



THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION

Financial Statements
January 31, 2011
with Summary Comparative Information for 2010

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
The Amyotrophic Lateral Sclerosis Association

We have audited the accompanying statement of financial position of The Amyotrophic Lateral Sclerosis Association (the "Association") as of January 31, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Association's 2010 financial statements and, in our report dated July 8, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 the Association at January 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Long Beach, California
June 3, 2011

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
STATEMENT OF FINANCIAL POSITION
JANUARY 31, 2011 WITH COMPARATIVE TOTALS FOR 2010

ASSETS

	January 31,	
	2011	2010
ASSETS		
Cash and cash equivalents	\$ 9,340,476	\$ 6,143,722
Investments in marketable securities	2,330,676	2,069,848
Receivables:		
Bequests	1,321,755	798,145
Chapters, net	2,814,453	4,137,374
Pledges, net	498,545	584,438
Other	24,163	39,970
Prepaid expenses	158,646	139,891
Beneficial interest in perpetual trusts	627,669	592,540
Contributions receivable from charitable remainder trusts	303,793	198,373
Property and equipment, net	279,028	491,563
Other assets	43,191	38,331
TOTAL ASSETS	\$ 17,742,395	\$ 15,234,195

LIABILITIES AND NET ASSETS

LIABILITIES		
Grants payable	\$ 1,345,885	\$ 3,386,733
Accounts payable and accrued expenses	1,747,643	1,621,519
Annuity payment liability	611,931	626,808
Deferred rent	148,903	80,925
Total liabilities	3,854,362	5,715,985
COMMITMENTS (Note 5)		
NET ASSETS		
Unrestricted	6,719,179	4,240,391
Temporarily restricted	6,301,552	4,445,646
Permanently restricted	867,302	832,173
Total net assets	13,888,033	9,518,210
TOTAL LIABILITIES AND NET ASSETS	\$ 17,742,395	\$ 15,234,195

See Independent Auditors' Report
The accompanying notes are an integral part of these financial statements.

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JANUARY 31, 2011
WITH COMPARATIVE TOTALS FOR 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2011</u>	<u>2010</u>
SUPPORT AND REVENUE:					
Contributions	\$ 4,711,302	\$ 1,954,410		\$ 6,665,712	\$ 4,553,281
Bequests	3,509,744	365,492		3,875,236	3,014,662
Chapters	4,040,860	2,237,185		6,278,045	6,435,107
Events	634,551			634,551	586,744
Federated campaigns	202,134			202,134	195,831
Interest income	13,732	41,888		55,620	77,526
Realized/unrealized gain on marketable securities	167,096	91,884		258,980	472,259
Other income	71,324			71,324	76,976
Gain on beneficial interest in perpetual trusts			\$ 35,129	35,129	16,456
Change in value of split-interest agreements		35,501		35,501	92,985
	<u>13,350,743</u>	<u>4,726,360</u>	<u>35,129</u>	<u>18,112,232</u>	<u>15,521,827</u>
Net assets released from restrictions	<u>2,870,454</u>	<u>(2,870,454)</u>			
Total support and revenue	<u>16,221,197</u>	<u>1,855,906</u>	<u>35,129</u>	<u>18,112,232</u>	<u>15,521,827</u>
EXPENSES:					
Research grants	2,980,858			2,980,858	4,471,709
Patient and community services	3,361,459			3,361,459	3,766,537
Public and professional education	2,295,049			2,295,049	1,982,730
Fund-raising	3,290,501			3,290,501	2,209,779
Administration	1,814,542			1,814,542	1,473,913
Total expenses	<u>13,742,409</u>			<u>13,742,409</u>	<u>13,904,668</u>
CHANGE IN NET ASSETS	2,478,788	1,855,906	35,129	4,369,823	1,617,159
NET ASSETS—					
Beginning of year	<u>4,240,391</u>	<u>4,445,646</u>	<u>832,173</u>	<u>9,518,210</u>	<u>7,901,051</u>
NET ASSETS—					
End of year	<u>\$ 6,719,179</u>	<u>\$ 6,301,552</u>	<u>\$ 867,302</u>	<u>\$ 13,888,033</u>	<u>\$ 9,518,210</u>

See Independent Auditors' Report
The accompanying notes are an integral part of these financial statements.

