

**THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JANUARY 31, 2021 AND 2020**

**THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION  
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YEARS ENDED JANUARY 31, 2021 AND 2020**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Amyotrophic Lateral Sclerosis Association  
Washington, DC

We have audited the accompanying financial statements of The Amyotrophic Lateral Sclerosis Association, which comprise the statements of financial position as of January 31, 2021 and 2020, 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.

### ***Auditors' 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 audit 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 auditors' 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.

Board of Directors  
The Amyotrophic Lateral Sclerosis Association

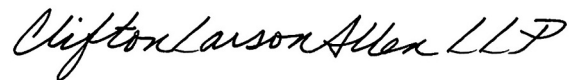
***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Amyotrophic Lateral Sclerosis Association as of January 31, 2021 and 2020, 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.

**Other Matters**

*Change in Accounting Principles*

As discussed in Note 1 to the financial statements, in 2020 The Amyotrophic Lateral Sclerosis Association adopted new accounting guidance for contributions made. Our opinion is not modified with respect to these matters.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Arlington, Virginia  
June 7, 2021

**THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**JANUARY 31, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 6,170,542	\$ 5,085,006
Investments in Marketable Securities	78,834,650	79,137,065
Receivables:		
Bequests, Net	1,863,603	1,372,816
Chapter, Net	4,057,412	2,418,418
Pledges, Net	1,676,741	2,410,100
Other	203,455	196,562
Prepaid Expenses and Deposits	1,321,563	619,001
Construction in Progress - Software	-	3,783,556
Construction in Progress - Leasehold Improvements	-	1,497,447
Beneficial Interest in Perpetual Trusts	844,658	1,091,393
Contributions Receivable from Remainder Trusts	292,730	264,622
Property and Equipment, Net	5,019,544	157,666
	<u>\$ 100,284,898</u>	<u>\$ 98,033,652</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Grants Payable	\$ 271,383	\$ 1,142,569
Accounts Payable and Accrued Expenses	2,762,825	4,733,477
PPP Loan	1,613,120	-
Annuity Payment Liability	1,041,709	853,282
Deferred Rent	1,516,176	1,092,682
Deferred Revenue	10,000	15,350
Total Liabilities	<u>7,215,213</u>	<u>7,837,360</u>
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	31,453,230	39,169,831
Board Designated Mission Sustainability Fund	5,649,254	-
Board Designated Reserve Fund	40,000,000	40,000,000
Total Without Donor Restrictions	<u>77,102,484</u>	<u>79,169,831</u>
With Donor Restrictions	<u>15,967,201</u>	<u>11,026,461</u>
Total Net Assets	<u>93,069,685</u>	<u>90,196,292</u>
	<u>\$ 100,284,898</u>	<u>\$ 98,033,652</u>

See accompanying Notes to Financial Statements.

**THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JANUARY 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 12,022,025	\$ 7,584,741	\$ 19,606,766
Bequests	3,405,490	(121,609)	3,283,881
Chapters	5,666,851	3,298,848	8,965,699
Events, Net of Expenses	1,016,556	1,100	1,017,656
Federated Campaigns	53,328	-	53,328
Investment Income	7,392,584	669,572	8,062,156
Other Income	53,274	-	53,274
Gain on Beneficial Interest in Perpetual Trusts	-	44,633	44,633
Change in Value of Split-Interest Agreements	-	29,495	29,495
Net Assets Released from Restrictions	<u>6,566,040</u>	<u>(6,566,040)</u>	<u>-</u>
<b>Total Support and Revenue</b>	<b>36,176,148</b>	<b>4,940,740</b>	<b>41,116,888</b>
<b>OPERATING EXPENSES</b>			
Research Grants	12,483,281	-	12,483,281
Patient and Community Services	11,512,369	-	11,512,369
Public and Professional Education	<u>4,074,358</u>	<u>-</u>	<u>4,074,358</u>
<b>Total Program Services</b>	<b>28,070,008</b>	<b>-</b>	<b>28,070,008</b>
Fundraising	7,151,837	-	7,151,837
Management and General	<u>3,021,650</u>	<u>-</u>	<u>3,021,650</u>
<b>Total Operating Expenses</b>	<b>38,243,495</b>	<b>-</b>	<b>38,243,495</b>
<b>CHANGES IN NET ASSETS FROM OPERATIONS</b>	<b>(2,067,347)</b>	<b>4,940,740</b>	<b>2,873,393</b>
<b>NON-OPERATING ACTIVITY</b>			
Contributed Services - Public Service Announcements Revenue	21,606,777	-	21,606,777
Contributed Services - Public Service Announcements Expense	<u>(21,606,777)</u>	<u>-</u>	<u>(21,606,777)</u>
<b>Total Non-Operating Activity</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CHANGES IN NET ASSETS</b>	<b>(2,067,347)</b>	<b>4,940,740</b>	<b>2,873,393</b>
Net Assets - Beginning of Year	<u>79,169,831</u>	<u>11,026,461</u>	<u>90,196,292</u>
<b>NET ASSETS - END OF YEAR</b>	<b><u>\$ 77,102,484</u></b>	<b><u>\$ 15,967,201</u></b>	<b><u>\$ 93,069,685</u></b>

See accompanying Notes to Financial Statements.

**THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JANUARY 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 15,099,980	\$ 2,871,325	\$ 17,971,305
Bequests	1,857,294	2,627,765	4,485,059
Chapters	6,967,554	2,924,860	9,892,414
Events, Net of Expenses	1,577,870	-	1,577,870
Federated Campaigns	107,805	-	107,805
Investment Income	6,622,488	587,974	7,210,462
Other Income	114,771	-	114,771
Gain on Beneficial Interest in Perpetual Trusts	-	58,591	58,591
Change in Value of Split-Interest Agreements	-	(33,766)	(33,766)
Net Assets Released from Restrictions	8,566,052	(8,566,052)	-
Total Support and Revenue	40,913,814	470,697	41,384,511
 <b>EXPENSES</b>			
Research Grants	18,352,163	-	18,352,163
Patient and Community Services	10,463,835	-	10,463,835
Public and Professional Education	4,052,273	-	4,052,273
Total Program Services	32,868,271	-	32,868,271
Fundraising	5,954,947	-	5,954,947
Management and General	2,803,716	-	2,803,716
Total Operating Expenses	41,626,934	-	41,626,934
 <b>CHANGES IN NET ASSETS FROM OPERATIONS</b>	(713,120)	470,697	(242,423)
 <b>NON-OPERATING ACTIVITY</b>			
Contributed Services - Public Service Announcements Revenue and Other	40,066,257	-	40,066,257
Contributed Services - Public Service Announcements Expense and Other	(40,066,257)	-	(40,066,257)
Total Non-Operating Activity	-	-	-
 <b>TOTAL CHANGES IN NET ASSETS</b>	(713,120)	470,697	(242,423)
 Net Assets - Beginning of Year	79,882,951	10,555,764	90,438,715
 <b>NET ASSETS - END OF YEAR</b>	<b>\$ 79,169,831</b>	<b>\$ 11,026,461</b>	<b>\$ 90,196,292</b>

See accompanying Notes to Financial Statements.

**THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JANUARY 31, 2021**

	Program Services			Supporting Services			Total Functional Expenses
	Research Grants	Patient and Community Services	Public and Professional Education	Total Program Services	Fund-Raising	Management and General	
<b>EXPENSES</b>							
Operating Expenses:							
Grant Awards	\$ 10,955,765	\$ -	\$ -	\$ 10,955,765	\$ -	\$ -	\$ 10,955,765
Chapter Support	-	3,562,499	253	3,562,752	500	953	3,564,205
Salaries and Related Expenses	980,514	5,553,880	2,048,838	8,583,232	2,216,709	1,624,534	12,424,475
Printing and Publications	1,562	279,213	29,294	310,069	21,161	1,105	332,335
Professional Fees and Contract Services	235,807	827,878	1,478,120	2,541,805	4,121,092	884,071	7,546,968
Postage and Shipping	88	30,211	268	30,567	10,706	3,928	45,201
Occupancy	29,361	288,339	72,700	390,400	143,333	58,061	591,794
Travel and Conferences	193,416	401,112	41,458	635,986	66,753	112,674	815,413
Telecommunications	9,039	94,974	55,862	159,875	39,994	17,570	217,439
Office Supplies	1,064	40,197	92,238	133,499	17,854	11,203	162,556
Dues and Subscriptions	6,554	7,390	81,164	95,108	25,583	43,695	164,386
Depreciation and Miscellaneous Equipment	70,057	410,031	174,030	654,118	359,564	161,576	1,175,258
Credit Card Fees and Other	54	91,351	133	91,538	128,588	102,280	322,406
Subtotal	12,483,281	11,587,075	4,074,358	28,144,714	7,151,837	3,021,650	38,318,201
Less: Special Event Expenses	-	(74,706)	-	(74,706)	-	-	(74,706)
Total Operating Expenses	12,483,281	11,512,369	4,074,358	28,070,008	7,151,837	3,021,650	38,243,495
Non-Operating Expenses:							
Contributed Services - Public Services							-
Announcements and Other Services	-	-	21,606,777	21,606,777	-	-	21,606,777
Total Expenses	<u>\$ 12,483,281</u>	<u>\$ 11,512,369</u>	<u>\$ 25,681,135</u>	<u>\$ 49,676,785</u>	<u>\$ 7,151,837</u>	<u>\$ 3,021,650</u>	<u>\$ 59,850,272</u>

See accompanying Notes to Financial Statements.



**THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JANUARY 31, 2020**

	Program Services			Supporting Services			Total Functional Expenses
	Research Grants	Patient and Community Services	Public and Professional Education	Total Program Services	Fund-Raising	Management and General	
<b>EXPENSES</b>							
Operating Expenses:							
Grant Awards	\$ 17,003,505	\$ -	\$ -	\$ 17,003,505	\$ -	\$ -	\$ 17,003,505
Chapter Support	987	3,389,963	2,800	3,393,750	4,561	2,973	3,401,284
Salaries and Related Expenses	573,566	4,640,083	1,739,094	6,952,743	1,843,669	1,881,590	10,678,002
Printing and Publications	1,518	349,942	22,030	373,490	38,752	1,151	413,393
Professional Fees and Contract Services	405,336	622,305	1,551,471	2,579,112	3,325,970	286,285	6,191,367
Postage and Shipping	363	23,276	918	24,557	8,239	12,186	44,982
Occupancy	39,914	358,337	113,205	511,456	184,367	82,949	778,772
Travel and Conferences	296,219	926,292	425,029	1,647,540	359,763	363,960	2,371,263
Telecommunications	10,715	109,562	70,512	190,789	47,315	22,755	260,859
Office Supplies	2,273	36,918	22,339	61,530	16,580	8,073	86,183
Dues and Subscriptions	11,101	32,644	89,050	132,795	23,864	36,954	193,613
Depreciation and Miscellaneous Equipment	6,584	37,667	15,590	59,841	20,082	20,960	100,883
Credit Card Fees and Other	82	104,401	235	104,718	81,785	83,880	270,383
Subtotal	18,352,163	10,631,390	4,052,273	33,035,826	5,954,947	2,803,716	41,794,489
Less: Special Event Expenses	-	(167,555)	-	(167,555)	-	-	(167,555)
Total Operating Expenses	18,352,163	10,463,835	4,052,273	32,868,271	5,954,947	2,803,716	41,626,934
Non-Operating Expenses:							
Contributed Services - Public Services							
Announcements and Other Services	-	-	40,066,257	40,066,257	-	-	40,066,257
Total Expenses	<u>\$ 18,352,163</u>	<u>\$ 10,463,835</u>	<u>\$ 44,118,530</u>	<u>\$ 72,934,528</u>	<u>\$ 5,954,947</u>	<u>\$ 2,803,716</u>	<u>\$ 81,693,191</u>

See accompanying Notes to Financial Statements.

**THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JANUARY 31, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 2,873,393	\$ (242,423)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization	1,105,513	66,309
Loss on Disposal of Property and Equipment	-	55,457
Change in Value of Charitable Remainder Trusts	(28,108)	(55,442)
Net Realized and Unrealized Losses (Gains) in Beneficial Interests in Perpetual Trusts	246,735	(74,378)
Net Realized and Unrealized Gains on Investments	(6,269,029)	(4,609,650)
Changes in Operating Assets and Liabilities:		
Receivables:		
Bequests, Net	(490,787)	(56,721)
Chapters, Net	(1,638,994)	549,913
Pledges, Net	733,359	1,032,251
Other	(6,893)	(5,615)
Prepaid Expenses and Deposits	(702,562)	(442,577)
Grants Payable	(871,186)	(1,675,858)
Accounts Payable and Accrued Expenses	(1,970,652)	2,663,262
Annuity Payment Liability	188,427	(80,346)
Deferred Rent	423,494	(53,936)
Deferred Revenue	(5,350)	15,350
Net Cash Used by Operating Activities	(6,412,640)	(2,914,404)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(686,388)	(187,372)
Construction in Progress - Leasehold Improvements	-	(406,557)
Construction in Progress - Software	-	(2,616,076)
Purchases of Investments	(7,413,795)	(4,115,535)
Proceeds from Sold and Matured Investments	13,985,239	3,260,636
Net Cash Provided (Used) by Investing Activities	5,885,056	(4,064,904)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from PPP Loan	1,613,120	-
Net Cash Provided by Financing Activities	1,613,120	-
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	1,085,536	(6,979,308)
Cash and Cash Equivalents - Beginning of Year	5,085,006	12,064,314
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 6,170,542	\$ 5,085,006
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES</b>		
Leasehold Improvements Paid by the Landlord	\$ -	\$ 1,909,890

See accompanying Notes to Financial Statements.

**THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JANUARY 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Amyotrophic Lateral Sclerosis Association (the Association) was organized in 1985 through the merger of its predecessors, The Amyotrophic Lateral Sclerosis Society of America and The National ALS Foundation, Inc. The Association's mission priorities are to fund research directed at finding a treatment, the cause and cure for the disease, amyotrophic lateral sclerosis (ALS), commonly known as "Lou Gehrig's Disease;" to provide clinical, educational and other programs and services to people living with ALS and their families, health care professionals and other key stakeholders; and to increase public awareness through public policy and advocacy efforts at both the national and state levels.

The Association is a not-for-profit, voluntary health organization, exempt, together with its affiliated chapters, from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code). The Association and its chapters are classified collectively as a publicly supported charitable organization under Section 509(a)(1) and qualify for the maximum charitable contribution deduction by donors under Section 170(b)(1)(A)(vi) of the Code.

These financial statements do not include the accounts of affiliated chapters as, subject to their agreements with the Association, they are independently controlled by their own governing boards. These financial statements, however, do include amounts earned and owed to the Association through revenue share and loan arrangements which are controlled by affiliation and charter agreements, or separate loan documents with the chapters.

**Basis of Accounting**

The Association prepares its financial statements in accordance with generally accepted accounting principles (GAAP) in the United State of America.

