,849
Cash and cash equivalents, end of year	\$ 2,050,539	\$ 2,285,575

See notes to financial statements.

THE ALS ASSOCIATION – GREATER NY CHAPTER

Notes to Financial Statements January 31, 2018 and January 31, 2017

Note 1 – Nature of charitable organization

The mission of The ALS Association – Greater New York Chapter (the “Association”) is to discover treatment and a cure for ALS, and to serve, advocate for, and empower people affected by ALS to live their lives to the fullest.

Principal Activities

The Association provides a wide range of services for people with ALS and their families living in New York City, Long Island, Westchester, Hudson Valley, and Northern and Central New Jersey. The Association sponsors five multidisciplinary clinics in the region, makes loan of medical equipment and assistive communication devices, holds patient education symposia and monthly support groups, conducts home visits, provides transportation to quarterly clinic appointments, and offers social work and referral services.

The Association supports the funding of cutting-edge research taking place across the world. From individual projects to global collaborations, we provide funding to experts in a variety of scientific focus areas critical to advancing the search for effective treatments and a cure. Since 1995, the Association has expended more than \$12 million on ALS-specific basic science and translational research.

Through external relations, our website, and social media, the Association continually raises awareness about ALS and the search for a cure. On average, 15,000 viewers visit our website quarterly, a vital source of information for those battling ALS and people looking for the latest news about the disease. Our social media channels including Facebook, Twitter, and Instagram reach nearly 10,000 followers.

The Association plays a lead role in advocacy for increased support of ALS research and public policy initiatives that improve the lives of those with ALS at both the state and federal level. At the state level, the Association has seen an increase in government funding that directly benefits patients and families in New York and New Jersey. At a national level, the Association’s efforts have been instrumental in the passage of the Steve Gleason Act and the continuation of funding for the Department of Defense’s ALS Research Program, National ALS Registry at Centers for Disease Control, and the National Institute’s of Health ALS research efforts.

Note 2 – Summary of significant accounting policies

Net assets

Unrestricted

Unrestricted net assets consist of amounts that can be spent at the discretion of the Association. The net assets also include those funds that are designated for specific purposes by the Board of Directors.

THE ALS ASSOCIATION – GREATER NY CHAPTER

Notes to Financial Statements (continued)
January 31, 2018 and January 31, 2017

Note 2 – Summary of significant accounting policies (continued)

Net assets (continued)

Board-designated

The Challenge Fund:

During the summer of 2014, the Association generated significant revenue from the ALS Ice Bucket Challenge, a highly successful fund raising activity. The Board established The Challenge Fund (the “Fund”) with the revenue that was raised from that activity. The Fund enables the Association to expand the funding of important programs consistent with its mission. The Fund was initially financed with \$5,250,000 and the Board established a policy statement governing investment of the Fund for the stated purpose of supporting the Association’s research and patient services programs. The Association’s Board of Directors (the “Board”) has approved a plan that allocates approximately 60% of the funds for research and 40% for patient care programs.

To date, the Challenge Fund distributions include:

Fiscal year 2015:

\$1,250,000 to support a new ALS research program at the New York Genome Center.

Fiscal year 2016:

Patient Services:

\$185,000 to support a new multidisciplinary ALS treatment clinic at Columbia University Medical Center.

\$15,000 to purchase durable medical and augmentative communication equipment for the patient equipment loan program.

Research:

\$350,000 to support the Genomic Translation for ALS Clinical Care (GTAC) research initiative at Columbia University Medical Center.

THE ALS ASSOCIATION – GREATER NY CHAPTER**Notes to Financial Statements (continued)
January 31, 2018 and January 31, 2017****Note 2 – Summary of significant accounting policies (continued)**Net assets (continued)Board-designated (continued)The Challenge Fund: (continued)

Fiscal year 2017:

Patient Services:

\$250,000 to expand services at ALS treatment clinics.

Research:

\$350,000 to support year two funding of the Genomic Translation for ALS Clinical Care (GTAC) research initiative at Columbia University Medical Center.

