

PROJECT A.L.S., INC.
FINANCIAL STATEMENTS
YEARS ENDED JULY 31, 2015 AND 2014

PROJECT A.L.S., INC.
FOR THE YEARS ENDED JULY 31, 2015 AND 2014

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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. (the "Organization") (a not-for-profit organization) which comprise the statements of financial position as of July 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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., as of July 31, 2015 and 2014, 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.


CITRIN COOPERMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York
November 13, 2015

PROJECT A.L.S., INC.
STATEMENTS OF FINANCIAL POSITION
JULY 31, 2015 AND 2014

	2015	2014
<u>ASSETS</u>		
Cash and cash equivalents	\$ 2,759,003	\$ 2,084,610
Investments	194,407	-
Contributions and grants receivable	128,419	75,247
Prepaid expenses and other assets	147,779	110,219
Property and equipment, less accumulated depreciation of \$4,779 in 2015 and \$428,423 in 2014	449	888
TOTAL ASSETS	\$ 3,230,057	\$ 2,270,964
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 243,048	\$ 257,476
Grants payable	2,482,978	1,680,925
Deferred special event revenue	201,308	-
Total liabilities	2,927,334	1,938,401
Commitments (Notes 2 and 6)		
Net assets:		
Unrestricted	234,893	264,733
Temporarily restricted	67,830	67,830
Total net assets	302,723	332,563
TOTAL LIABILITIES AND NET ASSETS	\$ 3,230,057	\$ 2,270,964

See accompanying notes to financial statements.

PROJECT A.L.S., INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JULY 31, 2015 AND 2014

	<u>2015</u>			<u>2014</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:						
Special event revenue, net of direct benefits to donors of \$545,329 in 2015 and \$355,358 in 2014	\$ 1,454,476	\$ -	\$ 1,454,476	\$ 1,244,252	\$ -	\$ 1,244,252
Grants and contributions	1,148,915	25,000	1,173,915	431,628	-	431,628
Other fundraising	361,894	-	361,894	300,457	-	300,457
Realized gains	2,640	-	2,640	145	-	145
Unrealized losses	(6,901)	-	(6,901)	-	-	-
Net assets released from restrictions	<u>25,000</u>	<u>(25,000)</u>	<u>-</u>	<u>82,226</u>	<u>(82,226)</u>	<u>-</u>
Total revenues	<u>2,986,024</u>	<u>-</u>	<u>2,986,024</u>	<u>2,058,708</u>	<u>(82,226)</u>	<u>1,976,482</u>
Expenses:						
Program:						
Grants and research	2,281,386	-	2,281,386	1,385,019	-	1,385,019
Education	<u>315,199</u>	<u>-</u>	<u>315,199</u>	<u>267,979</u>	<u>-</u>	<u>267,979</u>
Total program	<u>2,596,585</u>	<u>-</u>	<u>2,596,585</u>	<u>1,652,998</u>	<u>-</u>	<u>1,652,998</u>
Supporting services:						
Management and general	182,533	-	182,533	170,612	-	170,612
Fundraising	<u>236,746</u>	<u>-</u>	<u>236,746</u>	<u>241,351</u>	<u>-</u>	<u>241,351</u>
Total supporting services	<u>419,279</u>	<u>-</u>	<u>419,279</u>	<u>411,963</u>	<u>-</u>	<u>411,963</u>
Total expenses	<u>3,015,864</u>	<u>-</u>	<u>3,015,864</u>	<u>2,064,961</u>	<u>-</u>	<u>2,064,961</u>
Change in net assets	(29,840)	-	(29,840)	(6,253)	(82,226)	(88,479)
Net assets - beginning	<u>264,733</u>	<u>67,830</u>	<u>332,563</u>	<u>270,986</u>	<u>150,056</u>	<u>421,042</u>
NET ASSETS - ENDING	<u>\$ 234,893</u>	<u>\$ 67,830</u>	<u>\$ 302,723</u>	<u>\$ 264,733</u>	<u>\$ 67,830</u>	<u>\$ 332,563</u>

See accompanying notes to financial statements.

PROJECT A.L.S., INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2015

	Program			Management and General	Fundraising	Total
	Grants and Research	Education	Total			
Officers' salaries	\$ 228,962	\$ 56,144	\$ 285,106	\$ 16,547	\$ 18,997	\$ 320,650
Other salaries	67,079	8,294	75,373	83,174	9,176	167,723
Payroll taxes and employee benefits	48,867	10,637	59,504	16,461	4,651	80,616
Grants to others	1,812,777	-	1,812,777	-	-	1,812,777
Professional fees and outside services	14,250	58,761	73,011	41,565	89,614	204,190
Special event costs, net of direct benefits to donors	-	83,498	83,498	-	97,983	181,481
Telephone	10,031	2,183	12,214	3,379	955	16,548
Office supplies and expenses	22,789	4,960	27,749	7,676	2,169	37,594
Occupancy costs	28,550	6,214	34,764	9,617	2,717	47,098
Postage and shipping	1,283	2,309	3,592	770	770	5,132
Printing, publications and website	-	45,383	45,383	-	2,389	47,772
Conferences, meeting and travel	42,214	16,393	58,607	460	597	59,664
Depreciation	266	58	324	90	25	439
Newsletter	-	8,680	8,680	-	457	9,137
Other expenses	4,318	11,685	16,003	2,794	6,246	25,043
TOTAL EXPENSES	<u>\$ 2,281,386</u>	<u>\$ 315,199</u>	<u>\$ 2,596,585</u>	<u>\$ 182,533</u>	<u>\$ 236,746</u>	<u>\$ 3,015,864</u>

See accompanying notes to financial statements.

