



**ALS THERAPY DEVELOPMENT FOUNDATION, INC.
D/B/A ALS THERAPY DEVELOPMENT INSTITUTE**

**FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

**ALS THERAPY DEVELOPMENT FOUNDATION, INC.
D/B/A ALS THERAPY DEVELOPMENT INSTITUTE**

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DECEMBER 31, 2011 AND 2010**

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

Where Every Client Is A Valued Client

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
ALS Therapy Development Foundation, Inc.
d/b/a ALS Therapy Development Institute:

We have audited the accompanying statements of financial position of ALS Therapy Development Foundation, Inc. d/b/a ALS Therapy Development Institute (a Massachusetts corporation, not for profit) (ALS TDI) as of December 31, 2011 and 2010, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of ALS TDI's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ALS Therapy Development Foundation, Inc. d/b/a ALS Therapy Development Institute as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Alexander, Aronson, Finning, & Co., P.C.

Wellesley, Massachusetts
May 1, 2012

**ALS THERAPY DEVELOPMENT FOUNDATION, INC.
D/B/A ALS THERAPY DEVELOPMENT INSTITUTE**

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2011 AND 2010**

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,855,341	\$ 4,623,230
Investments	324	4,840
Accounts receivable	239,120	27,393
Pledges receivable	1,515,000	-
Prepaid expenses and other	58,276	185,240
	<hr/>	<hr/>
Total current assets	4,668,061	4,840,703
	<hr/>	<hr/>
OTHER ASSETS:		
Certificate of deposit - restricted	288,943	-
Property and equipment, net	376,351	688,611
Security deposits	37,655	37,655
Patents, net	50,500	11,966
	<hr/>	<hr/>
Total other assets	753,449	738,232
	<hr/>	<hr/>
Total assets	<u>\$ 5,421,510</u>	<u>\$ 5,578,935</u>
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<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Current portion of capital lease obligations	\$ 113,073	\$ 213,006
Accounts payable	174,108	334,643
Accrued expenses	337,181	375,448
	<hr/>	<hr/>
Total current liabilities	624,362	923,097
	<hr/>	<hr/>
CAPITAL LEASE OBLIGATIONS , net of current portion	51,107	164,260
	<hr/>	<hr/>
Total liabilities	675,469	1,087,357
	<hr/>	<hr/>
NET ASSETS:		
Unrestricted:		
Operating	4,483,370	4,168,267
Property and equipment and patents	262,671	323,311
	<hr/>	<hr/>
Total unrestricted	4,746,041	4,491,578
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 5,421,510</u>	<u>\$ 5,578,935</u>
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The accompanying notes are an integral part of these statements.

**ALS THERAPY DEVELOPMENT FOUNDATION, INC.
D/B/A ALS THERAPY DEVELOPMENT INSTITUTE**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
CHANGES IN UNRESTRICTED NET ASSETS:		
REVENUE:		
Grants and contracts	\$ 4,349,005	\$ 5,068,933
Special events and contributions, net	2,547,821	1,974,014
Fee for service	743,150	-
Contributions	326,055	571,593
Interest and other	15,882	30,729
Donated goods and services	15,591	31,017
Net assets released from restrictions:		
Satisfaction of purpose restrictions	-	250,000
Satisfaction of time restrictions	-	125,000
	<u>7,997,504</u>	<u>8,051,286</u>
OPERATING EXPENSES:		
Program services:		
Research and development:		
Science programs	2,158,132	1,845,764
Lab	2,974,560	2,873,177
Informatics	326,654	317,721
Patient services	258,419	266,904
Clinical	10,409	10,092
	<u>5,728,174</u>	<u>5,313,658</u>
Total research and development		
Communications	861,249	772,001
Business development	117,892	138,786
	<u>6,707,315</u>	<u>6,224,445</u>
Total program services		
Support services:		
General and administrative	268,973	630,029
Fundraising	766,753	597,891
	<u>7,743,041</u>	<u>7,452,365</u>
Total expenses		
Changes in unrestricted net assets	<u>254,463</u>	<u>598,921</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
NET ASSETS RELEASED FROM RESTRICTIONS:		
Satisfaction of purpose restrictions	-	(250,000)
Satisfaction of time restrictions	-	(125,000)
	<u>-</u>	<u>(375,000)</u>
Changes in temporarily restricted net assets		
Changes in net assets	254,463	223,921
NET ASSETS, beginning of year	<u>4,491,578</u>	<u>4,267,657</u>
NET ASSETS, end of year	<u>\$ 4,746,041</u>	<u>\$ 4,491,578</u>