**Adoption of Accounting Standards Update**

During the year ended January 31, 2021, the Association adopted the contributions made portion of Accounting Standards Update (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The adoption of the contributions made portion of ASU 2018-08 had no effect on the Association's financial statements as of and for the year ended January 31, 2021.

**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 that affect certain reported amounts and disclosures. Actual results could differ from estimates.

**THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JANUARY 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

Cash and cash equivalents consist of money market funds and other highly liquid investments with original maturities of 90 days or less to be cash equivalents.

At January 31, 2021 and 2020, the cash and cash equivalents balance included approximately \$44,000 and \$26,000, respectively, which are earmarked for annuity obligations.

**Investments**

Investments are initially recorded at cost if purchased, or at fair value at the date of donation if contributed. Investment income (loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses. Subsequent to acquisition, investments are reported at their fair value. Investment income is recognized within net assets without donor restrictions unless their use is restricted by donors to a specified purpose or future period. The fair value of investments in securities traded on a national securities exchange are valued at the closing price on the last business day of the fiscal year, whereas securities traded on the over-the-counter market are valued at the last reported bid price.

**Construction in Progress - Software**

During 2020 and continuing into 2021, the Association maintained agreements with software vendors and implementation partners to adopt a new donor and constituent management system. The implementation costs were capitalized when the system was deemed operational during 2021, at which point the Association began amortizing these charges. As of January 31, 2021 and 2020, the Association had capitalized approximately \$0 and \$3,800,000, respectively, in implementation costs.

**Property and Equipment**

Expenditures for property and equipment in excess of \$1,000 are capitalized at cost or, for donated assets, fair value as of the date of acquisition. Depreciation and amortization is calculated on a straight-line basis over the estimated useful lives of three to five years.

**Research Grant Expense**

Conditional research grants are expensed by the Association as the researchers substantially meet the terms and conditions of the grant during the grant period. Unconditional research grants are expensed when made.

**THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JANUARY 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets**

For financial statement purposes, net assets consist of the following:

- Net assets without donor restrictions include net assets which are available for general operations of the Association. A significant portion of the Association's net assets without donor restrictions has been designated for certain purposes by the board of trustees as noted on the accompanying statements of financial position.
- Net assets with donor restrictions represent amounts that are specifically restricted by donors or grantors for various purposes, for use in future time periods or are to be held in perpetuity as directed by the original donor.

**Contributions and Bequests**

Contributions, including endowment gifts and pledges, are recognized as support in the period received or pledged. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Amortization of the discount to present value is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Bequests are recognized at the time the Association's right to them is established by a court and the proceeds are subject to reasonable estimation. Bequests receivable are shown net of an allowance for present value discount of approximately \$268,000 and \$299,000 at January 31, 2021 and 2020, respectively.

Donations and bequests received with donor stipulations as to their intended use are reported in the statements of activities as restricted support. Net assets with donor restrictions are reclassified as net assets without donor restrictions when restrictions are met (that is, when a stipulated time restriction ends or a purpose restriction is accomplished).

**In-Kind Contributions**

The Association produces and distributes public service television announcements that focus attention on ALS education and awareness. These public service announcements are distributed to media stations nationwide and run free of charge. The Association has contracted with an independent outside agency to track the date and time that each public service announcement runs, and the value of the announcements is based on the date, time, and market in which the announcement is aired. For the years ended January 31, 2021 and 2020, the Association recorded approximately \$21,607,000 and \$40,066,000, respectively, in contributed public service announcement air time.

**THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JANUARY 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Split-Interest Agreements and Beneficial Interests in Trusts**

The Association is the beneficiary in various split-interest agreements with donors primarily consisting of charitable gift annuities, perpetual trusts and charitable remainder trusts. The Association recognizes contribution revenue on the net amount of assets received and liabilities assumed on the agreements, as contribution revenue with donor restrictions. Assets held under the agreements are stated at fair value.

The Association pays a variable annuity amount equal to the specified percentage of the fair value of assets on the date of payment to the donors or the donors' designees for the remainder of their lives. The liability under these agreements is recognized at the present value of estimated future payments based on actuarial assumptions. Adjustments to the liability to reflect changes in actuarial assumptions and amortization of discount are recognized in the statements of activities.

Beneficial interests in perpetual trusts are recognized as revenue when the Association is notified of the trust's existence in accordance with the terms and provisions of the trust. The fair value of the contribution is estimated using the fair value of the assets contributed to the trust, unless facts and circumstances indicate that the fair value of the beneficial interest differs from the fair value of the assets contributed to the trust. The contribution is deemed to have donor restrictions, and annual distributions from the trust are reported as investment income that increases net assets without donor restrictions. At each reporting date, the beneficial interest is re-measured at fair value using the same valuation technique that was used to measure the asset initially and the change in fair value is recognized as gains or losses from donor restrictions.

