

PROJECT A.L.S., INC.
FINANCIAL STATEMENTS
YEARS ENDED JULY 31, 2021 AND 2020

PROJECT A.L.S., INC.
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Project A.L.S., Inc.

We have audited the accompanying financial statements of Project A.L.S., Inc., which comprise the statements of financial position as of July 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Project A.L.S., Inc. as of July 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.

Adoption of New Accounting Pronouncements

As discussed in Note 1 to the financial statements, Project A.L.S., Inc. adopted Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as of August 1, 2020, using the modified retrospective transition method. Our opinion is not modified with respect to this matter.



CERTIFIED PUBLIC ACCOUNTANTS

Braintree, Massachusetts
June 30, 2022

PROJECT A.L.S., INC.
STATEMENTS OF FINANCIAL POSITION
JULY 31, 2021 AND 2020

| | 2021 | 2020 |
|-----------------------------------------------|----------------------------|----------------------------|
| <u>ASSETS</u> | | |
| Cash and cash equivalents | \$ 1,243,856 | \$ 2,292,969 |
| Contributions and grants receivable | 116,327 | 143,751 |
| Prepaid expenses and other assets | <u>198,142</u> | <u>146,331</u> |
| TOTAL ASSETS | <u>\$ 1,558,325</u> | <u>\$ 2,583,051</u> |
| <u>LIABILITIES AND NET DEFICIENCY</u> | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 219,437 | \$ 205,929 |
| Grants payable | 1,412,396 | 2,101,883 |
| Deferred special event revenue | 290,000 | 182,500 |
| Paycheck Protection Program note payable | <u>209,445</u> | <u>107,275</u> |
| Total liabilities | <u>2,131,278</u> | <u>2,597,587</u> |
| Commitments and contingencies (Notes 6 and 8) | | |
| Net assets (deficiency): | | |
| Without donor restrictions | (572,953) | (417,211) |
| With donor restrictions | <u>-</u> | <u>402,675</u> |
| Total net deficiency | <u>(572,953)</u> | <u>(14,536)</u> |
| TOTAL LIABILITIES AND NET DEFICIENCY | <u>\$ 1,558,325</u> | <u>\$ 2,583,051</u> |

See accompanying notes to financial statements.

PROJECT A.L.S., INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

| | 2021 | | 2020 | | |
|-----------------------------------------------------------------------------------------------------|----------------------------------|----------------------------|----------------------------------|----------------------------|--------------------|
| | Without Donor Restrictions | With Donor Restrictions | Without Donor Restrictions | With Donor Restrictions | Total |
| Revenues: | | | | | |
| Special events revenue, net of direct benefits to donors of \$219,183 in 2021 and \$487,337 in 2020 | \$ 1,104,461 | \$ - | \$ 1,104,461 | \$ - | \$ 1,848,955 |
| Grants and contributions | 884,700 | 501,087 | 1,385,787 | 1,748,020 | 2,368,634 |
| Other fundraising | 138,892 | - | 138,892 | - | 182,035 |
| Investment income | 4,149 | - | 4,149 | - | 1,645 |
| Net assets released from restrictions | <u>903,762</u> | <u>(903,762)</u> | <u>-</u> | <u>(1,412,667)</u> | <u>-</u> |
| Total revenues | <u>3,035,964</u> | <u>(402,675)</u> | <u>2,633,289</u> | <u>335,353</u> | <u>4,401,269</u> |
| Expenses: | | | | | |
| Programs: | | | | | |
| Grants and research | 2,521,547 | - | 2,521,547 | - | 3,070,658 |
| Education | 292,588 | - | 292,588 | - | 351,600 |
| Total programs | <u>2,814,135</u> | <u>-</u> | <u>2,814,135</u> | <u>-</u> | <u>3,422,258</u> |
| Supporting services: | | | | | |
| Management and general Fundraising | 219,782 | - | 219,782 | - | 273,090 |
| | 157,789 | - | 157,789 | - | 206,019 |
| Total supporting services | <u>377,571</u> | <u>-</u> | <u>377,571</u> | <u>-</u> | <u>479,109</u> |
| Total expenses | <u>3,191,706</u> | <u>-</u> | <u>3,191,706</u> | <u>-</u> | <u>3,901,367</u> |
| Changes in net assets | (155,742) | (402,675) | (558,417) | 335,353 | 499,902 |
| Net assets (deficiency) - beginning | <u>(417,211)</u> | <u>402,675</u> | <u>(14,536)</u> | <u>67,322</u> | <u>(514,438)</u> |
| NET ASSETS (DEFICIENCY)- ENDING | <u>\$ (572,953)</u> | <u>\$ -</u> | <u>\$ (572,953)</u> | <u>\$ 402,675</u> | <u>\$ (14,536)</u> |

