

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Financial Statements

Years Ended December 31, 2022 and 2021



**LES
TURNER
ALS
FOUNDATION**®

WIPFLI

Independent Auditor's Report

To the Board of Directors
Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.
Skokie, Illinois

Opinion

We have audited the financial statements of Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd. (the "Foundation"), a nonprofit organization, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Wipfli LLP

Wipfli LLP

June 23, 2023

Lincolnshire, Illinois

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Statements of Financial Position

<i>December 31,</i>	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 945,581	\$ 2,601,966
Certificates of deposit	1,725,801	-
Contributions receivable	103,899	269,407
Other receivable	97,333	267,789
Prepaid expenses	72,724	69,443
Total current assets	2,945,338	3,208,605
Property and equipment at cost:		
Leasehold improvements	55,777	55,777
Furniture, fixtures, and equipment	316,987	306,706
Right of use assets - operating	691,482	-
Total property and equipment at cost	1,064,246	362,483
Less accumulated depreciation and amortization	342,086	332,951
	722,160	29,532
Other assets:		
Intangible assets, net	89,382	90,407
Deposits	7,254	7,254
Total other assets	96,636	97,661
Total assets	\$ 3,764,134	\$ 3,335,798
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 53,373	\$ 52,457
Grant obligations - Les Turner ALS Center at Northwestern Medicine	810,000	986,983
Current obligations - operating lease	85,362	-
Deferred income	13,000	5,000
Total current liabilities	961,735	1,044,440
Operating lease, non-current	637,132	-
Total liabilities	1,598,867	1,044,440
Net assets:		
Without donor restriction	1,826,066	1,922,927
With donor restriction	339,201	368,431
Total net assets	2,165,267	2,291,358
Total liabilities and net assets	\$ 3,764,134	\$ 3,335,798

See accompanying notes to financial statements.

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Statement of Activities and Change in Net Assets

<i>Year Ended December 31,</i>	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenues:			
Special events:	\$ 1,582,285	\$ 15,000	\$ 1,597,285
Direct special events costs	881,743	-	881,743
Net special events support	700,542	15,000	715,542
Grants	42,500	-	42,500
Individuals, corporations, and foundations	916,047	846,678	1,762,725
Employee Retention Credit	110,621	-	110,621
	1,769,710	861,678	2,631,388
Net assets released from donor restrictions	890,908	(890,908)	-
Total public support and revenues	2,660,618	(29,230)	2,631,388
Interest income	28,645	-	28,645
Total public support, revenue, and interest income	2,689,263	(29,230)	2,660,033
Expenses:			
Direct program services:			
Les Turner ALS Center at Northwestern Medicine:			
Research	500,000	-	500,000
Lois Insolia ALS Clinic	310,000	-	310,000
Endowed Fund	100,000	-	100,000
Education	6,190	-	6,190
Support services	843,451	-	843,451
Education	401,038	-	401,038
Total direct program services	2,160,679	-	2,160,679
Core mission support:			
Development	394,419	-	394,419
Management and general	231,026	-	231,026
Total core mission support	625,445	-	625,445
Change in net assets	(96,861)	(29,230)	(126,091)
Net assets - Beginning of year	1,922,927	368,431	2,291,358
Net assets - End of year	\$ 1,826,066	\$ 339,201	\$ 2,165,267

See accompanying notes to financial statements.

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Statement of Activities and Change in Net Assets

<i>Year Ended December 31,</i>	2021		Total
	Without Donor Restrictions	With Donor Restrictions	
Public support and revenues:			
Special events:	\$ 1,341,670	\$ 38,489	\$ 1,380,159
Direct special events costs	664,678	-	664,678
Net special events support	676,992	38,489	715,481
Grants	286,399	-	286,399
Contract revenue	108,564	-	108,564
Individuals, corporations, and foundations	985,483	748,715	1,734,198
Employee Retention Credit	267,789	-	267,789
	2,325,227	787,204	3,112,431
Net assets released from donor restrictions	1,699,924	(1,699,924)	-
Total public support and revenues	4,025,151	(912,720)	3,112,431
Interest income	7,789	-	7,789
Total public support, revenue, and interest income	4,032,940	(912,720)	3,120,220
Expenses:			
Direct program services:			
Les Turner ALS Center at Northwestern Medicine:			
Research	581,000	-	581,000
Lois Insolia ALS Clinic	300,000	-	300,000
Endowed Fund	600,000	-	600,000
Support services	771,739	-	771,739
Education	279,267	-	279,267
Total direct program services	2,532,006	-	2,532,006
Core mission support:			
Development	318,640	-	318,640
Management and general	232,344	-	232,344
Total core mission support	550,984	-	550,984
Change in net assets	949,950	(912,720)	37,230
Net assets - Beginning of year	972,977	1,281,151	2,254,128
Net assets - End of year	\$ 1,922,927	\$ 368,431	\$ 2,291,358