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 31, 2011 WITH COMPARATIVE TOTALS FOR 2010**

	Program Activities			Supporting Activities			Total Expenses		
	Research Grants	Patient and Community Services	Public and Professional Education	Total	Fund-raising	Administration	Total	2011	2010
EXPENSES BEFORE DEPRECIATION:									
Grant awards	\$ 2,605,336	\$ 265,673		\$ 2,871,009				\$ 2,871,009	\$ 4,389,253
Salaries, temporary help, and related expenses	25,689	1,251,810	\$ 974,732	2,252,231	\$ 1,171,130	\$ 1,005,977	\$ 2,177,107	4,429,338	4,746,686
Printing, publications, and public service announcements	6,452	685,634	131,041	823,127	116,198	5,257	121,455	944,582	747,280
Professional fees and contract services	235,000	336,684	573,734	1,145,418	1,427,161	182,256	1,609,417	2,754,835	1,058,810
Postage and shipping	182	30,040	20,062	50,284	81,366	17,534	98,900	149,184	447,938
Rent and occupancy		137,012	122,770	259,782	150,097	162,171	312,268	572,050	619,058
Travel and conferences	93,201	479,002	418,839	991,042	77,610	92,442	170,052	1,161,094	1,033,395
Telecommunications	3,142	54,566	20,102	77,810	40,709	42,772	83,481	161,291	143,168
Office supplies		11,493	4,073	15,566	9,420	7,966	17,386	32,952	25,372
Dues and subscriptions	600	17,582	2,214	20,396	26,576	36,895	63,471	83,867	93,782
Bad debt expense						156,141	156,141	156,141	177,683
Miscellaneous		30,856	4,969	35,825	59,920	64,930	124,850	160,675	163,016
Total expenses before depreciation	2,969,602	3,300,352	2,272,536	8,542,490	3,160,187	1,774,341	4,934,528	13,477,018	13,645,441
DEPRECIATION	<u>11,256</u>	<u>61,107</u>	<u>22,513</u>	<u>94,876</u>	<u>130,314</u>	<u>40,201</u>	<u>170,515</u>	<u>265,391</u>	<u>259,227</u>
2011 TOTALS	<u>\$ 2,980,858</u>	<u>\$ 3,361,459</u>	<u>\$ 2,295,049</u>	<u>\$ 8,637,366</u>	<u>\$ 3,290,501</u>	<u>\$ 1,814,542</u>	<u>\$ 5,105,043</u>	<u>\$ 13,742,409</u>	
2010 TOTALS	<u>\$ 4,471,709</u>	<u>\$ 3,766,537</u>	<u>\$ 1,982,730</u>	<u>\$ 10,220,976</u>	<u>\$ 2,209,779</u>	<u>\$ 1,473,913</u>	<u>\$ 3,683,692</u>		<u>\$ 13,904,668</u>
PERCENTAGE OF TOTAL EXPENSES:									
2011	21.7%	24.5%	16.7%	62.9%	23.9%	13.2%	37.1%	100.0%	
2010	32.2%	27.1%	14.3%	73.5%	15.9%	10.6%	26.5%	100.0%	

See Independent Auditors' Report
The accompanying notes are an integral part of these financial statements.