See accompanying notes to financial statements.

PROJECT A.L.S., INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2021

2021

| | Programs | | | Supporting Services | | | Total |
|----------------------------------------------------------------------|---------------------|-------------------|---------------------|------------------------|-------------------|---------------------------|---------------------|
| | Grants and Research | Education | Total | Management and General | Fundraising | Direct Benefits To Donors | |
| Salaries | \$ 453,969 | \$ 106,201 | \$ 560,170 | \$ 127,465 | \$ 34,316 | \$ - | \$ 721,951 |
| Payroll taxes and employee benefits | 75,985 | 17,776 | 93,761 | 21,335 | 5,744 | - | 120,840 |
| Grants and research expense | 1,871,507 | - | 1,871,507 | - | - | - | 1,871,507 |
| Professional fees and outside services | 33,600 | 97,535 | 131,135 | 40,955 | 101,408 | - | 273,498 |
| Telephone | 15,776 | 3,691 | 19,467 | 4,429 | 1,192 | - | 25,088 |
| Office supplies and expenses | 18,643 | 4,361 | 23,004 | 5,234 | 1,409 | - | 29,647 |
| Occupancy costs | 30,573 | 7,152 | 37,725 | 8,584 | 2,311 | - | 48,620 |
| Postage and shipping | 1,208 | 1,554 | 2,762 | 173 | 518 | - | 3,453 |
| Printing, publications and website | - | 47,537 | 47,537 | 378 | 1,273 | - | 49,188 |
| Conferences, meetings, and events | 5,718 | 2,261 | 7,979 | 283 | 283 | 219,183 | 227,728 |
| Other expenses | 14,568 | 4,520 | 19,088 | 10,946 | 9,335 | - | 39,369 |
| Total expenses | 2,521,547 | 292,588 | 2,814,135 | 219,782 | 157,789 | 219,183 | 3,410,889 |
| Less: expenses included with revenues on the statement of activities | - | - | - | - | - | (219,183) | (219,183) |
| TOTAL EXPENSES ON THE STATEMENT OF ACTIVITIES | \$ 2,521,547 | \$ 292,588 | \$ 2,814,135 | \$ 219,782 | \$ 157,789 | \$ - | \$ 3,191,706 |

See accompanying notes to financial statements.