See accompanying notes to financial statements.

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Statement of Functional Expenses

Year Ended December 31, 2022	Direct Program Services						Core Mission Support			
	Les Turner ALS Center at Northwestern Medicine						Total Direct Program Services	Development	Management and General	Total Core Mission Support
	Research	Lois Insolia ALS Clinic	Endowed Fund	Education	Support Services	Education				
Salaries, other compensation, and employee benefits	\$ -	\$ -	\$ -	\$ -	\$ 666,317	\$ 249,812	\$ 916,129	\$ 261,776	\$ 96,477	\$ 358,253
Research	500,000	-	-	-	-	-	500,000	-	-	-
Clinical Services	-	310,000	-	-	-	-	310,000	-	-	-
Endowed Fund	-	-	100,000	-	-	-	100,000	-	-	-
Education	-	-	-	6,190	-	-	6,190	-	-	-
Speech equipment, respite, and other assistance programs	-	-	-	-	118,293	-	118,293	-	-	-
Awards, gifts, and honorariums	-	-	-	-	2,584	1,071	3,655	12,075	1,015	13,090
Database management	-	-	-	-	4,218	6,363	10,581	11,508	3,021	14,529
Office and miscellaneous	-	-	-	-	13,558	20,938	34,496	26,668	67,106	93,774
Printing, postage, and artwork	-	-	-	-	1,217	59,495	60,712	34,004	2,881	36,885
Public relations	-	-	-	-	-	4,392	4,392	88	-	88
Lease expense	-	-	-	-	17,761	17,582	35,343	18,184	9,945	28,129
Utilities	-	-	-	-	457	555	1,012	574	314	888
Conference and meetings	-	-	-	-	4,131	9,160	13,291	2,438	3,473	5,911
Insurance - General	-	-	-	-	8,435	3,106	11,541	3,289	5,970	9,259
Interest expense	-	-	-	-	-	-	-	-	(379)	(379)
Depreciation and amortization	-	-	-	-	75	18,404	18,479	-	14,393	14,393
Professional fees	-	-	-	-	-	-	-	9,515	19,314	28,829
Repairs and maintenance	-	-	-	-	6,405	10,160	16,565	14,300	7,496	21,796
Direct special events costs	-	-	-	-	-	-	-	881,743	-	881,743
Total expenses	500,000	310,000	100,000	6,190	843,451	401,038	2,160,679	1,276,162	231,026	1,507,188
Less - Expenses included with public support and revenues	-	-	-	-	-	-	-	(881,743)	-	(881,743)
Total expenses included in the expenses section of the statements of activities	\$ 500,000	\$ 310,000	\$ 100,000	\$ 6,190	\$ 843,451	\$ 401,038	\$ 2,160,679	\$ 394,419	\$ 231,026	\$ 625,445

See accompanying notes to financial statements.

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Statement of Functional Expenses