The Association is the beneficiary of two charitable remainder trusts for which the Association is not the trustee. The Association recognizes the present value of the estimated future benefits to be received when the trust assets are distributed as contribution revenue with donor restrictions and as a receivable. Adjustments to the receivable to reflect amortization of the discount and revaluation of the present value of the estimated future payments to the lifetime beneficiary are recognized in the statements of activities as change in value of split-interest agreements.

**Functional Expenses**

The costs of providing various programs and activities of the Association have been summarized on a functional basis in the statements of activities and functional expenses. The majority of expenses are directly identified with a program activity or supporting service.

Certain categories of expenses are attributable to one or more program or supporting services of the Association. Those expenses include depreciation, rent, utilities and information technology charges. These costs are allocated ratably to functions based on the level of cost incurred in the specific function after adjusting out large expenses like grants or contributed public service announcements. Executive office salaries are not allocated to program functions.

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Allocation of Joint Costs**

The Association incurred joint costs for informational mailings that included fundraising appeals. The Association is permitted through accounting guidance to allocate to its programs a portion of its costs associated with its fundraising efforts. Costs are allocated between program and fundraising based on the percentage of words used for each purpose in a mailing.

For the year ended January 31, 2021, joint costs approximated \$1,403,000 and \$305,000 for fundraising and program services, respectively. For the year ended January 31, 2020, joint costs approximated \$1,382,000 and \$275,000 for fundraising and program services, respectively.

**Income Taxes**

The Association did not have any unrelated taxable income for the years ended January 31, 2021 and 2020. Accordingly, no provision for income taxes has been provided in the financial statements.

The Association follows the accounting standard regarding the recognition and measurement of uncertain tax positions. The Association evaluated its tax positions and determined that its positions are more-likely-than-not to be sustained on examination. The Association's tax returns are subject to review and examination by federal and state authorities.

**Fair Value of Financial Instruments**

**Fair Value Measurements**

The Association accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement. The Association has categorized these financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Association has the ability to access.

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value of Financial Instruments (Continued)**

Fair Value Measurements (Continued)

*Level 2* – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include, among others, quoted prices for similar assets or liabilities in active market or non-active market.

*Level 3* – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management’s own assumptions about the assumptions a market participant would use in pricing the asset or liability.

**Operating Measure**

For purposes of this presentation, the Association considers contributed service revenue and expense activity as non-operating for financial statement reporting purposes.

**Subsequent Events**

In preparing these financial statements, the Association continues to evaluate events and transactions for potential recognition or disclosure through June 7, 2021, the date the financial statements were available to be issued.

Subsequent to year-end, the coronavirus COVID-19 pandemic continues to be a concern to the Association. The pandemic was initially declared by the World Health Organization in March 2020 and had a significant impact on the economy resulting in a downturn in fundraising revenue for the Association as well as requiring the Association to cancel in-person events and conferences.

Given the ongoing status of the pandemic, the Association continues to monitor the economic recovery and its own ability to resume normal business activities. The Association expects continued revenue shortfall due to the economic concerns and continued restrictions on in-person gatherings in fiscal year 2022.

Maintaining necessary cash flow will continue to be paramount as the Association continues to address these issues. As of June 7, 2021, the amount and likelihood of losses relating to these ongoing events is not yet determinable.



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**NOTE 2 LIQUIDITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statement of financial position date, comprise the following as of January 31:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 6,170,542	\$ 5,085,006
Investments in Marketable Securities	78,834,650	79,137,065
Receivables	7,801,211	6,397,896
Beneficial Interest in Perpetual Trusts	844,658	1,091,393
Contributions Receivable from Remainder Trusts	<u>292,730</u>	<u>264,622</u>
	93,943,791	91,975,982
Less: Contractual or Donor-imposed Restrictions:		
Endowment Gifts	(6,516,315)	(6,516,315)
Other Donor Restrictions	(9,450,886)	(4,510,146)
Less: Board Designated Reserve Fund	(40,000,000)	(40,000,000)
Less: Board Designated Mission Sustainability Fund	<u>(5,649,254)</u>	<u>-</u>
	<u>(61,616,455)</u>	<u>(51,026,461)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 32,327,336</u>	<u>\$ 40,949,521</u>

The majority of the Association's available assets, which are invested according to a board-approved policy, are currently being used to supplement additional spending in research and patient and community services functions. For example, the available net assets can be used to fund approximately \$11,532,000 and \$16,800,000 of conditional research commitments as of January 31, 2021 and 2020, respectively, as disclosed in Note 12 of these financial statements.

During the year ending January 31, 2020, the Association's board of trustees established a board designated Reserve Fund to earmark a baseline level of net assets that the Association can utilize to maintain appropriate spending during an economic downturn or to further invest in the operations of the Association.

During the year ending January 31, 2021, the Association's board of trustees established a board designated Mission Sustainability Fund to earmark a portion of net assets that the Association can utilize to support Chapter operations during the ongoing uncertainty of the COVID-19 pandemic by ensuring Chapters have adequate resources to provide services to their constituents.

**THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION**  
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**NOTE 3 CONCENTRATIONS**

**Credit Risk**

The Association maintains demand deposits and money market funds with commercial financial institutions, the aggregate balance of which may, at times, exceed the Federal Deposit Insurance Corporation insured limit. The uninsured portions of these accounts are backed solely by the assets of the underlying institutions. Therefore, the failure of an underlying institution could result in financial loss to the Association.