The accompanying notes are an integral part of these statements.

**ALS THERAPY DEVELOPMENT FOUNDATION, INC.
D/B/A ALS THERAPY DEVELOPMENT INSTITUTE**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 254,463	\$ 223,921
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	411,937	361,386
Net realized and unrealized gains on investments	(1,064)	(1,201)
Donated stock	(1,836)	(1,532)
Changes in operating assets and liabilities:		
Accounts receivable	(211,727)	347,722
Pledges receivable	(1,515,000)	-
Prepaid expenses and other	126,964	(111,296)
Accounts payable	(160,535)	212,103
Accrued expenses	(38,267)	59,748
	<u>(1,135,065)</u>	<u>1,090,851</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(95,989)	(21,366)
Payments for patent costs	(42,222)	(9,326)
Purchase of and interest earned on certificate of deposit - restricted	(288,943)	-
Proceeds from sale of investments	7,416	-
	<u>(419,738)</u>	<u>(30,692)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on capital lease obligations	(213,086)	(266,104)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,767,889)	794,055
CASH AND CASH EQUIVALENTS, beginning of year	<u>4,623,230</u>	<u>3,829,175</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,855,341</u>	<u>\$ 4,623,230</u>
SUPPLEMENTAL DISCLOSURE OF CASH AND NON-CASH TRANSACTIONS:		
Unrealized gain (loss) on investments	<u>\$ (1,227)</u>	<u>\$ 1,201</u>
Cost of assets acquired under capital lease obligations	<u>\$ -</u>	<u>\$ 419,969</u>
Cash paid for interest	<u>\$ 22,407</u>	<u>\$ 19,067</u>

The accompanying notes are an integral part of these statements.

**ALS THERAPY DEVELOPMENT FOUNDATION, INC.
D/B/A ALS THERAPY DEVELOPMENT INSTITUTE**

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011**
(With Summarized Comparative Totals for the Year Ended December 31, 2010)