<i>Year Ended December 31, 2021</i>	Direct Program Services					Core Mission Support			
	Les Turner ALS Center at Northwestern Medicine					Total Direct Program Services	Development	Management and General	Total Core Mission Support
	Research	Lois Insolia ALS Clinic	Endowed Fund	Support Services	Education				
Salaries, other compensation, and employee benefits	\$ -	\$ -	\$ -	\$ 616,891	\$ 223,317	\$ 840,208	\$ 218,248	\$ 91,230	\$ 309,478
Research	581,000	-	-	-	-	581,000	-	-	-
Clinical Services	-	300,000	-	-	-	300,000	-	-	-
Endowed Fund	-	-	600,000	-	-	600,000	-	-	-
Education	-	-	-	-	-	-	-	-	-
Speech equipment, respite, and other assistance programs	-	-	-	112,860	-	112,860	-	-	-
Awards, gifts, and honorariums	-	-	-	423	727	1,150	6,653	267	6,920
Database management	-	-	-	4,027	7,948	11,975	8,888	430	9,318
Office and miscellaneous	-	-	-	8,194	4,570	12,764	35,436	29,126	64,562
Printing, postage, and artwork	-	-	-	709	12,193	12,902	26,523	917	27,440
Public relations	-	-	-	-	2,019	2,019	-	990	990
Office rent	-	-	-	15,081	9,145	24,226	13,679	25,366	39,045
Utilities	-	-	-	387	283	670	423	386	809
Conference and meetings	-	-	-	1,499	11,278	12,777	1,373	640	2,013
Insurance - General	-	-	-	7,056	2,465	9,521	2,467	4,002	6,469
Interest expense	-	-	-	-	-	-	-	6,188	6,188
Depreciation and amortization	-	-	-	75	2,913	2,988	-	16,512	16,512
Professional fees	-	-	-	-	-	-	-	53,105	53,105
Repairs and maintenance	-	-	-	4,537	2,409	6,946	4,950	3,185	8,135
Direct special events costs	-	-	-	-	-	-	664,678	-	664,678
Total expenses	581,000	300,000	600,000	771,739	279,267	2,532,006	983,318	232,344	1,215,662
Less - Expenses included with public support and revenues	-	-	-	-	-	-	(664,678)	-	(664,678)
Total expenses included in the expenses section of the statements of activities	\$ 581,000	\$ 300,000	\$ 600,000	\$ 771,739	\$ 279,267	\$ 2,532,006	\$ 318,640	\$ 232,344	\$ 550,984

See accompanying notes to financial statements.

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Statements of Cash Flows

<i>Years Ended December 31,</i>	2022	2021
Cash flows from operating activities:		
Cash received from public support and other miscellaneous sources	\$ 3,857,095	\$ 3,300,843
Interest income received	28,645	7,789
Direct special events costs paid	(885,572)	(661,737)
Direct program service expenses paid	(2,304,784)	(2,489,724)
Support service expenses paid	(592,975)	(590,721)
Net cash provided by (used in) operating activities	<u>102,409</u>	<u>(433,550)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(10,281)	(13,202)
Purchase of intangible assets	(22,712)	(87,551)
Purchase of certificates of deposits	(1,725,801)	-
Net cash used by investing activities	<u>(1,758,794)</u>	<u>(100,753)</u>
Cash flows from financing activities:		
Repayment of note payable	-	(150,000)
Change in cash and cash equivalents	(1,656,385)	(684,303)
Cash and cash equivalents - Beginning of year	<u>2,601,966</u>	<u>3,286,269</u>
Cash and cash equivalents - End of year	<u>\$ 945,581</u>	<u>\$ 2,601,966</u>

See accompanying notes to financial statements.

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Notes to Financial Statements

Note 1: Nature of the Organization

Founded in 1977, the Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd. (the "Foundation") is the leader in comprehensive ALS care in Chicagoland and the oldest independent ALS group in the country. The Foundation treats each person like family and the Foundation is committed to supporting them every step of the way. The Foundation's individualized approach ensures each person living with the disease receives the best quality of care, and the Foundation's local community of support provides their loved ones with answers and encouragement. The Les Turner ALS Center at Northwestern Medicine ("Center") is led by the most well-respected and successful clinicians and researchers in the field, advancing vital care and research in pursuit of life-enhancing treatments and a cure. The Center consists of all ALS research activities at Northwestern Medicine, Northwestern University and the Lois Insolia ALS Clinic (see Notes 4 and 12). In addition, through its Support Services team, the Foundation provides personalized consultations, support groups, access to grant programs, and educational resources while increasing public awareness through information and education.

The Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd. is a not-for-profit foundation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and qualifies for charitable contributions deduction for individual donors up to 60% of adjusted gross income.