**Market Value Risk**

The Association also invests in professionally managed portfolios containing various marketable debt and equity securities. Such investments are exposed to market and credit risks and may be subject to significant fluctuations in fair value. As a result, the investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

**NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS**

The Association uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the valuation methodologies used at January 31, 2021 and 2020.

*Mutual Funds* – The mutual funds in which the Association invests make their net asset values publicly available daily, to set the price for purchases and redemptions the following day. The investments held by these mutual funds are required by the Securities and Exchange Commission (SEC) to be measured daily at fair value. Therefore, mutual funds are valued at the published net asset value of share at the measurement date. The resulting fair value estimate is a Level 1 measure.

*Equity Securities* – Values measured using quoted market prices. The resulting fair value estimate is a Level 1 measure.

*Private Equity Securities* – Values measured using net asset value of share at a measurement date that is not readily measured or published on a regular basis. The resulting fair value estimate is a Level 3 measure.

*Corporate Bonds, Government Agency Securities, Mortgage Securities* – Values measured using identical assets in less active markets, such as dealer or broker markets, or survey of the dealer community by obtaining broker/dealer quotes on a daily basis. The resulting fair value estimate is a Level 2 measure.

*Split-Interest Agreements and Beneficial Interests in Perpetual Trusts* – Values measured using assumptions about the fair value of underlying trust assets, discounted cash flows and other present value techniques. The resulting fair value estimate is a Level 3 measure.

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**NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

The following tables present the Association's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of January 31, 2021:

	Level 1	Level 2	Level 3	Total
<u>Assets</u>				
Mutual Funds	\$ 61,102,154	\$ -	\$ -	\$ 61,102,154
Equity Securities	17,410,691	-	-	17,410,691
Private Equity	-	-	250,000	250,000
Government Agency Obligations	-	71,805	-	71,805
Total Investments	<u>78,512,845</u>	<u>71,805</u>	<u>250,000</u>	<u>78,834,650</u>
Beneficial Interest in				
Perpetual Trusts	-	-	844,658	844,658
Contributions Receivable from				
Charitable Remainder Trusts	-	-	292,730	292,730
Total Assets at Fair Value	<u>\$ 78,512,845</u>	<u>\$ 71,805</u>	<u>\$ 1,387,388</u>	<u>\$ 79,972,038</u>
<u>Liabilities</u>				
Annuity Payment Liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,041,709</u>	<u>\$ 1,041,709</u>

The following tables present the Association's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of January 31, 2020:

	Level 1	Level 2	Level 3	Total
<u>Assets</u>				
Mutual Funds	\$ 59,261,346	\$ -	\$ -	\$ 59,261,346
Equity Securities	16,139,010	-	-	16,139,010
Corporate Bonds	-	1,796,958	-	1,796,958
Government Agency Obligations	-	1,939,751	-	1,939,751
Total Investments	<u>75,400,356</u>	<u>3,736,709</u>	<u>-</u>	<u>79,137,065</u>
Beneficial Interest in				
Perpetual Trusts	-	-	1,091,393	1,091,393
Contributions Receivable from				
Charitable Remainder Trusts	-	-	264,622	264,622
Total Assets at Fair Value	<u>\$ 75,400,356</u>	<u>\$ 3,736,709</u>	<u>\$ 1,356,015</u>	<u>\$ 80,493,080</u>
<u>Liabilities</u>				
Annuity Payment Liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 853,282</u>	<u>\$ 853,282</u>

Investments include approximately \$2,001,000 and \$1,642,000 to cover annuity obligations for the years ended January 31, 2021 and 2020, respectively.

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**NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table provides a summary of changes in the fair value of the Association's Level 3 assets and liabilities:

	Private Equity	Beneficial Interest in Perpetual Trusts	Contributions Receivable from Charitable Remainder Trust	Annuity Payment Liability
Balance - January 31, 2019	\$ -	\$ 1,017,015	\$ 209,180	\$ (933,628)
Change in Valuation	-	74,378	55,442	-
New Annuities	-	-	-	(12,723)
Annuity Payments and Releases	-	-	-	182,276
Gain from Annuity	-	-	-	(89,207)
Balance - January 31, 2020	-	1,091,393	264,622	(853,282)
Change in Valuation	-	44,633	28,108	-
Purchases	250,000	-	-	-
New Annuities	-	-	-	(330,115)
Annuity Payments and Releases	-	-	-	172,632
Loss from Annuity	-	-	-	(30,944)
Write off of Trust Receivable	-	(291,368)	-	-
Balance - January 31, 2021	<u>\$ 250,000</u>	<u>\$ 844,658</u>	<u>\$ 292,730</u>	<u>\$ (1,041,709)</u>

Investment income consists of the following for the years ended January 31:

	2021	2020
Interest and Dividends	\$ 1,985,828	\$ 2,782,381
Realized/Unrealized Gain	6,269,029	4,609,650
Investment Fees	(192,701)	(181,569)
Total	<u>\$ 8,062,156</u>	<u>\$ 7,210,462</u>