	2011										2010		
	PROGRAM SERVICES							SUPPORT SERVICES					TOTAL
	RESEARCH AND DEVELOPMENT							GENERAL AND ADMINISTRATIVE					
SCIENCE PROGRAMS	LAB	INFORMATICS	PATIENT SERVICES	CLINICAL	TOTAL RESEARCH AND DEVELOPMENT	COMMUNICATIONS	BUSINESS DEVELOPMENT	TOTAL PROGRAM SERVICES	ADMINISTRATIVE	FUND-RAISING	TOTAL	TOTAL	
PERSONNEL AND RELATED:													
Salaries	\$ 1,271,688	\$ 636,711	\$ 205,376	\$ 126,994	\$ 6,510	\$ 2,247,279	\$ 393,682	\$ 74,123	\$ 2,715,084	\$ 87,130	\$ 277,640	\$ 3,079,854	\$ 3,136,132
Payroll taxes and fringe benefits	261,836	132,177	41,923	25,283	1,358	462,577	77,541	14,480	554,598	22,715	54,953	632,266	584,166
Consultants	131,993	91,520	20,730	67,301	666	312,210	39,324	7,615	359,149	20,441	201,906	581,496	542,143
Total personnel and related	<u>1,665,517</u>	<u>860,408</u>	<u>268,029</u>	<u>219,578</u>	<u>8,534</u>	<u>3,022,066</u>	<u>510,547</u>	<u>96,218</u>	<u>3,628,831</u>	<u>130,286</u>	<u>534,499</u>	<u>4,293,616</u>	<u>4,262,441</u>
OCCUPANCY:													
Facility	87,855	449,883	14,045	8,498	453	560,734	26,312	5,150	592,196	5,883	23,359	621,438	557,213
Maintenance	11,595	61,134	1,802	1,078	62	75,671	3,377	660	79,708	780	2,390	82,878	93,067
Utilities	25,239	12,495	4,085	2,556	128	44,503	7,949	1,466	53,918	1,729	5,563	61,210	36,594
Insurance	14,974	7,552	2,397	1,468	77	26,468	4,610	873	31,951	1,559	3,232	36,742	38,294
Total occupancy	<u>139,663</u>	<u>531,064</u>	<u>22,329</u>	<u>13,600</u>	<u>720</u>	<u>707,376</u>	<u>42,248</u>	<u>8,149</u>	<u>757,773</u>	<u>9,951</u>	<u>34,544</u>	<u>802,268</u>	<u>725,168</u>
OTHER EXPENSES:													
Testing and lab expense	49,823	1,415,096	-	-	-	1,464,919	-	-	1,464,919	-	-	1,464,919	1,425,151
Communications	21,214	8,207	2,627	1,621	80	33,749	136,380	944	171,073	2,717	17,095	190,885	169,636
Meetings and conferences	49,528	5,460	79	1,855	5	56,927	51,707	387	109,021	226	19,659	128,906	103,960
Professional services	-	-	-	-	-	-	-	-	-	88,886	-	88,886	68,211
Staff training and travel	19,072	11,614	2,901	3,777	133	37,497	8,920	2,029	48,446	2,089	26,233	76,768	75,419
Printing and postage	11,925	3,268	1,050	635	34	16,912	51,809	392	69,113	1,559	2,842	73,514	110,858
Small equipment	18,631	20,220	3,207	1,117	55	43,230	4,118	132	47,480	5,036	11,982	64,498	68,644
Miscellaneous	2,074	4,862	330	189	11	7,466	590	122	8,178	11,997	44,288	64,463	41,298
Recruiting	43	-	-	-	-	43	-	-	43	379	40,477	40,899	2,610
Dues and subscriptions	18,285	6,325	-	-	-	24,610	2,600	-	27,210	1,778	995	29,983	30,010
Interest	-	22,407	-	-	-	22,407	-	-	22,407	-	-	22,407	19,067
Program supplies and materials	5,663	5,475	917	569	29	12,653	4,463	329	17,445	3,376	-	20,821	20,009
Total other expenses	<u>196,258</u>	<u>1,502,934</u>	<u>11,111</u>	<u>9,763</u>	<u>347</u>	<u>1,720,413</u>	<u>260,587</u>	<u>4,335</u>	<u>1,985,335</u>	<u>118,043</u>	<u>163,571</u>	<u>2,266,949</u>	<u>2,134,873</u>
DEPRECIATION AND AMORTIZATION	<u>156,694</u>	<u>80,154</u>	<u>25,185</u>	<u>15,478</u>	<u>808</u>	<u>278,319</u>	<u>47,867</u>	<u>9,190</u>	<u>335,376</u>	<u>10,693</u>	<u>34,139</u>	<u>380,208</u>	<u>329,883</u>
Total expenses	<u>\$ 2,158,132</u>	<u>\$ 2,974,560</u>	<u>\$ 326,654</u>	<u>\$ 258,419</u>	<u>\$ 10,409</u>	<u>\$ 5,728,174</u>	<u>\$ 861,249</u>	<u>\$ 117,892</u>	<u>\$ 6,707,315</u>	<u>\$ 268,973</u>	<u>\$ 766,753</u>	<u>\$ 7,743,041</u>	<u>\$ 7,452,365</u>

The accompanying notes are an integral part of these statements.