PROJECT A.L.S., INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2014

	Program			Management and General	Fundraising	Total
	Grants and Research	Education	Total			
Officers' salaries	\$ 205,277	\$ 39,325	\$ 244,602	\$ 25,954	\$ 44,044	\$ 314,600
Other salaries	50,522	6,283	56,805	65,671	8,639	131,115
Payroll taxes and employee benefits	36,987	6,594	43,581	13,248	7,618	64,447
Grants to others	986,667	-	986,667	-	-	986,667
Professional fees and outside services	13,644	41,250	54,894	41,722	68,750	165,366
Special event costs, net of direct benefits to donors	-	104,761	104,761	-	83,297	188,058
Telephone	9,121	1,626	10,747	3,267	1,879	15,893
Office supplies and expenses	16,885	3,011	19,896	6,049	3,478	29,423
Occupancy costs	25,987	4,633	30,620	9,309	5,352	45,281
Postage and shipping	889	1,777	2,666	444	1,333	4,443
Printing, publications and website	-	38,444	38,444	-	6,784	45,228
Conferences, meeting and travel	34,708	12,230	46,938	758	1,223	48,919
Depreciation	252	45	297	90	52	439
Newsletter	-	7,024	7,024	-	1,239	8,263
Other expenses	<u>4,080</u>	<u>976</u>	<u>5,056</u>	<u>4,100</u>	<u>7,663</u>	<u>16,819</u>
TOTAL EXPENSES	<u>\$ 1,385,019</u>	<u>\$ 267,979</u>	<u>\$ 1,652,998</u>	<u>\$ 170,612</u>	<u>\$ 241,351</u>	<u>\$ 2,064,961</u>

See accompanying notes to financial statements.

PROJECT A.L.S., INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JULY 31, 2015 AND 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ (29,840)	\$ (88,479)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Donated securities	(200,075)	-
Depreciation	439	439
Loss on disposition of assets	-	104,669
Realized and unrealized gains	4,261	-
Changes in assets and liabilities:		
Contributions and grants receivable	(53,172)	(61,111)
Prepaid expenses and other assets	(37,560)	(56,838)
Deferred special event revenue	201,308	-
Accounts payable and accrued expenses	(14,428)	(7,102)
Grants payable	<u>802,053</u>	<u>(190,083)</u>
Net cash provided by (used in) operating activities	672,986	(298,505)
Cash provided by investing activities:		
Proceeds from sales of securities	<u>1,407</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	674,393	(298,505)
Cash and cash equivalents - beginning	<u>2,084,610</u>	<u>2,383,115</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 2,759,003</u>	<u>\$ 2,084,610</u>

See accompanying notes to financial statements.

PROJECT A.L.S., INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2015 AND 2014

NOTE 1. 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 Financial Statements

The accompanying financial statements have been prepared on an accrual basis of accounting and are presented in accordance with accounting requirements for not-for-profit organizations. These requirements provide that all not-for-profit organizations provide a statement of financial position, a statement of activities, and a statement of cash flows, and that net assets are classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor stipulations regarding the use of such assets. The Organization has no permanently restricted net assets.

The net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted net assets represent net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets are net assets whose use has been limited by donors to a specific time period and/or purpose.
- Permanently restricted net assets are subject to donor-imposed stipulations that the principal corpus be maintained in perpetuity.

Functional Expenses

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and supporting services in reasonable amounts and ratios determined by management.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("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 in a brokerage firm.

PROJECT A.L.S., INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2015 AND 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 7 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Unrealized gains and losses represent the net change in the carrying value of securities owned as of the date of the statement of financial position. Realized gains and losses on investments are determined using the specific-identification method. Earnings from dividends are recognized when earned.

Revenue Recognition

Contributions are recognized when a donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized as contributions when substantially all conditions are met.

Contributions received are measured at their fair value and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit their use or if they are designated as support for future periods. When a donor restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as "Net assets released from restrictions."

In addition, a number of unpaid volunteers have made or have agreed to make significant contributions of their time. The value of such contributions is not reflected in these financial statements since these services do not require specialized skills.

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 is required. If amounts become uncollectible, they will be charged to expense when that determination is made.