The Board of Directors and CEO of the Foundation acknowledge that, to the best of their knowledge, all assets received have been used for the purpose for which they were contributed, or have been accumulated to allow management to conduct the operations of the Foundation as effectively as possible.

Note 2: Summary of Significant Accounting Policies

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Use of Estimates

The process of preparing financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

Financial statement presentation follows accounting principles generally accepted in the United States of America for financial presentation of not-for-profit organizations. Such principles provide that the Foundation is required to report information regarding its financial position and activities according to two classes of net assets. A definition and description of each class follows:

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Net Assets Without Donor Restriction - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

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

As of December 31, 2022 and December 31, 2021, the Foundation had \$339,201 and \$368,431 with donor restriction.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. Fair value approximates carrying amounts. The Foundation utilizes an Insured Cash Sweep service to earn interest, maintain liquidity and to have Federal Deposit Insurance Corporation coverage on its funds at substantially all times.

Certificates of Deposit

Certificates of deposit are carried at cost plus accrued interest. The Foundation participates in a program called certificate of deposit account registry service (CDARS) to have Federal Deposit Insurance Corporation coverage on its funds at substantially all times.

Revenue Recognition

Public support received is recorded as net assets without donor restriction or net assets with donor restriction, depending on the existence and/or nature of any donor restrictions. All net assets with donor restriction support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a donor restriction expires (that is, when a stipulated time restriction ends or the purpose of restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

The Foundation records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. The Foundation receives consideration at the time the attendee registers to attend, which is generally in advance of the events. The direct benefit to donors associated with the events is reported as a liability (deferred income) and recognized as revenue when the event occurs. Deferred income related to special events totaled \$13,000 and \$5,000 as of December 31, 2022 and 2021, respectively.

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Contributions Receivable

The Foundation's management periodically analyzes the promises to give and contributions receivable and considers whether an allowance for possible losses on the collection of these promises is appropriate. The evaluations take into consideration such factors as prior loss experience, current economic conditions, and collectability. Management has determined that all promises to give and contributions receivable are collectible as of December 31, 2022 and 2021, and has not provided for an allowance for possible losses.

Donated Equipment and Services

Donated equipment and services have not been reflected in the accompanying financial statements since no objective basis is available to measure the value of such inventory and services. The Foundation does receive and lend equipment as part of its support services.

The Foundation receives a substantial amount of services donated by volunteers. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. No amounts have been recognized in the financial statements for these services because they do not meet the criteria for recognition as contributed services.

Property and Equipment

The Foundation capitalizes the cost of property and equipment purchases over \$500. Depreciation and amortization is provided over the estimated useful lives of the related assets or the life of the lease using the straight-line method. Depreciation and amortization expense was \$9,135 and \$10,040 for the years ended December 31, 2022 and 2021, respectively.

Intangible Assets

Intangible assets are comprised of software licenses, online educational resources, and website development costs, which have a cost of \$151,007 and \$128,295 as of December 31, 2022 and 2021, respectively, and are amortized on a straight-line basis over their estimated three to five year lives. Accumulated amortization as of December 31, 2022 and 2021, was \$61,625 and \$37,888, respectively, and amortization expense for the year then ended was \$23,737 and \$9,460, respectively.

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Intangible Assets (Continued)

Estimated amortization expense on intangibles for each of the next five years is as follows:

<i>Year Ended December 31,</i>	
2023	\$ 23,873
2024	21,821
2025	21,565
2026	18,728
2027	3,395
Total	\$ 89,382

Functional Allocation of Expenses

The costs of providing direct program and core mission support services have been summarized on a functional basis in the statements of activities and changes in net assets. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the direct programs and core mission support services benefited. Expenses by function have been allocated among direct program services and core mission support classifications on the basis of time records and on the square footage of the office space.

Income Taxes

The Foundation is a tax-exempt corporation as permitted by section 501(c)(3) of the Internal Revenue Code. The Foundation believes it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Change in Accounting Principles

ASU No 2016-02 - Leases (Topic 842)

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). ASU 2016-02 is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases on the balance sheet. This accounting update also requires additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. The Foundation adopted this guidance for the year ended December 31, 2022 with modified retrospective application to January 1, 2022. The Foundation has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Foundation accounted for its existing operating leases as operating leases and capital leases as finance leases under the new guidance, without reassessing (a) whether the contracts contain a lease under ASC Topic 842, (b) whether the classification of the leases would be different in accordance with ASC Topic 842, or (c) whether any unamortized initial direct costs before transition adjustments (as of December 31, 2021) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. Similarly, the Foundation did not reassess service contracts evaluated for lease treatment under ASC 840 for embedded leases under ASC 842.

