

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
FINANCIAL STATEMENTS
YEARS ENDED JANUARY 31, 2022 AND 2021

**THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Amyotrophic Lateral Sclerosis Association
Washington, DC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Amyotrophic Lateral Sclerosis Association (the Association), which comprise the statements of financial position as of January 31, 2022 and 2021, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association 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.

Responsibility of Management 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.

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 the Association's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 the Association'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 the Association'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.



CliftonLarsonAllen LLP

Arlington, Virginia
June 7, 2022

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
JANUARY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
ASSETS		
Cash and Cash Equivalents	\$ 6,565,833	\$ 6,170,542
Investments in Marketable Securities	78,900,690	78,834,650
Receivables:		
Bequests, Net	2,139,998	1,863,603
Chapter, Net	1,205,765	4,057,412
Pledges, Net	843,145	1,676,741
Other	2,518,929	203,455
Prepaid Expenses and Deposits	1,639,445	1,321,563
Beneficial Interest in Perpetual Trusts	874,547	844,658
Contributions Receivable from Remainder Trusts	275,876	292,730
Property and Equipment, Net	<u>3,378,855</u>	<u>5,019,544</u>
 Total Assets	 <u><u>\$ 98,343,083</u></u>	 <u><u>\$ 100,284,898</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Grants Payable	\$ 1,150,000	\$ 271,383
Accounts Payable and Accrued Expenses	3,519,829	2,762,825
PPP Loans	-	1,613,120
Annuity Payment Liability	1,008,902	1,041,709
Deferred Rent	1,574,519	1,516,176
Deferred Revenue	-	10,000
Total Liabilities	<u>7,253,250</u>	<u>7,215,213</u>
NET ASSETS		
Without Donor Restrictions:		
Undesignated	33,746,906	31,453,230
Board-Designated Mission Sustainability Fund	5,649,254	5,649,254
Board-Designated Reserve Fund	<u>40,000,000</u>	<u>40,000,000</u>
Total Without Donor Restrictions	<u>79,396,160</u>	<u>77,102,484</u>
With Donor Restrictions	<u>11,693,673</u>	<u>15,967,201</u>
Total Net Assets	<u><u>91,089,833</u></u>	<u><u>93,069,685</u></u>
 Total Liabilities and Net Assets	 <u><u>\$ 98,343,083</u></u>	 <u><u>\$ 100,284,898</u></u>

See accompanying Notes to Financial Statements.

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
STATEMENT OF ACTIVITIES
YEAR ENDED JANUARY 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 12,860,228	\$ 3,139,441	\$ 15,999,669
Bequests	3,445,146	270,880	3,716,026
Chapters	6,111,706	4,829,149	10,940,855
Events, Net of Expenses	1,405,494	65,000	1,470,494
Federated Campaigns	64,816	-	64,816
Investment Income	4,663,876	429,109	5,092,985
Forgiveness of PPP Loans	3,226,240	-	3,226,240
Employee Retention Credit	2,139,424	-	2,139,424
Other Income	21,419	-	21,419
Gain on Beneficial Interest in Perpetual Trusts	-	29,889	29,889
Change in Value of Split-Interest Agreements	-	(53,902)	(53,902)
Net Assets Released from Restrictions	12,983,094	(12,983,094)	-
Total Support and Revenue	<u>46,921,443</u>	<u>(4,273,528)</u>	<u>42,647,915</u>
OPERATING EXPENSES			
Research Grants	14,145,819	-	14,145,819
Patient and Community Services	11,834,451	-	11,834,451
Public and Professional Education	5,729,467	-	5,729,467
Total Program Services	<u>31,709,737</u>	<u>-</u>	<u>31,709,737</u>
Fundraising	8,433,588	-	8,433,588
Management and General	4,484,442	-	4,484,442
Total Operating Expenses	<u>44,627,767</u>	<u>-</u>	<u>44,627,767</u>
CHANGES IN NET ASSETS FROM OPERATIONS	2,293,676	(4,273,528)	(1,979,852)
NONOPERATING ACTIVITY			
Contributed Services - Public Service Announcements Revenue	14,109,349	-	14,109,349
Contributed Services - Public Service Announcements Expense	(14,109,349)	-	(14,109,349)
Total Nonoperating Activity	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CHANGES IN NET ASSETS	2,293,676	(4,273,528)	(1,979,852)
Net Assets - Beginning of Year	<u>77,102,484</u>	<u>15,967,201</u>	<u>93,069,685</u>
NET ASSETS - END OF YEAR	<u><u>\$ 79,396,160</u></u>	<u><u>\$ 11,693,673</u></u>	<u><u>\$ 91,089,833</u></u>

See accompanying Notes to Financial Statements.