ALS THERAPY DEVELOPMENT FOUNDATION, INC.
D/B/A ALS THERAPY DEVELOPMENT INSTITUTE

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010

	PROGRAM SERVICES								SUPPORT SERVICES			
	RESEARCH AND DEVELOPMENT					TOTAL	COMMUNI-	BUSINESS	TOTAL	GENERAL	FUND-	TOTAL
	SCIENCE	LAB	INFORMATICS	PATIENT	CLINICAL	RESEARCH AND	CATIONS	DEVELOPMENT	PROGRAM	ADMINIS-	RAISING	
	PROGRAMS			SERVICES		DEVELOPMENT			SERVICES	TRATIVE		
PERSONNEL AND RELATED:												
Salaries	\$ 1,074,132	\$ 669,048	\$ 201,780	\$ 139,294	\$ 6,594	\$ 2,090,848	\$ 351,970	\$ 88,544	\$ 2,531,362	\$ 359,390	\$ 245,380	\$ 3,136,132
Payroll taxes and fringe benefits	208,894	131,858	39,841	28,880	1,277	410,750	69,923	18,406	499,079	35,116	49,971	584,166
Consultants	116,830	60,341	15,462	58,436	504	251,573	27,234	6,829	285,636	115,680	140,827	542,143
Total personnel and related	<u>1,399,856</u>	<u>861,247</u>	<u>257,083</u>	<u>226,610</u>	<u>8,375</u>	<u>2,753,171</u>	<u>449,127</u>	<u>113,779</u>	<u>3,316,077</u>	<u>510,186</u>	<u>436,178</u>	<u>4,262,441</u>
OCCUPANCY:												
Facility	67,059	414,443	12,620	8,791	413	503,326	22,027	5,666	531,019	8,217	17,977	557,213
Maintenance	11,502	67,957	2,224	1,703	71	83,457	3,951	1,204	88,612	1,726	2,729	93,067
Utilities	13,810	8,641	2,581	1,672	85	26,789	4,417	885	32,091	1,345	3,158	36,594
Insurance	13,787	8,577	2,598	1,814	85	26,861	4,548	1,127	32,536	2,598	3,160	38,294
Total occupancy	<u>106,158</u>	<u>499,618</u>	<u>20,023</u>	<u>13,980</u>	<u>654</u>	<u>640,433</u>	<u>34,943</u>	<u>8,882</u>	<u>684,258</u>	<u>13,886</u>	<u>27,024</u>	<u>725,168</u>
OTHER EXPENSES:												
Testing and lab expense	68,492	1,356,659	-	-	-	1,425,151	-	-	1,425,151	-	-	1,425,151
Communications	13,257	8,004	3,156	3,407	78	27,902	119,020	1,094	148,016	4,254	17,366	169,636
Meetings and conferences	44,984	570	-	2,501	-	48,055	37,422	-	85,477	2,846	15,637	103,960
Professional services	-	-	-	-	-	-	-	-	-	68,211	-	68,211
Staff training and travel	22,586	10,589	2,949	2,942	138	39,204	6,453	4,351	50,008	1,986	23,425	75,419
Printing and postage	13,383	4,034	1,367	887	40	19,711	81,941	540	102,192	2,566	6,100	110,858
Small equipment	26,514	22,945	8,862	364	17	58,702	1,018	5	59,725	1,626	7,293	68,644
Miscellaneous	2,018	1,263	382	269	12	3,944	743	180	4,867	3,334	33,097	41,298
Recruiting	909	552	168	121	5	1,755	296	75	2,126	191	293	2,610
Dues and subscriptions	18,169	6,525	-	-	-	24,694	-	-	24,694	3,901	1,415	30,010
Interest	-	19,067	-	-	-	19,067	-	-	19,067	-	-	19,067
Program supplies and materials	4,696	6,249	890	547	26	12,408	1,445	344	14,197	3,221	2,591	20,009
Total other expenses	<u>215,008</u>	<u>1,436,457</u>	<u>17,774</u>	<u>11,038</u>	<u>316</u>	<u>1,680,593</u>	<u>248,338</u>	<u>6,589</u>	<u>1,935,520</u>	<u>92,136</u>	<u>107,217</u>	<u>2,134,873</u>
DEPRECIATION AND AMORTIZATION	<u>124,742</u>	<u>75,855</u>	<u>22,841</u>	<u>15,276</u>	<u>747</u>	<u>239,461</u>	<u>39,593</u>	<u>9,536</u>	<u>288,590</u>	<u>13,821</u>	<u>27,472</u>	<u>329,883</u>
Total expenses	<u>\$ 1,845,764</u>	<u>\$ 2,873,177</u>	<u>\$ 317,721</u>	<u>\$ 266,904</u>	<u>\$ 10,092</u>	<u>\$ 5,313,658</u>	<u>\$ 772,001</u>	<u>\$ 138,786</u>	<u>\$ 6,224,445</u>	<u>\$ 630,029</u>	<u>\$ 597,891</u>	<u>\$ 7,452,365</u>