Fiscal year 2018:

Patient Services

\$250,000 to expand services at ALS treatment Centers.

Research

\$350,000 to support the NY Genome Center's ALS Research Program at its Center for Genomics of Neurodegenerative Disease (Phatnani Lab).

The Ramey Fund:

Initially financed during fiscal year 2016 with \$1 million from a generous bequest from the Estate of Macaria Ramey, the Fund was established to support the Association's patient services programs. In fiscal year 2017, \$668,500 in additional distributions received from the Estate were added to the Ramey Fund.

Capital Management Fund:

Per an October 6, 2016 Board Resolution, the Association established the Capital Management Fund in accordance with its Investment Policy. Initially financed during fiscal year 2017 with \$500,000 in savings account reserves, the Capital Management Fund was established in order to responsibly invest the Association's assets but still be able to access funds in order to be able to take advantage of important research and patient services program funding opportunities when they arise.

THE ALS ASSOCIATION – GREATER NY CHAPTER**Notes to Financial Statements (continued)
January 31, 2018 and January 31, 2017****Note 2 – Summary of significant accounting policies (continued)**Net assets (continued)Temporarily restricted

Temporarily restricted revenue represents expendable gifts and grants, which are restricted by the donor or are to be made available in future periods. As the restrictions are satisfied, temporarily restricted net assets will be reclassified to unrestricted net assets and reported in the financial statement as net assets released from restrictions. The Association's policy is to record, as unrestricted revenue, contributions when donor-imposed restrictions are met in the same year that the contributions are received. At January 31, 2018, the balance in temporarily restricted net assets will be used to fund the programs described in note 1.

Cash equivalents

The Association considers all highly liquid investments purchased, including money market accounts, with a maturity of three months or less to be cash equivalents.

Investments

The fair value of the investments is based on publicly quoted prices. Interest, dividends, realized and unrealized gains and losses on the investments are included in investment return in the statement of activities.

Fair value measurements

For assets measured at fair value on a recurring basis as of January 31, 2018 and January 31, 2017, accounting principles generally accepted in the United States of America require quantitative disclosures about the fair value measurements separately for each major class of assets. The Association's investments have all been classified in the highest level of hierarchy (Level 1). Their quoted prices are in active markets for identical assets.

Allowance for doubtful accounts

As of January 31, 2018 and January 31, 2017, the Association deems its grants receivable to be collectible and, therefore, has not provided for an allowance for possibly uncollectible amounts. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and economic conditions.

Leasehold improvements, office property and equipment

The Association capitalizes as leasehold improvements, office property and equipment expenditures for assets above a nominal amount with an estimated useful life greater than one year. Expenditures for leasehold improvements, office property and equipment are capitalized at cost or, for donated assets, fair value at the time of donation. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the related assets.

THE ALS ASSOCIATION – GREATER NY CHAPTER**Notes to Financial Statements (continued)
January 31, 2018 and January 31, 2017****Note 2 – Summary of significant accounting policies (continued)**Contributions, donations and bequests

Contributions are recognized as revenue in the period in which they are received or pledged. Bequests are recognized at the time the Association's right to them is established by the Court and the proceeds are subject to reasonable estimation. Donations of medical equipment or other long-lived assets are classified as unrestricted, and restrictions on the use of cash donations for the purchase thereof are considered met when the assets are purchased.

Allocation of functional expenses

The cost of providing the various programs has been summarized on a functional basis. Accordingly, certain costs have been allocated among programs and supporting services benefitted.

Concentrations of credit risk

The Association's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents, investments and receivables. The Association places its cash and cash equivalents with what it believes to be quality financial institutions. At times during the year, cash balances may exceed the FDIC insurance limit; however, the Association has not experienced any losses on these accounts to date. Investments are exposed to various risks such as interest rate, market volatility, liquidity and credit. Due to the level of uncertainty related to the foregoing risks, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position at January 31, 2018. The Association routinely assesses the financial strength of its cash, cash equivalents and investment portfolio. The Association's management deems the receivables collectible and monitors them on an ongoing basis. Accordingly, the Association believes no significant concentrations of credit risk exist with respect to its cash, cash equivalents, investments and receivables.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events

The Association has evaluated events and transactions for potential recognition or disclosure through July 10, 2018, which is the date the financial statements were available to be issued.