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

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

See accompanying Notes to Financial Statements.

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JANUARY 31, 2022

	Program Services				Supporting Services			
	Research Grants	Patient and Community Services	Public and Professional Education	Total Program Services	Fund-Raising	Management and General	Total Supporting Services	Total Functional Expenses
EXPENSES								
Operating Expenses:								
Grant Awards	\$ 12,764,356	\$ -	\$ -	\$ 12,764,356	\$ -	\$ -	\$ -	\$ 12,764,356
Chapter Support	-	3,219,496	-	3,219,496	163	21,346	21,509	3,241,005
Salaries and Related Expenses	884,155	5,405,357	2,860,546	9,150,058	2,622,139	2,105,757	4,727,896	13,877,954
Printing and Publications	40	204,900	2,366	207,306	29,646	912	30,558	237,864
Professional Fees								
and Contract Services	345,284	1,590,680	1,827,939	3,763,903	4,543,156	1,565,047	6,108,203	9,872,106
Postage and Shipping	142	20,597	4,319	25,058	22,386	4,953	27,339	52,397
Occupancy	22,947	222,668	90,797	336,412	146,387	72,268	218,655	555,067
Travel and Conferences	17,098	328,074	271,572	616,744	126,141	243,492	369,633	986,377
Telecommunications	8,660	106,425	59,322	174,407	45,370	20,604	65,974	240,381
Office Supplies	1,321	28,346	80,177	109,844	137,486	13,761	151,247	261,091
Dues and Subscriptions	6,687	24,957	153,306	184,950	44,839	33,060	77,899	262,849
Depreciation and								
Miscellaneous Equipment	84,610	571,792	337,502	993,904	547,981	285,841	833,822	1,827,726
Credit Card Fees and Other	10,519	195,212	41,621	247,352	167,894	117,401	285,295	532,647
Subtotal	14,145,819	11,918,504	5,729,467	31,793,790	8,433,588	4,484,442	12,918,030	44,711,820
Less: Special Event Expenses	-	(84,053)	-	(84,053)	-	-	-	(84,053)
Total Operating Expenses	14,145,819	11,834,451	5,729,467	31,709,737	8,433,588	4,484,442	12,918,030	44,627,767
Nonoperating Expenses:								
Contributed Services - Public Services								
Announcements and Other Services	-	-	14,109,349	14,109,349	-	-	-	14,109,349
Total Expenses	\$ 14,145,819	\$ 11,834,451	\$ 19,838,816	\$ 45,819,086	\$ 8,433,588	\$ 4,484,442	\$ 12,918,030	\$ 58,737,116

See accompanying Notes to Financial Statements.