**NOTE 5 CHAPTER RECEIVABLES**

Amounts receivable from chapters consisted of the following at January 31:

	2021	2020
Revenue Sharing	\$ 4,012,242	\$ 2,370,490
Less: Reserve for Doubtful Collection	(134,618)	(181,676)
	3,877,624	2,188,814
Loans Receivable	410,217	512,291
Less: Reserve for Doubtful Collection	(171,727)	(211,174)
Less: Discount to Present Value	(58,702)	(71,513)
	179,788	229,604
Total	<u>\$ 4,057,412</u>	<u>\$ 2,418,418</u>

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**NOTE 6 PLEDGES RECEIVABLE**

The Association anticipates collection of outstanding pledges receivable as follows as of January 31:

	<u>2021</u>	<u>2020</u>
Due in Less Than One Year	\$ 1,665,500	\$ 1,585,797
Due in One to Five Years	12,000	967,751
	<u>1,677,500</u>	<u>2,553,548</u>
Less: Discount to Present Value	(759)	(47,778)
Less: Reserve for Uncollectible Pledges	-	(95,670)
Total	<u>\$ 1,676,741</u>	<u>\$ 2,410,100</u>

Amounts presented above have been discounted to present value using rates ranging from 1.39% to 4.48%.

**NOTE 7 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at January 31:

	<u>2021</u>	<u>2020</u>
Furniture and Equipment	\$ 673,382	\$ 301,492
Software	4,809,092	396,302
Leasehold Improvements	1,087,224	-
	<u>6,569,698</u>	<u>697,794</u>
Less: Accumulated Depreciation and Amortization	(1,550,154)	(540,128)
Total	<u>\$ 5,019,544</u>	<u>\$ 157,666</u>

**NOTE 8 RELATED PARTY TRANSACTIONS**

During the years ended January 31, 2021 and 2020, the Association recorded contributions from board members of approximately \$103,000 and \$101,000, respectively. As of January 31, 2021 and 2020, outstanding pledges receivable from board members approximated \$18,000 and \$624,000, respectively.

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**NOTE 9 PPP LOAN**

In June 2021, the Association received a loan from a financial institution in the amount of \$1,613,120 to fund payroll, rent and utilities, through the Paycheck Protection Program (PPP Loan). The PPP Loan bears interest at a fixed rate of 1% per annum, with the first six months of interest deferred, has a term of five years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Association fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

The Association submitted its loan forgiveness application to the financial institution in January 2021. On March 22, 2021, the PPP loan was forgiven in full and paid by the SBA to the financial institution.

The Association also received a second PPP loan in the amount of \$1,613,120 on February 10, 2021. The new loan is subject to the same terms as the first loan under the PPP Flexibility Act of 2020.

**NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions and related activity consist of the following as of and for the years ended January 31:

	2021			
	Beginning	Additions	Releases	Ending
Research Awards	\$ 1,229,994	\$ 9,539,542	\$ (4,928,960)	\$ 5,840,576
Research Endowment Principal	240,000	24,624	(24,624)	240,000
Beneficial Interest in Perpetual Trust	800,025	44,633	-	844,658
Term Endowment				
Supporting Research	6,276,315	644,948	(644,948)	6,276,315
Time Restricted	2,480,127	1,253,033	(967,508)	2,765,652
Total	<u>\$ 11,026,461</u>	<u>\$ 11,506,780</u>	<u>\$ (6,566,040)</u>	<u>\$ 15,967,201</u>
	2020			
	Beginning	Additions	Releases	Ending
Research Awards	\$ 498,962	\$ 6,708,727	\$ (5,977,695)	\$ 1,229,994
Research Endowment Principal	237,382	21,624	(19,006)	240,000
Beneficial Interest in Perpetual Trust	741,434	58,591	-	800,025
Term Endowment				
Supporting Research	6,217,349	566,350	(507,384)	6,276,315
Time Restricted	2,860,637	1,681,457	(2,061,967)	2,480,127
Total	<u>\$ 10,555,764</u>	<u>\$ 9,036,749</u>	<u>\$ (8,566,052)</u>	<u>\$ 11,026,461</u>

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**NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

**Perpetual Trusts**

The Association has beneficial interests in two trusts that the Association does not administer. The investments of each trust are administered by a trustee, who is independent of the Association, and distributions are made to the Association in accordance with the trust agreement for each trust. The beneficial interests in these trusts is included in the tables above.

**NOTE 11 ENDOWMENTS**

In 2013 and 2014, the Association received a bequest totaling \$6,276,315, establishing a term endowment according to designations made by the donor. The proceeds of this bequest are to be maintained by the Association in an endowment fund for a period of ten years. Earnings from the fund are restricted to support research and may be spent on a current basis. Upon expiration of the endowment term, the corpus of the fund must also be used to support research.

In addition, the Association has another donor-restricted endowment fund. The principal of the endowment fund is to be held in perpetuity and the net earnings used to support research expenditures.