The accompanying notes are an integral part of these statements.

**ALS THERAPY DEVELOPMENT FOUNDATION, INC.
D/B/A ALS THERAPY DEVELOPMENT INSTITUTE**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS AND NONPROFIT STATUS

ALS Therapy Development Foundation, Inc. d/b/a ALS Therapy Development Institute (ALS TDI) is a not-for-profit corporation formed to conduct medical research associated with discovering cures for and the treatment of amyotrophic lateral sclerosis (ALS) or, more commonly referred to as Lou Gehrig's disease.

ALS TDI is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). ALS TDI is also exempt from state income taxes. Donors may deduct contributions made to ALS TDI within the Internal Revenue Code requirements.

SIGNIFICANT ACCOUNTING POLICIES

ALS TDI prepares its financial statements in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these footnotes are to the FASB Accounting Standards Codification.

Estimates

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

Pledges Receivable

Pledges receivable are recorded as unconditionally committed.

Accounts Receivable

Accounts receivable are stated as unpaid balances, less an allowance for doubtful accounts.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is recorded based on management's analysis of specific accounts and their estimate of amounts that may be uncollectible, if any. As of December 31, 2011 and 2010, ALS TDI has determined that no allowance for uncollectible accounts is necessary.

Investments

Investment gains and losses are reflected in the statements of activities and changes in net assets when realized upon sale or based on changes in market value of securities held. Interest and dividends are recorded when earned.

**ALS THERAPY DEVELOPMENT FOUNDATION, INC.
D/B/A ALS THERAPY DEVELOPMENT INSTITUTE**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Equipment and Depreciation

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at fair market value at the time of donation. Renewals and betterments are capitalized as additions to the related asset accounts, while repairs and maintenance are expensed as they are incurred.

As of December 31, 2011 and 2010, property and equipment balances and their estimated useful lives were as follows:

	<u>Estimated Useful Lives</u>	<u>2011</u>	<u>2010</u>
Equipment	3 - 5 years	\$2,165,052	\$2,069,063
Leasehold improvements	Life of lease	11,389	11,389
Furniture and fixtures	3 - 5 years	<u>5,443</u>	<u>5,443</u>
		2,181,884	2,085,895
Less - accumulated depreciation		<u>1,805,533</u>	<u>1,397,284</u>
		<u>\$ 376,351</u>	<u>\$ 688,611</u>

Depreciation expense was \$408,249 and \$360,514 for 2011 and 2010, respectively. Included in the cost of special events is \$31,729 and \$31,503 of depreciation expense allocated to special events for 2011 and 2010, respectively. The cost of equipment purchased under capital leases was approximately \$1,357,000 as of December 31, 2011 and 2010. Accumulated depreciation of equipment purchased under capital leases was \$1,131,418 and \$822,930 as of December 31, 2011 and 2010, respectively. Depreciation expense on equipment purchased under capital leases was \$308,488 and \$260,835 for 2011 and 2010, respectively (see Note 2).