As a result of the adoption of the new lease accounting guidance, the Company recognized the following right of use assets and lease liabilities as of January 1, 2022.

Right of use assets - operating	\$ 776,847
Lease obligation - operating lease	\$ 776,847

This standard did not have a material impact on the Foundation's net assets or cash flows from operations and had an immaterial impact on the Foundation's operating results.

ASC 842 Lease Accounting

The Foundation is a lessee in operating leases. If the contract provides the Foundation the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use ("ROU") assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

The discount rate used is the implicit rate in the lease contract, if it is readily determinable, or the risk-free rate for a term similar to the underlying lease as the discount rate.

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

ASC 842 Lease Accounting (Continued)

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

For all underlying classes of assets, the Foundation has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Foundation is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The Foundation recognizes short-term lease cost on a straight-line basis over the lease term.

The Foundation made an accounting policy election for right of use assets - operating to not separate the lease components of a contract and its associated non-lease components.

Subsequent Events

Based on management's evaluation, there were no subsequent event disclosures through June 23, 2023, which is the date these financial statements were available to be issued.

Note 3: Liquidity and Availability of Financial Resources

The Foundation maintains and adheres to a cash and investment policy. The policy is built upon the idea of reducing fiscal risk by preserving principal while enhancing the cash returns above market net returns, when possible. The Foundation maintains the following conservative fiscal practices in order to adhere to its policy. The Foundation assigns certain responsibilities to its Audit and Finance Committee to oversee the policy. The various cash accounts may be diversified among multiple financial institutions to avoid exceeding the FDIC limits. As part of its liquidity management, the Foundation may invest cash in excess of anticipated liquidity needs into various short-term investments including certificates of deposits, short term Treasury instruments and Insured Cash Sweep services. The Foundation has a goal to maintain cash on hand in its main checking account to meet 30 days of normal operating expenses, which are, on average, approximately \$160,000.

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Notes to Financial Statements

Note 3: Liquidity and Availability of Financial Resources (Continued)

The following table reflects the Foundation's financial assets available for general operating expenditures.

<i>As of December 31,</i>	2022	2021
Cash and cash equivalents	\$ 945,581	\$ 2,601,966
Certificates of deposit	1,725,801	-
Contributions receivable	103,899	269,407
Other receivable	97,333	267,789
Total financial assets	2,872,614	3,139,162
Less: Grant obligations - Les Turner ALS Center at Northwestern Medicine	810,000	986,983
Less: Net assets with donor restrictions	339,201	368,431
Total available for general operating expenditures	\$ 1,723,413	\$ 1,783,748

Note 4: Grant Obligations

Unconditional gift obligations consist of research and other gifts which have been awarded to fund the Les Turner ALS Center at Northwestern Medicine as further described in Note 10; certain grant obligation amounts had not yet been paid as of the date of the statements of financial position. They are summarized as follows:

<i>As of December 31,</i>	2022	2021
Research	\$ 400,000	\$ 580,000
Lois Insolita ALS Clinic	310,000	300,000
Endowed Fund	100,000	100,000
Education	-	6,983
Total grants payable to Les Turner ALS Center at Northwestern Medicine	\$ 810,000	\$ 986,983

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Notes to Financial Statements

Note 5: Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2022 and 2021:

<i>As of December 31,</i>	2022	2021
Support Services and Education	\$ 39,158	\$ 139,673
Smith Education Fund	51,611	76,151
Boughton Equipment Fund	45,879	49,394
Transportation - Rosen	2,748	-
ALS Decision Tool Fund	84,805	85,438
Cytokinetics Caregiver Educational Grant	-	10,800
Assistive technology	-	6,975
Joesph B. Heller Endowment Fund - Perpetual in nature	115,000	-
Total	\$ 339,201	\$ 368,431