PROJECT A.L.S., INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 30, 2020

2020

| | Programs | | | Supporting Services | | | Total |
|----------------------------------------------------------------------|---------------------|-------------------|---------------------|------------------------|-------------------|---------------------------|---------------------|
| | Grants and Research | Education | Total | Management and General | Fundraising | Direct Benefits To Donors | |
| Salaries | \$ 417,721 | \$ 91,105 | \$ 508,826 | \$ 149,987 | \$ 35,109 | \$ - | \$ 693,922 |
| Payroll taxes and employee benefits | 77,715 | 16,950 | 94,665 | 27,904 | 6,532 | - | 129,101 |
| Grants and research expense | 2,426,604 | - | 2,426,604 | - | - | - | 2,426,604 |
| Professional fees and outside services | 29,450 | 176,204 | 205,654 | 47,503 | 145,242 | - | 398,399 |
| Telephone | 13,977 | 3,048 | 17,025 | 5,018 | 1,175 | - | 23,218 |
| Office supplies and expenses | 27,813 | 6,066 | 33,879 | 9,987 | 2,338 | - | 46,204 |
| Occupancy costs | 29,423 | 6,417 | 35,840 | 10,564 | 2,473 | - | 48,877 |
| Postage and shipping | 2,572 | 3,307 | 5,879 | 367 | 1,102 | - | 7,348 |
| Printing, publications and website | - | 35,442 | 35,442 | 325 | 1,265 | - | 37,032 |
| Conferences, meetings and events | 35,083 | 9,783 | 44,866 | 1,223 | 1,223 | 487,337 | 534,649 |
| Other expenses | 10,300 | 3,278 | 13,578 | 20,212 | 9,560 | - | 43,350 |
| Total expenses | 3,070,658 | 351,600 | 3,422,258 | 273,090 | 206,019 | 487,337 | 4,388,704 |
| Less: expenses included with revenues on the statement of activities | - | - | - | - | - | (487,337) | (487,337) |
| TOTAL EXPENSES ON THE STATEMENT OF ACTIVITIES | \$ 3,070,658 | \$ 351,600 | \$ 3,422,258 | \$ 273,090 | \$ 206,019 | \$ - | \$ 3,901,367 |

See accompanying notes to financial statements.

PROJECT A.L.S., INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

| | 2021 | 2020 |
|--------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| Cash flows from operating activities: | | |
| Changes in net assets | \$ (558,417) | \$ 499,902 |
| Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities: | | |
| Contribution of stock | - | (86,086) |
| Unrealized loss on investments | - | 976 |
| Fees paid through investment account | - | 175 |
| Changes in operating assets and liabilities: | | |
| Contributions and grants receivable | 27,424 | (86,813) |
| Prepaid expenses and other assets | (51,811) | (33,969) |
| Deferred special event revenue | 107,500 | (77,500) |
| Accounts payable and accrued expenses | 13,508 | 168,931 |
| Grants payable | (689,487) | (116,286) |
| Net cash provided by (used in) operating activities | (1,151,283) | 269,330 |
| Cash provided by investing activities: | | |
| Proceeds from sales of investments | - | 84,935 |
| Cash provided by financing activities: | | |
| Proceeds from governmental grant | 102,170 | 107,275 |
| Net increase (decrease) in cash and cash equivalents | (1,049,113) | 461,540 |
| Cash and cash equivalents - beginning | 2,292,969 | 1,831,429 |
| CASH AND CASH EQUIVALENTS - ENDING | \$ 1,243,856 | \$ 2,292,969 |

See accompanying notes to financial statements.

PROJECT A.L.S., INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2021 AND 2020

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Project A.L.S., Inc. (the "Organization") is a nonprofit corporation incorporated in the state of New York in August 1998 to fund research efforts in order to find effective treatments and a cure for Amyotrophic Lateral Sclerosis ("ALS") and to raise public awareness about the disease through educational efforts.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions 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.

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from donor restrictions.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. The Organization incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Organization also conducts a number of activities which benefit both its program objectives as well as supporting services. Specifically, salaries, payroll taxes and employee benefits, professional fees and outside services, printing publications and website, conferences, meetings and travel and other miscellaneous expenses which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited, based on estimates of time and effort incurred by personnel.

PROJECT A.L.S., INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2021 AND 2020

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents are comprised of a money market fund held with a brokerage firm.

Revenue Recognition

Year Ended July 31, 2021

The Organization adopted Topic 606 on August 1, 2020. With the adoption of Topic 606, revenue is measured based on the consideration specified in a contract with a customer, and excludes any amounts collected on behalf of third parties. Under Topic 606, the Organization recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The majority of the Organization's services represent a bundle of services that are not capable of being distinct, and as such, are treated as a single performance obligation that is satisfied as the services are rendered. The Organization determines the transaction price based on contractually agreed-upon rates, adjusted for any variable consideration, if any.