Patents and Amortization

ALS TDI incurs costs in relation to the creation of its patents on its medical procedures. These costs are capitalized and amortized over the expected life of the patent (fifteen years) and the carrying value is assessed for impairment on an annual basis. Patents, net consist of the following as of December 31:

	<u>2011</u>	<u>2010</u>
Patents	\$55,311	\$13,089
Less - accumulated amortization	<u>4,811</u>	<u>1,123</u>
	<u>\$50,500</u>	<u>\$11,966</u>

Amortization expense was \$3,688 and \$872 for 2011 and 2010, respectively. Amortization expense is expected to be approximately \$3,867 per year from 2012 through 2016.

**ALS THERAPY DEVELOPMENT FOUNDATION, INC.
D/B/A ALS THERAPY DEVELOPMENT INSTITUTE**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Unrestricted:

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by ALS TDI. ALS TDI has grouped its unrestricted net assets into the following categories:

Operating net assets represent net assets which are available for operations.

Property and equipment and patents net assets represent the net book value of property and equipment and patents, net of related debt.

Temporarily Restricted:

Temporarily restricted net assets represent amounts received or committed by donors with time or purpose restrictions that have not yet been met. There were no temporarily restricted net assets at December 31, 2011 or 2010.

Revenue Recognition

Unrestricted grants and contributions are recognized as revenue when unconditionally committed or received. Restricted grants and contributions are recorded as temporarily restricted revenues and net assets when received or unconditionally pledged. Transfers are made to unrestricted net assets as costs are incurred or time restrictions lapse. Donor restricted grants received and satisfied in the same period are included in unrestricted net assets. Contract and fee for service revenue is recognized as income when services are rendered, costs are incurred or milestones are achieved. Special event revenue is recognized in the period in which the event takes place. Interest and other revenue are recorded as earned.

Expense Allocation

Expenses related directly to a program are distributed to that program while other expenses are allocated based upon management's estimate of the percentage attributable to each program.

Donated Goods and Services

Volunteers and other organizations contribute goods and services to ALS TDI in support of various aspects of its programs and special events. These goods and services are reflected in the accompanying financial statements based upon the estimated value assigned to them by the donating volunteers, agencies or by management.

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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Goods and Services (Continued)

The value of these goods and services are as follows:

	<u>2011</u>	<u>2010</u>
Special events - supplies and materials (see below)	\$106,434	\$41,245
Professional services	11,962	18,010
Program supplies and materials	<u>3,629</u>	<u>13,007</u>
	<u>\$122,025</u>	<u>\$72,262</u>

Special Events and Contributions

Included in special events and contributions are the results of various special events, which are shown net of related expenses in the accompanying statements of activities and changes in net assets. Special event revenue and direct expenses are summarized as follows for the years ended December 31:

<u>Special Event</u>	<u>2011</u>	<u>2010</u>
Special event contributions and support	\$1,659,041	\$1,227,825
Special event donated goods	1,402	18,767
Special event revenue	\$ 193,940	\$ 208,388
Less - direct expenses	(701,761)	(561,314)
Less - direct donated expenses	<u>(1,402)</u>	<u>(18,767)</u>
	1,151,220	874,899
 <u>Other</u>		
Other fundraising revenues	2,142,492	1,783,746
Other fundraising donated goods and services	105,032	22,478
Other fundraising direct expenses	(745,891)	(684,631)
Other fundraising direct donated expenses	<u>(105,032)</u>	<u>(22,478)</u>
Total fundraising revenue, net	<u>\$2,547,821</u>	<u>\$1,974,014</u>

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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For the purpose of the statements of cash flows, management considers cash and cash equivalents to be any amounts held in checking, savings and money market accounts.