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

	Program Services				Supporting Services			
	Research Grants	Patient and Community Services	Public and Professional Education	Total Program Services	Fund-Raising	Management and General	Total Supporting Services	Total Functional Expenses
EXPENSES								
Operating Expenses:								
Grant Awards	\$ 10,955,765	\$ -	\$ -	\$ 10,955,765	\$ -	\$ -	\$ -	\$ 10,955,765
Chapter Support	-	3,562,499	253	3,562,752	500	953	1,453	3,564,205
Salaries and Related Expenses	980,514	5,553,880	2,048,838	8,583,232	2,216,709	1,624,534	3,841,243	12,424,475
Printing and Publications	1,562	279,213	29,294	310,069	21,161	1,105	22,266	332,335
Professional Fees								
and Contract Services	235,807	827,878	1,478,120	2,541,805	4,121,092	884,071	5,005,163	7,546,968
Postage and Shipping	88	30,211	268	30,567	10,706	3,928	14,634	45,201
Occupancy	29,361	288,339	72,700	390,400	143,333	58,061	201,394	591,794
Travel and Conferences	193,416	401,112	41,458	635,986	66,753	112,674	179,427	815,413
Telecommunications	9,039	94,974	55,862	159,875	39,994	17,570	57,564	217,439
Office Supplies	1,064	40,197	92,238	133,499	17,854	11,203	29,057	162,556
Dues and Subscriptions	6,554	7,390	81,164	95,108	25,583	43,695	69,278	164,386
Depreciation and								
Miscellaneous Equipment	70,057	410,031	174,030	654,118	359,564	161,576	521,140	1,175,258
Credit Card Fees and Other	54	91,351	133	91,538	128,588	102,280	230,868	322,406
Subtotal	12,483,281	11,587,075	4,074,358	28,144,714	7,151,837	3,021,650	10,173,487	38,318,201
Less: Special Event Expenses	-	(74,706)	-	(74,706)	-	-	-	(74,706)
Total Operating Expenses	12,483,281	11,512,369	4,074,358	28,070,008	7,151,837	3,021,650	10,173,487	38,243,495
Nonoperating Expenses:								
Contributed Services - Public Services								
Announcements and Other Services	-	-	21,606,777	21,606,777	-	-	-	21,606,777
Total Expenses	\$ 12,483,281	\$ 11,512,369	\$ 25,681,135	\$ 49,676,785	\$ 7,151,837	\$ 3,021,650	\$ 10,173,487	\$ 59,850,272

See accompanying Notes to Financial Statements.

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JANUARY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,979,852)	\$ 2,873,393
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization	1,710,428	1,105,513
Change in Value of Charitable Remainder Trusts	16,854	(28,108)
Net Realized and Unrealized Losses (Gains) in Beneficial Interests in Perpetual Trusts	(29,889)	246,735
Net Realized and Unrealized Gains on Investments	(3,158,582)	(6,269,029)
PPP Loan Forgiveness	(3,226,240)	-
Changes in Operating Assets and Liabilities:		
Receivables:		
Bequests, Net	(276,395)	(490,787)
Chapters, Net	2,851,647	(1,638,994)
Pledges, Net	833,596	733,359
Other	(2,315,474)	(6,893)
Prepaid Expenses and Deposits	(317,882)	(702,562)
Grants Payable	878,617	(871,186)
Accounts Payable and Accrued Expenses	757,004	(1,970,652)
Annuity Payment Liability	(32,807)	188,427
Deferred Rent	58,343	423,494
Deferred Revenue	(10,000)	(5,350)
Net Cash Used by Operating Activities	<u>(4,240,632)</u>	<u>(6,412,640)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(69,739)	(686,388)
Purchases of Investments	(3,993,843)	(7,413,795)
Proceeds from Sold and Matured Investments	7,086,385	13,985,239
Net Cash Provided by Investing Activities	<u>3,022,803</u>	<u>5,885,056</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP Loan	1,613,120	1,613,120
Net Cash Provided by Financing Activities	<u>1,613,120</u>	<u>1,613,120</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	395,291	1,085,536
Cash and Cash Equivalents - Beginning of Year	<u>6,170,542</u>	<u>5,085,006</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 6,565,833</u></u>	<u><u>\$ 6,170,542</u></u>

See accompanying Notes to Financial Statements.

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

The Association is a nonprofit voluntary health organization, exempt, together with its affiliated chapters, from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code). The Association and its chapters are classified collectively as a publicly supported charitable organization under Section 509(a)(1) and qualify for the maximum charitable contribution deduction by donors under Section 170(b)(1)(A)(vi) of the Code.

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

Subsequent to year-end, the Association began the process of restructuring to a single corporation. Beginning February 1, 2022 and through June 7, 2022, the Association has assumed the operating activity of 13 of its 34 affiliated chapters which have agreed to merge into the Association. This means that former chapter employees are now employees of the Association and all new revenue and expense activity formerly associated with the 13 affiliated chapters will be recorded by the Association in its financial statements subsequent to the effective date of merger. The 13 chapters which have agreed to merge are operating with their boards, corporate status, and charter agreement and are tasked with spending down their reserves in support of mission activity through January 31, 2024, when the merger is expected be completed.

Basis of Accounting

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from estimates.

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

At January 31, 2022 and 2021, the cash and cash equivalents balance included approximately \$21,000 and \$44,000, respectively, which are earmarked for annuity obligations.