Revenue from Contracts with Customers

Annual galas, events and meetings, and educational programs are offered by the Organization throughout the course of the year. Revenues from these services are recognized over time as services are rendered. Educational course revenues are recognized over time as income as services are rendered. Event revenue is recognized over the period the event takes place.

Year Ended July 31, 2020

Special Events Revenue

Revenue received from special events is recognized upon completion of the event/activity.

Grants and Contributions

Contributions of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

PROJECT A.L.S., INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2021 AND 2020

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give, that is, those with a measurable performance or other barrier, are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met.

Grants and contributions received with donor-imposed or grantor-imposed restrictions that are fulfilled in the same year as received are reported as support without donor restrictions.

Contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment of potential defaults.

Contributions and Grants Receivable

Contributions and grants receivable are stated at the amount management expects to collect from outstanding balances. Contributions and grants receivable are due in less than one year; therefore, no discount to present value is required.

Management evaluates such receivables and establishes an allowance for doubtful accounts based on a history of write-offs and collections and current credit conditions.

The Organization has determined that all receivables are fully collectible; accordingly, no allowance for doubtful accounts was required as of July 31, 2021 and 2020. If amounts become uncollectible, they will be charged to expense when that determination is made.

Contract Liabilities

Contract liabilities include special event revenue received in advance of the event. Fees received in advance but not yet earned are included as "Deferred special event revenue" in the accompanying statements of financial position. Contract liabilities amounted to \$290,000, \$182,500, and \$260,000 for the years ended July 31, 2021, 2020 and 2019, respectively.

Income Taxes

The Organization is a not-for-profit organization and has been recognized by the Internal Revenue Service as exempt from federal income taxes under Internal Revenue Code ("IRC") Section 501(a) as described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Organization has determined that it is not subject to unrelated business income tax.

PROJECT A.L.S., INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2021 AND 2020

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Organization recognizes and measures its unrecognized tax benefits in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes*. Under that guidance, the Organization assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change. Management has evaluated the Organization's tax positions and has concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements.

Recently Adopted Accounting Pronouncements

In May 2014, FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("Topic 606"), with several clarifying updates issued subsequently. In conjunction with Topic 606, a new subtopic, ASC 340-40, *Other Assets and Deferred Costs – Contracts with Customers*, was also issued. The updated standard replaces most existing revenue recognition and certain cost guidance under U.S. GAAP. Collectively, Topic 606 and Subtopic 340-40 are referred to as "ASC 606." ASC 606 amends existing accounting standards for revenue recognition and establishes principles for recognizing revenue upon the transfer of promised goods or services to customers based on the expected consideration to be received in exchange for those goods and services. The Organization adopted ASC 606 effective January 1, 2019, using the modified retrospective transition method. Use of the modified retrospective approach means the Organization's comparative periods prior to initial application are not restated. The Organization has determined that the adjustments using the modified retrospective approach did not have a material impact on the date of the initial application along with the disclosure of the effect on prior periods. The Organization did not apply any practical expedients in implementing ASC 606.

Recently Issued but not yet Effective Accounting Pronouncements

In-kind Contributions - In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* ("ASU 2020-07"), which will increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. ASU 2020-07 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization is evaluating the effect that ASU 2020-07 will have on its financial statements and related disclosures.