Certificate of Deposit - restricted

Certificate of deposit (CD) consists of a CD with an initial maturity of twelve months and matures in November, 2012. The CD bears interest at an effective yield of .5%. This CD is collateral for a standby letter of credit (see Note 2). Given the restrictions on the CD and its inherent lack of liquidity, it has been reflected as a long-term asset on the accompanying statements of financial position.

Fair Value Measurements

ALS TDI follows the *Fair Value Measurements and Disclosures* standards. These standards define fair value, establish a framework for measuring fair value under U.S. GAAP, and mandate disclosures about fair value measurements. This policy establishes a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value. ALS TDI values its qualifying assets and liabilities using Level I inputs. Level I inputs reflect unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date. A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Income Taxes

ALS TDI follows the U.S. GAAP standards for *Accounting for Uncertainty in Income Taxes*, which requires ALS TDI to report any uncertain tax positions and to adjust its financial statements for the impact thereof. As of December 31, 2011, ALS TDI determined that it had no material unrecognized tax benefits to report. ALS TDI files information returns in the United States (Federal) and various state jurisdictions. These returns are generally subject to examination by Internal Revenue Service and the respective state tax authorities for the last three years.

Subsequent Events

Subsequent events have been evaluated through May 1, 2012 which is the date the financial statements were available to be issued.

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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

(2) LEASE COMMITMENTS

Facility and Equipment Leases

ALS TDI leases office and lab space under operating leases. The lease for lab space originally expired in November, 2009, and was extended through February, 2012. Management elected not to renew this lease during 2011 and instead entered into a lease for new space (see below). The lease required ALS TDI to maintain certain insurance coverage and pay for its proportionate share of real estate taxes and operating expenses. Rent expense under these leases was approximately \$459,000 and \$438,000 for 2011 and 2010, respectively. These amounts are included in facility on the accompanying statements of functional expenses. ALS TDI also leases office equipment through September, 2014. Future minimum lease payments, excluding real estate taxes and operating expenses, over the remainder of the leases terms are as follows:

2012	\$87,010
2013	\$11,700
2014	\$ 8,775

In October, 2011, ALS entered into a five-year lease agreement for office and lab space in Cambridge, Massachusetts, and relocated to this location in March, 2012. The lease commenced on March 2, 2012, and expires on March 2, 2017. As part of this agreement, ALS TDI has presented the landlord with a standby letter of credit from a bank in the amount of \$288,733. The letter of credit is secured by a CD held at the same bank (see Note 1). ALS TDI is also responsible for its proportionate share of operating expenses, payable monthly. Base monthly rent payments are approximately \$96,200 and increase by 2% per annum.

Future minimum lease payments under this agreement over the next five years are as follows:

2012	\$ 962,440
2013	\$1,175,408
2014	\$1,199,984
2015	\$1,224,560
2016	\$1,249,126

Capital Leases

ALS TDI leases certain research equipment under capital lease obligations, which is included in equipment (see Note 1). Interest rates under these agreements range from 7.3% to 14.4% per annum. The remaining terms of these agreements are from one to two years. Future minimum lease payments under these agreements are as follows:

2012	\$128,053
2013	<u>44,939</u>
Total future minimum payments	172,992
Less - amount representing interest	<u>8,812</u>
Present value of future minimum lease payments	164,180
Less - current portion	<u>113,073</u>
	<u>\$ 51,107</u>

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**NOTES TO FINANCIAL STATEMENTS
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(Continued)**

(3) RETIREMENT PLAN

ALS TDI contributes to a defined contribution pension plan under IRC Section 403(b). The Plan offers investment funds through American Funds and is administered by Angell Pension Group, a third party administrator and covers all eligible employees. All employees are eligible to participate in the plan upon the commencement of employment at ALS TDI. ALS TDI matches 50% of employee contributions, not to exceed \$1,000 of total matching contributions per employee each fiscal year. Employees immediately vest in all contributions. For 2011 and 2010, ALS TDI contributed \$27,960 and \$31,790, respectively, to the plan, of which \$25,781 and \$28,951 is included in payroll taxes and fringe benefits on the accompanying statements of functional expenses for the years ended December 31, 2011 and 2010, respectively. Included in the cost of special events is \$2,179 and \$2,839 of pension contributions allocated to special events for the years ended December 31, 2011 and 2010, respectively.