Note 6: Endowment Funds

The Foundation's endowment consists of one fund with donor restrictions, the Joseph B. Heller Endowment Fund, created in 2022. The endowment's primary objective is to maintain and grow its principal in perpetuity. As required by GAAP, net assets associated with endowment funds, including funds designated by the board of directors, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2022, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts, including promises to give at fair value) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. We consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Notes to Financial Statements

Note 6: Endowment Funds (Continued)

The primary long-term financial objective for the Foundation’s endowment funds is to preserve the real purchasing power of endowment assets and income. The endowment funds are managed to optimize the long run total rate of return on invested assets, assuming a prudent level of risk. The endowed funds are invested in accordance with the Foundation’s cash and investment policy, which requires all funds to be invested in certificates of deposits and Insured Cash Sweep services, which have Federal Deposit Insurance Corporation coverage on the funds at substantially all times, and short-term Treasury instruments. In accordance with donor intention, the net income only from the endowment may be used annually as directed by the Board of Directors of the Foundation.

Composition of endowment net assets for the year ended December 31, 2022, were as follows:

December 31, 2022	Without Donor Restriction	With Donor Restriction	Total
Donor - restricted endowment fund	\$ -	\$ 115,000	\$ 115,000
Total	\$ -	\$ 115,000	\$ 115,000

Changes in endowment net assets for the year ended December 31, 2022, are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets at 1/1/22	\$ -	\$ -	-
Additions	-	115,000	115,000
Endowment net assets at 12/31/22	\$ -	\$ 115,000	\$ 115,000

Note 7: Employee Retention Tax Credit

The Foundation filed for an employee retention tax credit related to quarterly periods from 2020 and 2021. The Foundation views these credits as a grant by analogizing to guidance in IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*. For the years ended December 31, 2022 and 2021, the Foundation has recorded grant revenue of \$110,621 and \$267,789 on the statements of activities and changes in net assets with a corresponding other receivable on the statements of financial position.

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Notes to Financial Statements

Note 8: Rental Commitment

The Foundation's leasing information for the year ended December 31, 2021 is presented under FASB ASC 840, leases.

The Foundation has non-cancelable leases for office facilities and storage which expire on March 31, 2023, with a renewal option through March 31, 2028. The total amount of rental payments due over the lease terms are charged to expense. The leases provide that the Foundation pay taxes, maintenance, insurance and other operating costs. Total rental expense included in office rent and direct special events costs for 2021 was \$100,845. Minimum future rental payments subsequent to 2021, prior to the amendment of the lease effective August 31, 2022, are as follows:

For the Years Ending December 31,

2022	\$	98,231
2023		24,712
Total		\$ 122,943

Note 9: Leases

The Foundation leases office and storage space. The leases entered into include one or more options to renew. The renewal terms can extend the lease term for five years. The exercise of lease renewal options is at the Foundation's sole discretion. Renewal option periods are included in the measurement of the ROU asset and lease liability when the exercise is reasonably certain to occur.

The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

The Foundation's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Payments due under the lease contracts include fixed payments plus, for some of the Foundation's leases, variable payments. The Foundation's office space lease requires it to make variable payments for the Foundation's proportionate share of the building's property taxes, insurance, and common area maintenance. These variable lease payments are not included in lease payments used to determine the lease liability and are recognized as variable costs when incurred.

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Notes to Financial Statements

Note 9: Leases (Continued)

Components of lease expense were as follows for the year ended December 31, 2022:

Lease cost		
Operating lease cost	\$	97,142
Variable lease cost		5,411
<hr/>		
Total lease cost	\$	102,553

Total lease costs of \$39,081 are included in direct special event costs on the statement of functional expenses.