**Interpretation of Relevant Law**

Laws and regulations allow the board of trustees of the Association to appropriate so much of an endowment fund as is prudent.

As a result of this interpretation, the Association classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment maintained in perpetuity, (b) the original value of subsequent gifts to the endowment maintained in perpetuity, and (c) accumulations to the endowment maintained in perpetuity made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Association and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Association
- (7) The investment policies of the Association

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**NOTE 11 ENDOWMENTS (CONTINUED)**

**Interpretation of Relevant Law (Continue)**

The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity. Under this policy approved by the board of trustees the endowment assets are invested in a manner with long-term orientation and without undue exposure to risk.

Over the long term, the Association expects to allow its endowment to grow annually, consistent with the Association's objectives to maintain the purchasing power of the endowment assets held in-perpetuity and to provide additional real growth through investment returns.

Endowment net asset composition by type and changes in endowment net assets is as follows for the years ended January 31:

	With Donor Restrictions	Total
<b>Balance, January 31, 2019</b>	\$ 6,454,731	\$ 6,454,731
Total Investment Return	587,974	587,974
Appropriations	(526,390)	(526,390)
<b>Balance, January 31, 2020</b>	6,516,315	6,516,315
Total Investment Return	669,572	669,572
Appropriations	(669,572)	(669,572)
<b>Balance, January 31, 2021</b>	<u>\$ 6,516,315</u>	<u>\$ 6,516,315</u>

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Association to retain as a fund of perpetual or specified term duration. Deficiencies of this nature are reported in net assets with donor restrictions. There were no deficiencies as of January 31, 2021 and 2020.

**NOTE 12 COMMITMENTS AND CONTINGENCIES**

**Research Grants**

The Association enters into conditional commitments semiannually to award scientific research grants. Research grants can be awarded either as a result of recommendations of the Scientific Review Committee which are approved by the board of trustees or by general authority through the research budget approved by the board of trustees. Subject to an annual review and reapproval process, these grants generally cover a period of one to three years.



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**NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Research Grants (Continued)**

Subject to the grantees meeting the applicable terms and conditions timely, conditional grants awarded to date will become payable as follows:

<u>Year Ending January 31,</u>	<u>Amount</u>
2022	\$ 8,854,534
2023	2,525,858
2024	151,231
Total	<u>\$ 11,531,623</u>

Except as previously provided for by restricted gifts, the Association's ability to meet these grant commitments may be dependent on future contributions to be received.

**Purchase Commitments**

The Association entered into other noncancellable agreements for various services including but not limited to costs for the purchase and implementation of the new donor and constituent management system. The Association's maximum commitment for these services is approximately \$2,752,000 as of January 31, 2021.

**Leases**

The Association leases offices in Virginia, Kentucky, Michigan and New Hampshire under noncancellable operating leases expiring at various dates through 2033. The leases require monthly rental payments and contain certain escalation clauses. In addition, the Association pays a pro rata share of real estate taxes and other operating expenses.

The Association also leases certain office equipment under leases expiring at various dates through 2025.

During the year ended January 31, 2020, the Association entered into a long-term lease for office space in Arlington, Virginia to replace its Washington, DC office space lease which expired in February 2020. The new lease commenced in March 2020, and expires in February 2032. The new lease requires the Association to execute a letter of credit for approximately \$50,000 for security deposit considerations. As of the January 31, 2021, and through the date of this report, no amounts have been drawn on the letter of credit.

As part of the lease arrangement for the new space, the Association received 14 months of rent abatement and was provided an allowance by the landlord to assist in building out the office space. The allowance was valued at just over \$1 million and, along with other costs incurred by the Association for the buildout, there is approximately \$1.5 million in leasehold and other buildout costs that were placed into service when the new lease commenced in 2021.

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**NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Leases (Continued)**

Minimum rental payments are due under the office and equipment leases as follows:

<u>Year Ending January 31,</u>	<u>Amount</u>
2022	\$ 470,790
2023	608,621
2024	618,794
2025	582,924
2026	595,383
Thereafter	<u>3,955,710</u>
Total	<u>\$ 6,832,222</u>

Rent expense under office and equipment leases amounted to approximately \$592,000 and \$779,000 for the years ended January 31, 2021 and 2020, respectively.

**Loan Management Account**

As a way to manage potential cash flow shortfalls, the Association established a Loan Management Account (LMA) credit facility with its investment advisor in May 2020. The LMA functions similarly to a margin account. The LMA is collateralized by a portion of the Association's investment portfolio and allows the Association to draw up to \$9.95 million to help facilitate short term cash flow needs. There was no amount drawn on this credit facility as of January 31, 2021.

**NOTE 13 EMPLOYEE BENEFIT PLAN**

The Association maintains a 401(k) defined contribution plan which is subject to limitations set forth by the Internal Revenue Code. The plan covers all employees who meet the requirements of the plan. The Association provides a 3% contribution to the plan on behalf of each eligible employee as well as an additional matching contribution of up to 4% if the employee makes a corresponding contribution. The total expenses relating to the plan were approximately \$584,000 and \$485,000 for the years ended January 31, 2021 and 2020, respectively.