Leases - In February 2016, FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"). This update requires all leases with a term greater than 12 months to be recognized on the statement of financial position through a right-of-use asset and a lease liability and enhanced disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases. In July 2018, FASB issued ASU No. 2018-10, *Codification Improvements to Topic 842*, and ASU No. 2018-11, *Leases: Targeted Improvements*, which provided narrow amendments to clarify how to apply certain aspects of the new lease standard and options regarding transition. The standard requires either a modified retrospective transition approach with application in all comparative periods presented,

PROJECT A.L.S., INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2021 AND 2020

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued but not yet Effective Accounting Pronouncements (Continued)

or an alternative transition method, which permits the Organization to use its effective date as the date of initial application without restating the comparative period financial statements and recognizing any cumulative effect adjustment to the opening balance sheet. In November 2019, FASB issued ASU No. 2019-10 *Financial Instruments Credit Losses* (Topic 326), *Derivatives and Hedging* (Topic 815), and *Leases* (Topic 842) ("ASU 2019-10") and in June 2020, FASB issued, ASU 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842) ("ASU 2020-05"). ASU 2019-10 and ASU 2020-05 amended the effective date for ASU 2016-02 and related amendments. ASU 2016-02, as amended, is effective for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the effect on its financial statements and related disclosures.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Board has evaluated subsequent events through June 30, 2022, the date on which these financial statements were available to be issued. Except for the matters disclosed in Note 8, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 2. LIQUIDITY AND AVAILABILITY

The table below presents financial assets available for general expenditures within one year at July 31, 2021:

| | |
|-------------------------------------|----------------------------|
| Cash and cash equivalents | \$ 1,243,856 |
| Contributions and grants receivable | <u>116,327</u> |
| Total financial assets | <u><u>\$ 1,360,183</u></u> |

The Organization's goal is generally to maintain readily available financial assets to cover its operations. As part of management's liquidity plan, all cash and cash equivalents are maintained in accounts, readily available for use.

NOTE 3. GRANTS

Grants Payable

As part of its mission, the Organization has committed to provide grants and assistance to various health organizations, specific individuals, and medical research facilities involved in finding a cure for ALS. During 2021 and 2020, the Organization provided funds under such commitments to Children's Hospital, Columbia University, Cornell University, New York University, Harvard College, Harvard Medical School, Salk Institute, New York Genome Center, New York Structural Biology, University of Pennsylvania, Sloan Kettering and the University of California, San Francisco.

PROJECT A.L.S., INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2021 AND 2020

NOTE 3. GRANTS (CONTINUED)

Grants Payable (Continued)

At July 31, 2021, the following summarizes the Organization's grant payments due over the remaining commitment periods:

| <u>Year ending July 31:</u> | <u>Amount</u> |
|-----------------------------|---------------------|
| 2022 | \$ 790,154 |
| 2023 | 269,000 |
| 2024 | 78,242 |
| 2025 | 25,000 |
| 2026 | 25,000 |
| Thereafter | <u>225,000</u> |
| | <u>\$ 1,412,396</u> |

Conditional Grants

As of July 31, 2021, the Organization has a multi-year grant commitment to an unrelated nonprofit organization to establish the Pre-Clinical Core Program at the hospital, which aims to develop an investigational pipeline to find effective treatments and a cure for ALS (the "Grant Agreement"). The Grant Agreement provides for funding of \$6,289,541 that is conditioned upon future events and, accordingly, is not recorded. The Organization made payments in the amounts of \$797,000 and \$668,347 as of July 31, 2021 and 2020, respectively, in accordance with the provisions of the agreement.

Commitments for this grant are contingent upon the satisfactory completion of milestones and/or other conditions in the grant agreement. If such conditions are satisfied, \$798,261 is estimated to be paid during the year ending July 31, 2022.

NOTE 4. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash on deposit with a commercial bank and money market fund with a brokerage firm.

At times, the Organization's cash and cash equivalents and investments may exceed federally provided insurance coverage. The Organization has not experienced any losses in such accounts.

One contributor accounted for 17% of the Organization's total contributions received for the years ended July 31, 2021 and 2020.

NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for Organization's laboratory research in the amount of \$402,675 as of July 31, 2020. There were no net assets with donor restrictions as of July 31, 2021.

During the years ended July 31, 2021 and 2020, net assets were released from donor restrictions by incurring expenses satisfying certain donor restrictions or by the passage of time in the amounts of \$903,762 and \$1,412,667, respectively.