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
STATEMENT OF CASH FLOWS
JANUARY 31, 2011 WITH COMPARATIVE TOTALS FOR 2010

	For the Year Ended	
	January 31,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,369,823	\$ 1,617,159
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	265,391	259,227
Realized/unrealized gain on marketable securities	(258,980)	(472,259)
Gain on beneficial interest in perpetual trusts	(35,129)	(16,456)
Contribution of equipment	(22,817)	
Noncash contributions to investments	(109,040)	(211,150)
Change in value of charitable remainder trusts	(105,420)	(149,440)
Changes in operating assets and liabilities:		
Receivables:		
Bequests	(523,610)	(357,979)
Chapters, net	1,322,921	(656,432)
Pledges, net	85,893	605,877
Other	15,807	3,899
Prepaid expenses	(18,755)	186,614
Other assets	(4,860)	(5,784)
Grants payable	(2,040,848)	629,453
Accounts payable and accrued expenses	126,124	(36,608)
Annuity payment liability	(14,877)	(21,754)
Deferred rent	67,978	42,835
Net Cash Provided by Operating Activities	3,119,601	1,417,202
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sold and matured investments	551,611	1,165,693
Purchases of investments	(444,419)	(369,150)
Purchases of property and equipment	(30,039)	(22,455)
Net Cash Provided By Investing Activities	77,153	774,088
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,196,754	2,191,290
CASH AND CASH EQUIVALENTS - Beginning of year	6,143,722	3,952,432
CASH AND CASH EQUIVALENTS - End of year	\$ 9,340,476	\$ 6,143,722

See Independent Auditors' Report
The accompanying notes are an integral part of these financial statements.

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 31, 2011 WITH COMPARATIVE TOTALS FOR 2010

NOTE 1 – Description of Operations and Summary of Accounting Policies

The Association

The Amyotrophic Lateral Sclerosis Association (the Association or ALSA) 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 principal purpose is to fund research directed at finding the cause and cure for the disease, amyotrophic lateral sclerosis (ALS), commonly known as “Lou Gehrig’s Disease,” and to provide educational and other services to patients and their families, health care professionals, legislators, and local communities, principally through the dissemination of informative literature and presentation of public awareness and advocacy programs and scientific symposiums and by accrediting, with local chapter support, activities of patient care clinics known as ALSA Centers.

The Association is a not-for-profit, 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). ALSA 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 since, subject to their agreements with ALSA, they are independently controlled by their own governing boards.

Basis of Presentation

The accompanying financial statements include a statement of financial position that presents the amounts for each of three classes of net assets – unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets – based on the existence or absence of donor-imposed restrictions, a statement of activities that reflects the changes in those categories of net assets, and a statement of functional expenses that associates expenses with service efforts.

Unrestricted net assets include those net assets that may be used by the Association for any of its programs or administrative support. Temporarily restricted net assets include those net assets whose use by the Association has been limited by donors to specified purposes or time restrictions. Permanently restricted net assets include those net assets that must be maintained in perpetuity.

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 31, 2011 WITH COMPARATIVE TOTALS FOR 2010

NOTE 1 – Description of Operations and Summary of Accounting Policies (Continued)

Prior-Period Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended January 31, 2010, from which the summarized information was derived.

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 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.

Cash and Cash Equivalents

Cash equivalents are defined as money market funds and other highly liquid investments with original maturities of three months or less at the date they are purchased.

Investments in Marketable Securities

Investments are initially recorded at cost if purchased, or at fair value at the date of donation if contributed. Subsequent to acquisition, investments are reported at their fair value. Investment income and realized and unrealized gains and losses are recognized as unrestricted net assets unless their use is temporarily or permanently 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.

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 31, 2011 WITH COMPARATIVE TOTALS FOR 2010

NOTE 1 – Description of Operations and Summary of Accounting Policies (Continued)

Financial Risk

The Association maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Association places its cash with high quality financial institutions and has not experienced any losses in such accounts.

The Association's investments are exposed to various risks, such as market and credit risks. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

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.

Donations and bequests received with donor stipulations as to their intended use are reported in the statement of activities as restricted support. Temporarily restricted net assets are reclassified as unrestricted net assets when restrictions are met.

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 31, 2011 WITH COMPARATIVE TOTALS FOR 2010

NOTE 1 – Description of Operations and Summary of Accounting Policies (Continued)

Contributions and Bequests (Continued)

Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance non-financial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation. The Association receives a substantial number of volunteer hours donated by individuals in program services and fund-raising campaigns which are not recorded in the financial statements. Donated materials are recorded at their fair value at the date of the gift. If donors stipulate how long donated assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of goods are recorded as unrestricted support.