Property and Equipment

The Organization capitalizes those items with a useful life over one year. If purchased, property and equipment are recorded at cost; donated property and equipment are recorded at their estimated fair value at the date of donation. Property and equipment are depreciated using the straight-line method over their estimated useful lives.

PROJECT A.L.S., INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2015 AND 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Special Event Revenue

Contributions related to and received in advance of a fundraising event are recorded as deferred revenue until the actual occurrence of the event or the appropriate fiscal year, at which time the contributions are then recognized as revenue.

Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt from state and local taxes.

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. Generally, the Organization is no longer subject to U.S. federal or state income tax examinations by taxing authorities for years before 2011.

Fair Value Measurements

FASB ASC 820, *Fair Value Measurement*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Under this standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and, inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

PROJECT A.L.S., INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2015 AND 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Organization has evaluated subsequent events through November 13, 2015, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 2. GRANTS TO OTHERS

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 2015 and 2014, the Organization provided funds under such commitments to Children's Hospital, Columbia University, Harvard Medical School, New York University, Psyo Genics, Inc., Sloan Kettering, and University of Massachusetts.

At July 31, 2015, the following summarizes the Organization's grant payments due over the remaining commitment periods:

<u>Year ending July 31:</u>	<u>Amount</u>
2016	\$ 837,776
2017	622,348
2018	<u>1,022,854</u>
	<u>\$ 2,482,978</u>

NOTE 3. PROPERTY AND EQUIPMENT

A summary of property and equipment at July 31, 2015 and 2014, is as follows:

	<u>2015</u>	<u>2014</u>
Laboratory equipment	\$ -	\$ 424,083
Equipment	<u>5,228</u>	<u>5,228</u>
	5,228	429,311
Less: accumulated depreciation	<u>(4,779)</u>	<u>(428,423)</u>
Property and equipment, net	<u>\$ 449</u>	<u>\$ 888</u>

Depreciation expense was \$439 for each of the years ended July 31, 2015 and 2014, respectively.

PROJECT A.L.S., INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2015 AND 2014

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 investments with a brokerage firm.

At times, the Organization's cash and cash equivalents and investments, which are placed in major financial institutions, exceed the insurance coverage provided by the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation. The Organization has not experienced any losses in such accounts.

NOTE 5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at July 31, 2015 and 2014, are available to satisfy the following purposes:

	2015	2014
Research fellowships	\$ 67,830	\$ 67,830

During the years ended July 31, 2015 and 2014, net assets were released from donor restrictions by incurring expenses satisfying the following temporarily restricted purposes or by the passage of time:

	2015	2014
Research fellowships	\$ 25,000	\$ -
JE Stem Cell Laboratory	-	82,226
	\$ 25,000	\$ 82,226

NOTE 6. COMMITMENTS

In February 2015, the Organization renewed its operating lease for rental of office space commencing on March 1, 2015, and expiring on February 28, 2016. The remaining commitment in connection with this operating lease for the year ending July 31, 2015, amounts to \$22,281. Rent expense for the years ended July 31, 2015 and 2014, amounted to \$47,098 and \$45,281, respectively.

PROJECT A.L.S., INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2015 AND 2014

NOTE 7. FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value are based on one or more of three valuation techniques identified in the tables below. The valuation techniques are as follows:

- (a) *Market approach.* Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- (b) *Cost approach.* Amount that would be required to replace the service capacity of an asset (replacement cost); and
- (c) *Income approach.* Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing and excess earnings models).

The following tables present the Organization's assets on a recurring basis using the fair value hierarchy as of July 31, 2015 and 2014:

Description	Total at July 31, 2015	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Valuation Technique
Common stock:					
Financial services	\$ 194,407	\$ 194,407	\$ -	\$ -	(a)
Cash equivalents:					
Money market fund	<u>51,257</u>	<u>51,257</u>	<u>-</u>	<u>-</u>	(a)
Total	<u>\$ 245,664</u>	<u>\$ 245,664</u>	<u>\$ -</u>	<u>\$ -</u>	

PROJECT A.L.S., INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2015 AND 2014

NOTE 7. FAIR VALUE MEASUREMENTS (CONTINUED)

<u>Description</u>	<u>Total at July 31, 2014</u>	<u>Level 1: Quoted Prices in Active Markets for Identical Assets</u>	<u>Level 2: Significant Other Observable Inputs</u>	<u>Level 3: Significant Unobservable Inputs</u>	<u>Valuation Technique</u>
Cash equivalents:					
Money market fund	\$ 49,802	\$ 49,802	\$ -	\$ -	(a)
Total	<u>\$ 49,802</u>	<u>\$ 49,802</u>	<u>\$ -</u>	<u>\$ -</u>	

The following is a description of the valuation methodology used for the asset measured at fair value.

- Money market fund is valued at net asset value, which represents fair value based on end-of-year values.
- Common stock is valued based on quoted market prices, when available, or market prices provided by recognized broker-dealers or fund managers.

There have been no changes in the methodologies used at July 31, 2015 and 2014.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 8. 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, 2015 and 2014, respectively.