THE ALS ASSOCIATION – GREATER NY CHAPTER

**Notes to Financial Statements (continued)
January 31, 2018 and January 31, 2017**

Note 3 – Investments

At January 31, 2018 and January 31, 2017, investments consist of the following:

	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 154,943	\$ 154,943	\$ 428,222	\$ 428,222
Mutual funds				
Vanguard Life Strategy Conservation Group Investor Fund	2,337,695	2,548,534	2,408,708	2,417,654
Vanguard Life Strategy Income Fund	<u>2,266,440</u>	<u>2,351,688</u>	<u>2,355,321</u>	<u>2,345,464</u>
Total mutual funds	<u>4,604,135</u>	<u>4,900,222</u>	<u>4,764,029</u>	<u>4,763,118</u>
Total investments	<u>\$4,759,078</u>	<u>\$5,055,165</u>	<u>\$5,192,251</u>	<u>\$5,191,340</u>

The investment return for the years ended January 31, 2018 and January 31, 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 134,075	\$ 115,415
Unrealized gain	296,998	166,309
Realized gain (loss) on sale of investments	33,736	(5,369)
Realized (loss) on sale of donated stocks	<u>(296)</u>	<u>(409)</u>
Investment return	<u>\$ 464,513</u>	<u>\$ 275,946</u>

Note 4 – Leasehold improvements, office property and equipment

A summary of leasehold improvements, office property, equipment and accumulated depreciation and amortization as of January 31, 2018 and January 31, 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Medical equipment	\$1,094,595	\$ 960,558
Leasehold improvements	25,344	25,344
Office equipment	20,481	20,481
Furniture and fixtures	<u>13,445</u>	<u>12,262</u>
Sub-total	1,153,865	1,018,645
Less: Accumulated depreciation and amortization	<u>1,002,165</u>	<u>874,908</u>
Total	<u>\$ 151,700</u>	<u>\$ 143,737</u>

THE ALS ASSOCIATION – GREATER NY CHAPTER

Notes to Financial Statements (continued)

January 31, 2018 and January 31, 2017

Note 5 – Analysis of special events

	Sports Dinner		Association Sponsored Events		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Gross revenue	\$1,039,972	\$1,011,665	\$2,743,483	\$2,589,539	\$3,783,455	\$3,601,204
Less expenses	<u>338,013</u>	<u>434,263</u>	<u>1,036,023</u>	<u>925,884</u>	<u>1,374,036</u>	<u>1,360,147</u>
Net revenue from special events	<u>\$ 701,959</u>	<u>\$ 577,402</u>	<u>\$1,707,460</u>	<u>\$1,663,655</u>	<u>\$2,409,419</u>	<u>\$2,241,057</u>

Note 6 – Revenue sharing

Revenue sharing to the National ALS Association for the 2018 and 2017 fiscal years totaled \$272,578 and \$350,242, respectively, which was allocated to program services and support activity based on the National ALS Association's current revenue sharing plan agreement. In addition, during the 2017 fiscal year, the National ALS Association refunded the Association \$21,846 in connection with an over reporting of revenue in connection with 2016's revenue sharing.

Note 7 – Lease agreement

During 2008, the Association entered into a lease agreement for office space. During December 2017, the Association modified its lease agreement, to acquire additional space and to extend the term of the lease effective May 2018 until June 2028.

Occupancy expense for the 2018 and 2017 fiscal years totaled \$257,178 and \$248,666, respectively.

Effective February 1, 2018, the base rental expense is being recognized on a straight-line basis over the life of the lease rather than in accordance with the actual lease payments. The difference between rent expense incurred by the Association on an accrual basis and the rent actually paid will be reported as a deferred rent liability in the statement of financial position.