Supplemental cash flow information related to leases is as follows for the year ended December 31, 2022:

Operating cash flows from operating leases	\$	66,129
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Supplemental balance sheet information related to leases is as follows as of December 31, 2022:

		Years
<hr/>		
Weighted-average remaining lease term - Operating leases		8.6
Weighted-average discount rate - Operating leases		1.6 %

Maturities of lease liabilities are as follows as of December 31, 2022:

<i>Years Ended December 31,</i>		
<hr/>		
2023	\$	96,277
2024		96,809
2025		98,661
2026		100,513
2027		102,365
Thereafter		273,047
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Total lease payments		767,672
Less imputed interest		(45,178)
<hr/>		
Total	\$	722,494

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Notes to Financial Statements

Note 10: Note Payable

In June 2020, the Foundation entered into a separate \$150,000 loan agreement with the SBA. The loan bore interest at 2.75% and was set to mature June 16, 2050, and was secured by the assets of the Foundation. On December 16, 2021, the SBA loan was paid in full.

Note 11: Retirement Plan

The Foundation maintains the Les Turner ALS Foundation 401(k) Plan for all employees meeting certain eligibility requirements. For the years ended December 31, 2022 and 2021, employer contributions were \$25,984 and \$31,019, respectively.

Note 12: Les Turner ALS Center at Northwestern Medicine (Center)

In September 2014, the Foundation entered into a nonbinding gift agreement with Northwestern University Feinberg School of Medicine ("Northwestern") to establish the Center. The purpose of the agreement is to provide financial resources to Northwestern to benefit, under one umbrella, research, clinical activities, and education in the area of amyotrophic lateral sclerosis. The Foundation's nonbinding pledge to Northwestern is to give no less than a total of \$10 million in annual gifts totaling \$1 million or more over a period of 10 years commencing on January 1, 2015, and concluding on December 31, 2024.

The overall \$10 million commitment from the Foundation is allocated as follows over 10 years:

- \$9 million to expendable funds (minimum of \$900,000 annually) and
- \$1 million (minimum of \$100,000 annually) to the Les Turner ALS Center at Northwestern Medicine Endowed Fund (Endowed Fund), from which the expendable income is used to support the Center's ongoing activities.

The \$9 million pledge in expendable funding provided by the Foundation allowed the establishment of the Center and will provide annual support for the Center's operations for the ten year period. In addition, a total of \$250,000 is required to permanently endow the Endowed Fund and a total of \$10 million is required to endow the Center in perpetuity. This includes the \$1 million from the Foundation mentioned above. The additional \$9 million in endowed funds are being raised from the joint efforts of the Foundation and Northwestern. The gift agreement does not hold the Foundation responsible for the additional \$9 million in endowed funds. Per the gift agreement, if the full \$10 million to endow the Center is not achieved by 2024, the Foundation can enter into another agreement with Northwestern providing for sufficient sustained support for the Center. Under the terms of the nonbinding gift agreement, since the Endowed Fund has received funds in excess of \$250,000, it is permanently endowed.

As the gift agreement is nonbinding, no long-term liability has been accrued. During 2022 and 2021, the Board appropriated \$810,000 (of which \$0 was funded in 2022) and \$980,000 (of which \$0 was funded in 2021) for the Foundation's 2023 and 2022 gift to Northwestern. In addition, other gifts may be made throughout the year. The unpaid portions of these appropriations are included in the grant obligations summarized in Note 4. Each year's appropriation included \$100,000 which was credited toward the Endowed Fund as described above.

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Notes to Financial Statements

Note 12: Les Turner ALS Center at Northwestern Medicine (Center) (Continued)

During 2022 and 2021, the Center and the Endowed Fund received contributions, on a cash basis, from Board appropriations and other public support in the following amounts:

	December 31, 2022		
	Endowed Fund	Expendable Funds	Total
Board appropriated	\$ 100,000	\$ 980,000	\$ 1,080,000
Other public support	13,250	455	13,705
Total contributions	\$ 113,250	\$ 980,455	\$ 1,093,705

	December 31, 2021		
	Endowed Fund	Expendable Funds	Total
Board appropriated	\$ 600,000	\$ 847,667	\$ 1,447,667
Other public support	242,750	1,150	243,900
Total contributions	\$ 842,750	\$ 848,817	\$ 1,691,567

Contributions to the Center and the Endowed Fund that were received directly via other public support are not included in the statement of activities and change in net assets for the Foundation. As of December 31, 2022 and 2021, the remaining amount of the nonbinding pledge, on a cash basis was \$711,333 and \$1,791,333, respectively, and the contributions to the Endowed Fund were \$4,891,029 and \$4,777,779, respectively.