PROJECT A.L.S., INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2021 AND 2020

NOTE 6. COMMITMENT

The Organization is committed under a non-cancelable operating lease for rental of office space. The lease, originally scheduled to expire in February 2019, has been renewed through February 2021. The remaining commitment due is \$23,632 during the year ended July 31, 2022.

NOTE 7. RETIREMENT PLAN

The Organization sponsors a defined contribution 403(b) retirement plan covering substantially all of its full-time employees. No contributions were made to the plan on behalf of the employees for the years ended July 31, 2021 and 2020.

NOTE 8. PAYCHECK PROTECTION PROGRAM

During May 2020 and February 2021, the Organization received loan proceeds of \$107,275 ("Loan A") and \$102,170 ("Loan B"), respectively, under the Paycheck Protection Program (the "PPP"). Loan A received under the the PPP First Draw, which was established as part of the Coronavirus Aid, Relief and Economic Security Act, provides for loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses of the qualifying business. The loan and accrued interest, or a portion thereof, may be forgiven after 24 weeks so long as the borrower uses the loan proceeds for eligible purposes including payroll, benefits, rent, mortgage interest and utilities, and maintains its payroll levels, as defined by the PPP. At least 60% of the amount forgiven must be attributable to payroll costs, as defined by the PPP.

Loan B received under the second round of PPP funding, which was established as part of the Consolidated Appropriations Act, provides loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses of the qualifying business. The loan and accrued interest, or a portion thereof, may be forgiven after 24 weeks so long as the borrower uses the loan proceeds for eligible purposes including payroll, benefits, rent, mortgage interest and utilities, and maintains its payroll levels. Not more than 40% of the amount forgiven can be attributable to nonpayroll costs.

Loan A matures two years from the date of first disbursement of proceeds to the Organization (the "PPP Loan Date") and accrues interest at a fixed rate of 1%. Payments were deferred for at least 10 months and are payable in equal consecutive monthly installments of principal and interest commencing upon expiration of the deferral period of the PPP loan date.

Loan B matures five years from the date of first disbursement of proceeds to the Organization and accrues interest at a fixed rate of 1%. Payments are deferred for the covered period plus 10 months and are payable in 50 equal consecutive monthly installments of principal and interest commencing on the 11-month anniversary of the end of the covered period.

The Organization currently intends to use the proceeds for purposes consistent with Loan B; however, there can be no assurances that the Organization will ultimately meet the conditions for forgiveness of the loan or that management will not take actions that could cause the Organization to be ineligible for forgiveness of the loan, in whole or in part.

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NOTE 8. PAYCHECK PROTECTION PROGRAM (CONTINUED)

U.S. GAAP does not contain authoritative accounting standards for forgivable loans provided by governmental entities. Absent authoritative accounting standards, interpretative guidance issued and commonly applied by financial statement preparers allows for the selection of accounting policies amongst acceptable alternatives. Based on the facts and circumstances, the Organization has determined it most appropriate to account for the PPP loan proceeds under the debt model. Under the debt model, the Organization recognizes the proceeds received as debt, recognizes periodic interest expense in the period in which the interest accrues at the stated interest rate and defers recognition of any potential forgiveness of the loan principal or interest until the period in which the Organization has been legally released from its obligation by the lender. The Organization deemed the debt model to be the most appropriate accounting policy for this arrangement as the underlying PPP loan proceeds is a legal form of debt and there are significant contingencies outside of the control of the Organization, mainly related to the third-party approval process for forgiveness.

The Organization applied for PPP Loan forgiveness in the amount of \$209,445 and received approval from the Small Business Association in October 2021. If it is determined that the Organization was not eligible to receive the PPP loans or that the Organization has not adequately complied with the rules, regulations, and procedures applicable to the SBA's loan program, the Organization could be subject to penalties and could be required to repay amounts previously forgiven.