Investments

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

Property and Equipment

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

Research Grant Expense

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

Net Assets

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

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

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Bequests

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

Bequests are recognized at the time the Association's right to them is established by a court and the proceeds are subject to reasonable estimation. Bequests receivable are shown net of an allowance for present value discount of approximately \$237,000 and \$268,000 at January 31, 2022 and 2021, respectively.

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

In-Kind Contributions

The Association produces and distributes public service television announcements that focus attention on ALS education and awareness. These public service announcements are distributed to media stations nationwide and run free of charge. The Association has contracted with an independent outside agency to track the date and time that each public service announcement runs, and the value of the announcements is based on the date, time, and market in which the announcement is aired. For the years ended January 31, 2022 and 2021, the Association recorded approximately \$14,109,000 and \$21,607,000, respectively, in contributed public service announcement air time.

Split-Interest Agreements and Beneficial Interests in Trusts

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

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

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Split-Interest Agreements and Beneficial Interests in Trusts (Continued)

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

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

Functional Expenses

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

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

Allocation of Joint Costs

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

For the year ended January 31, 2022, joint costs approximated \$1,604,000 and \$313,000 for fundraising and program services, respectively. For the year ended January 31, 2021, joint costs approximated \$1,403,000 and \$305,000 for fundraising and program services, respectively.

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Association did not have any unrelated taxable income for the years ended January 31, 2022 and 2021. Accordingly, no provision for income taxes has been provided in the financial statements.

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

Fair Value of Financial Instruments

Fair Value Measurements

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

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

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

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

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

Operating Measure

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

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these financial statements, the Association continues to evaluate events and transactions for potential recognition or disclosure through June 7, 2022, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY

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

	2022	2021
Cash and Cash Equivalents	\$ 6,565,833	\$ 6,170,542
Investments in Marketable Securities	78,900,690	78,834,650
Receivables	6,707,837	7,801,211
Beneficial Interest in Perpetual Trusts	874,547	844,658
Contributions Receivable from Remainder Trusts	275,876	292,730
	<u>93,324,783</u>	<u>93,943,791</u>
Less: Contractual or Donor-imposed Restrictions:		
Endowment Gifts	(6,509,730)	(6,516,315)
Other Donor Restrictions	(5,183,943)	(9,450,886)
Less: Board-Designated Reserve Fund	(40,000,000)	(40,000,000)
Less: Board-Designated Mission Sustainability Fund	(5,649,254)	(5,649,254)
	<u>(57,342,927)</u>	<u>(61,616,455)</u>
Financial Assets Available to Meet Cash Needs for		
General Expenditures within One Year	<u>\$ 35,981,856</u>	<u>\$ 32,327,336</u>

The majority of the Association's available assets, which are invested according to a board-approved policy, are currently being used to supplement additional spending in research and patient and community services functions. For example, the available net assets can be used to fund approximately \$7,298,000 and \$11,532,000 of conditional research commitments as of January 31, 2022 and 2021, respectively, as disclosed in Note 12 of these financial statements.

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

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

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2022 AND 2021

NOTE 3 CONCENTRATIONS

Credit Risk

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

Market Value Risk

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

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Association uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the valuation methodologies used at January 31, 2022 and 2021.

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

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

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

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

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

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2022 AND 2021

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables present the Association's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of January 31, 2022:

	Level 1	Level 2	Level 3	Total
<u>Assets</u>				
Mutual Funds	\$ 58,207,048	\$ -	\$ -	\$ 58,207,048
Equity Securities	20,392,920	-	-	20,392,920
Private Equity	-	-	250,000	250,000
Government Agency Obligations	-	50,722	-	50,722
Total Investments	78,599,968	50,722	250,000	78,900,690
Beneficial Interest in				
Perpetual Trusts	-	-	874,547	874,547
Contributions Receivable from				
Charitable Remainder Trusts	-	-	275,876	275,876
Total Assets at Fair Value	<u>\$ 78,599,968</u>	<u>\$ 50,722</u>	<u>\$ 1,400,423</u>	<u>\$ 80,051,113</u>
<u>Liabilities</u>				
Annuity Payment Liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,008,902</u>	<u>\$ 1,008,902</u>

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

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

Investments include approximately \$2,081,000 and \$2,001,000 to cover annuity obligations for the years ended January 31, 2022 and 2021, respectively.