(4) INVESTMENTS

As of December 31, 2011 and 2010, investments consist of common stock valued at \$324 and \$4,840, respectively.

Investment income is comprised of the following for the years ended December 31, 2011 and 2010, and is included in interest and other in the accompanying statements of activities and changes in net assets:

	<u>2011</u>	<u>2010</u>
Unrealized gain (loss) on investments	\$(1,227)	\$1,201
Realized gain on sale of investments	<u>2,291</u>	<u>-</u>
	<u>\$ 1,064</u>	<u>\$1,201</u>

ALS TDI does not actively buy and sell investments. Investments on the accompanying statements of financial position consist of donated securities. It is ALS TDI's policy to sell donated stocks immediately after they have been received.

(5) CONCENTRATIONS

ALS TDI maintains its cash balances in one bank. The Federal Deposit Insurance Corporation (FDIC) insures balances up to certain amounts. At certain times during the year, cash balances may exceed the insured amounts. ALS TDI has not experienced any losses in such accounts. ALS TDI believes it is not exposed to any significant credit risk on cash.

Cash equivalents include short-term, highly liquid investments with original maturities of three months or less and are reported at cost, which approximates fair value. ALS TDI deposits its cash equivalents in major financial institutions, and these accounts are not insured. ALS TDI has not experienced any losses in such accounts. ALS TDI believes it is not exposed to any significant credit risk on cash equivalents.

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**NOTES TO FINANCIAL STATEMENTS
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(5) CONCENTRATIONS (Continued)

Approximately 99% of ALS TDI's pledges receivable are from two donors and approximately 99% of ALS TDI's accounts receivable are from three customers as of December 31, 2011. ALS TDI earned approximately 41% of its operating revenues from one funding source and 60% of its operating revenues from two funding sources during 2011 and 2010, respectively. Approximately 95% of ALS TDI's accounts receivable are from one donor as of December 31, 2010.

(6) RELATED PARTY TRANSACTIONS

ALS TDI entered into the following related party transactions:

- A member of the Board of Directors is also a member of the Board of Directors of the Muscular Dystrophy Association (MDA), which provides significant funding to ALS TDI (see Notes 5 and 7).
- A family member of a member of the Board of Directors is employed by ALS TDI in the fundraising and development department.

(7) CONDITIONAL GRANT

During 2007, ALS TDI entered into a three-year \$18,000,000 grant agreement with MDA. During 2009, ALS TDI signed a one year \$2,500,000 extension through the end of fiscal year 2010, and received an additional \$1,000,000 in funding as part of that extension. During 2011, MDA provided funding that was consistent with 2010. ALS TDI recognized approximately \$3,300,000 and \$3,500,000 of grant revenue during 2011 and 2010, respectively. During 2011, ALS TDI was notified that the grant was extended for an additional \$1,200,000 for 2012, which is contingent upon ALS TDI meeting certain benchmarks and milestones in accordance with the grant agreement. Accordingly, this amount will be recognized as grant revenue as the benchmarks are met and milestones are achieved.

(8) MANAGEMENT AGREEMENT

ALS TDI has an agreement with a management agent (the Agent) to carry on the fiscal, human resources, and information technology responsibilities of ALS TDI. The Agent receives management fees for services provided, as defined in the agreement, payable in monthly installments. Total fees paid to the Agent under this agreement for the years ended December 31, 2011 and 2010, were \$343,329 and \$310,658, respectively, and are included in consultants in the accompany statements of functional expenses. This agreement continues until either ALS TDI or the Agent terminates the agreement with thirty-days written notice.

(9) RECLASSIFICATIONS

Certain amounts in the 2010 financial statements have been reclassified to conform with the 2011 presentation.