THE ALS ASSOCIATION – GREATER NY CHAPTER

Notes to Financial Statements (continued)
January 31, 2018 and January 31, 2017

Note 7 – Lease agreement (continued)

At January 31, 2018 future minimum lease payments under the modified agreement are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 217,945
2020	283,107
2021	290,190
2022	297,444
2023	304,875
2024 and thereafter	<u>1,788,638</u>
Total	<u>\$ 3,182,199</u>

Note 8 – Temporarily restricted net assets

Statutory law

The Association follows New York State Not-for-Profit Corporation Law (N-PCL) when adhering to donor-restricted contributions.

Temporarily restricted net assets are available for the following purposes as of January 31, 2018 and January 31, 2017:

<u>Purpose</u>	<u>2018</u>			
	<u>Balance at January 31, 2017</u>	<u>Support and Other</u>	<u>Released from Restrictions</u>	<u>Balance at January 31, 2018</u>
Research	\$ 12,146	\$ -	\$ -	\$ 12,146
Patient services	65,999	140	(8,000)	58,139
Time restricted	<u>265,729</u>	<u>65,000</u>	<u>(265,729)</u>	<u>65,000</u>
Total	<u>\$ 343,874</u>	<u>\$ 65,140</u>	<u>\$(273,729)</u>	<u>\$ 135,285</u>
<u>Purpose</u>	<u>2017</u>			
	<u>Balance at January 31, 2016</u>	<u>Support and Other</u>	<u>Released from Restrictions</u>	<u>Balance at January 31, 2017</u>
Research	\$ 12,146	\$ -	\$ -	\$ 12,146
Patient services	74,606	154	(8,761)	65,999
Time restricted	<u>60,000</u>	<u>265,729</u>	<u>(60,000)</u>	<u>265,729</u>
Total	<u>\$ 146,752</u>	<u>\$ 265,883</u>	<u>\$ (68,761)</u>	<u>\$ 343,874</u>

THE ALS ASSOCIATION – GREATER NY CHAPTER**Notes to Financial Statements (continued)
January 31, 2018 and January 31, 2017****Note 9 – Retirement plan**

The Association has a SIMPLE IRA where employees can contribute a portion of their salary not to exceed limits established by the Internal Revenue Code. The Association matches employee contributions up to 3% of the employee's compensation. Expense associated with this plan for the 2018 and 2017 fiscal years totaled \$44,629 and \$40,049, respectively.

Note 10 – Commitments and related party transaction

During June 2016, the Association entered into a retirement agreement with the Association's President and CEO, who is also the Association's founder, effective September 30, 2016 (the "retirement date"), at which time all payments were made in accordance to the retirement agreement. Following the retirement date, the former President and CEO became the Association's President Emeritus and was added to the Association's Honorary Board of Directors. In addition, during June 2016, the Association entered into a consulting agreement with the Association's President and CEO for a period of one year, which was effective October 1, 2016.

In May of 2017, the former President and CEO resumed her previous role, became a full time employee and the consulting agreement was suspended. This arrangement was in effect until December of 2017, when a replacement assumed the role of President & CEO. In January of 2018, the consulting agreement resumed with the final payment being made in May of 2018.

Note 11 – Legal proceeding

The Association is currently involved in a legal proceeding arising in the ordinary course of business and is being handled by the Association's insurance carrier. The matter is currently pending settlement and in the opinion of management of the Association, based upon advice of legal counsel, the resolution of the matter will not have a material effect on the Association's financial statements.

Note 12 – Tax-exempt status

The Association has been classified by the Internal Revenue Service ("IRS") as a publicly supported organization classified under Section 170 (b)(1)(A)(vi) and 509(a)(1) of the Internal Revenue Code (the "Code") and that it is exempt from Federal income taxes under Section 501(c)(3) of the Code. In addition, the Association has been determined by the IRS to be a publicly supported organization and not a private foundation under the meaning of Section 509(a) of the Code, therefore contributions qualify for the maximum charitable deduction by donors under IRC Section 170 (b)(1)(A)(vi).