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2022 AND 2021

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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

	Private Equity	Beneficial Interest in Perpetual Trusts	Contributions Receivable from Charitable Remainder Trust	Annuity Payment Liability
Balance - January 31, 2020	\$ -	\$ 1,091,393	\$ 264,622	\$ (853,282)
Change in Valuation	-	44,633	28,108	-
Purchases	250,000	-	-	-
New Annuities	-	-	-	(330,115)
Annuity Payments and Releases	-	-	-	172,632
Gain from Annuity	-	-	-	(30,944)
Write off of Trust Receivable	-	(291,368)	-	-
Balance - January 31, 2021	250,000	844,658	292,730	(1,041,709)
Change in Valuation	-	29,889	(16,854)	-
Purchases	-	-	-	-
New Annuities	-	-	-	(20,000)
Annuity Payments and Releases	-	-	-	137,253
Loss from Annuity	-	-	-	(84,446)
Write off of Trust Receivable	-	-	-	-
Balance - January 31, 2022	<u>\$ 250,000</u>	<u>\$ 874,547</u>	<u>\$ 275,876</u>	<u>\$ (1,008,902)</u>

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

	2022	2021
Interest and Dividends	\$ 2,158,934	\$ 1,985,828
Realized/Unrealized Gain	3,158,582	6,269,029
Investment Fees	(224,531)	(192,701)
Total	<u>\$ 5,092,985</u>	<u>\$ 8,062,156</u>

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2022 AND 2021

NOTE 5 CHAPTER RECEIVABLES

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

	2022	2021
Revenue Sharing	\$ 1,323,306	\$ 4,012,242
Less: Reserve for Doubtful Collection	<u>(127,587)</u>	<u>(134,618)</u>
	1,195,719	3,877,624
Loans and Other Receivable	201,261	410,217
Less: Reserve for Doubtful Collection	(191,215)	(171,727)
Less: Discount to Present Value	<u>-</u>	<u>(58,702)</u>
	10,046	179,788
Total	<u><u>\$ 1,205,765</u></u>	<u><u>\$ 4,057,412</u></u>

NOTE 6 PLEDGES RECEIVABLE

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

	2022	2021
Due in Less Than One Year	\$ 698,000	\$ 1,665,500
Due in One to Five Years	106,000	12,000
Due in More Than Five Years	<u>75,000</u>	<u>-</u>
	879,000	1,677,500
Less: Discount to Present Value	<u>(35,855)</u>	<u>(759)</u>
Total	<u><u>\$ 843,145</u></u>	<u><u>\$ 1,676,741</u></u>

Amounts presented above have been discounted to present value using rates ranging from 2.55% to 4.48%.

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at January 31:

	2022	2021
Furniture and Equipment	\$ 748,154	\$ 673,382
Software	4,809,090	4,809,092
Leasehold Improvements	<u>1,097,274</u>	<u>1,087,224</u>
	6,654,518	6,569,698
Less: Accumulated Depreciation and Amortization	<u>(3,275,663)</u>	<u>(1,550,154)</u>
Total	<u><u>\$ 3,378,855</u></u>	<u><u>\$ 5,019,544</u></u>

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2022 AND 2021

NOTE 8 RELATED PARTY TRANSACTIONS

During the years ended January 31, 2022 and 2021, the Association recorded contributions from board members of approximately \$83,000 and \$103,000, respectively. As of January 31, 2022 and 2021, outstanding pledges receivable from board members approximated \$12,000 and \$18,000, respectively.

NOTE 9 PPP LOANS AND EMPLOYEE RETENTION CREDIT

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

The PPP Loans were forgiven in full and paid by the SBA to the financial institution in March 2021 and January 2022, respectively.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Association's financial position.

Additionally, the Association was eligible for the Employee Retention Credit, a federal program in the form of a refundable tax credit on employer payroll taxes. The Association recognized approximately \$2,100,000 in credits for the year ending January 31, 2022. The balance remains unpaid as of January 31, 2022 and is included in other receivables on the accompanying statement of financial position.

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2022 AND 2021

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

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

	2022			
	Beginning	Additions	Releases	Ending
Research Awards	\$ 5,840,576	\$ 7,065,854	\$ (10,538,112)	\$ 2,368,318
Research Endowment Principal	240,000	15,781	(22,366)	233,415
Beneficial Interest in Perpetual Trust	844,658	29,889	-	874,547
Term Endowment				
Supporting Research	6,276,315	413,328	(413,328)	6,276,315
Time Restricted	2,765,652	1,184,714	(2,009,288)	1,941,078
Total	<u>\$ 15,967,201</u>	<u>\$ 8,709,566</u>	<u>\$ (12,983,094)</u>	<u>\$ 11,693,673</u>
	2021			
	Beginning	Additions	Releases	Ending
Research Awards	\$ 1,229,994	\$ 9,539,542	\$ (4,928,960)	\$ 5,840,576
Research Endowment Principal	240,000	24,624	(24,624)	240,000
Beneficial Interest in Perpetual Trust	800,025	44,633	-	844,658
Term Endowment				
Supporting Research	6,276,315	644,948	(644,948)	6,276,315
Time Restricted	2,480,127	1,253,033	(967,508)	2,765,652
Total	<u>\$ 11,026,461</u>	<u>\$ 11,506,780</u>	<u>\$ (6,566,040)</u>	<u>\$ 15,967,201</u>

Perpetual Trusts

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

NOTE 11 ENDOWMENTS

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

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

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2022 AND 2021

NOTE 11 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

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

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

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

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

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

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

	With Donor Restrictions
Balance, January 31, 2020	\$ 6,516,315
Total Investment Return	669,572
Appropriations	(669,572)
Balance, January 31, 2021	6,516,315
Total Investment Return	429,109
Appropriations	(435,694)
Balance, January 31, 2022	<u>\$ 6,509,730</u>

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2022 AND 2021

NOTE 11 ENDOWMENTS (CONTINUED)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Association to retain as a fund of perpetual or specified term duration. Deficiencies of this nature are reported in net assets with donor restrictions. There were no deficiencies as of January 31, 2022 and 2021.

NOTE 12 COMMITMENTS AND CONTINGENCIES

Research Grants

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

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

<u>Year Ending January 31,</u>	<u>Amount</u>
2023	\$ 5,653,062
2024	1,644,777
Total	<u>\$ 7,297,839</u>

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

Purchase Commitments

The Association entered into other noncancellable agreements for various services including but not limited to costs for the purchase and implementation of the new donor and constituent management system. The Association's maximum commitment for these services is approximately \$4,279,000 as of January 31, 2022.

Leases

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

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

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2022 AND 2021

NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Leases (Continued)

During the year ended January 31, 2020, the Association entered into a long-term lease for office space in Arlington, Virginia to replace its Washington, DC office space lease which expired in February 2020. The new lease commenced in March 2020, and expires in February 2032. The new lease requires the Association to execute a letter of credit for approximately \$50,000 for security deposit considerations. As of the January 31, 2022, and through the date of this report, no amounts have been drawn on the letter of credit.

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

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

<u>Year Ending January 31,</u>	<u>Amount</u>
2023	\$ 607,157
2024	617,329
2025	582,314
2026	595,383
2027	610,262
Thereafter	3,345,446
Total	<u>\$ 6,357,891</u>

Rent expense under office and equipment leases amounted to approximately \$555,000 and \$592,000 for the years ended January 31, 2022 and 2021, respectively.

Loan Management Account

As a way to manage potential cash flow shortfalls, the Association established a Loan Management Account (LMA) credit facility with its investment advisor in May 2020. The LMA functions similarly to a margin account. The LMA is collateralized by a portion of the Association's investment portfolio and allows the Association to draw up to \$9.95 million to help facilitate short term cash flow needs. There was no amount drawn on this credit facility as of January 31, 2022 or 2021.

NOTE 13 EMPLOYEE BENEFIT PLAN

The Association maintains a 401(k) defined contribution plan which is subject to limitations set forth by the Internal Revenue Code. The plan covers all employees who meet the requirements of the plan. The Association provides a 3% contribution to the plan on behalf of each eligible employee as well as an additional matching contribution of up to 4% if the employee makes a corresponding contribution. The total expenses relating to the plan were approximately \$714,000 and \$584,000 for the years ended January 31, 2022 and 2021, respectively.