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 classified as permanently restricted support, and annual distributions from the trust are reported as investment income that increases unrestricted net assets. At each reporting date, the beneficial interest is remeasured 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 permanently restricted gains or losses.

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 temporarily restricted contribution revenue 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 statement of activities as change in value of split-interest agreements.

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 31, 2011 WITH COMPARATIVE TOTALS FOR 2010

NOTE 1 – Description of Operations and Summary of Accounting Policies (Continued)

Chapter Support

The Association has a revenue sharing practice with affiliated chapters. Chapter support is recognized as support revenue when earned by the affiliated chapter based on the current revenue sharing plan. At January 31, 2011 and 2010, receivables from chapters resulting from revenue sharing totaled \$2,722,453 and \$3,911,373 and were recorded net of a reserve for doubtful collections of \$440,635 and \$284,494, respectively.

From time-to-time, the Association may advance funds for working capital needs to affiliated chapters. Generally, repayment of the advances begins one year from the date of the last advance installment. Repayments of these advances are made annually by the chapters over a three-year period. Advances receivable from chapters amounted to \$92,000 and \$226,000 at January 31, 2011 and 2010, respectively.

Property and Equipment

Expenditures for property and equipment are capitalized at cost or, for donated assets, fair value at the time of donation. Depreciation and amortization is provided on a straight-line basis over the estimated useful lives of the related assets, ranging from three to five years.

Research Grant Expense

Conditional research grants (see Note 5) are expensed by ALSA as the researchers substantially meet the terms and conditions of the grant during the grant period. Unconditional research grants are expensed when made.

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 and allocated accordingly. Expenses not directly identified are allocated among programs, activities, and supporting services based on the judgment of management.

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 31, 2011 WITH COMPARATIVE TOTALS FOR 2010

NOTE 1 – Description of Operations and Summary of Accounting Policies (Continued)

Allocation of Joint Costs

The Association is permitted through accounting guidance to allocate to its programs a portion of its costs associated with its fund-raising efforts. During the year ended January 31, 2011, the Association incurred joint costs of approximately \$1,024,000 for informational materials and activities that included fund-raising appeals. Of those costs, \$642,000 was allocated to fund-raising, \$286,000 to public and professional education, and \$96,000 to patient and community services.

Income Taxes

The Association is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and state taxes related to revenue received in connection with exempt programs. The Association recognizes the financial statement benefit of tax positions, such as its filing status as tax-exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Association is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal purposes is three years and for state purposes is generally three to four years.

Subsequent Events

The Association has evaluated subsequent events and transactions for potential recognition or disclosure through June 3, 2011, the date financial statements were available to be issued.

NOTE 2 – Investments in Marketable Securities

Investments in marketable securities consist of the following:

	January 31,	
	2011	2010
Mutual funds	\$ 1,237,291	\$ 1,172,368
Equity securities	943,624	751,558
Corporate bonds	51,409	48,573
US Government agency obligations	98,352	97,349
	<u>\$ 2,330,676</u>	<u>\$ 2,069,848</u>

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 31, 2011 WITH COMPARATIVE TOTALS FOR 2010

NOTE 3 – Pledges Receivable

The Association anticipates collection of outstanding pledges receivable as follows:

	January 31,	
	2011	2010
Gross amounts due in:		
Less than one year	\$ 328,837	\$ 287,012
One to five years	189,125	332,700
More than five years	15,000	40,000
	532,962	659,712
Less discount to present value	(29,087)	(43,677)
Less reserve for uncollectible	(5,330)	(31,597)
	<u>\$ 498,545</u>	<u>\$ 584,438</u>

Amounts presented above have been discounted to present value using rates ranging from 1.65% to 4.75%.

NOTE 4 – Property and Equipment

Property and equipment consists of the following:

	January 31,	
	2011	2010
Furniture and equipment	\$ 745,101	\$ 700,740
Software	314,806	314,821
Leasehold improvements	185,327	176,816
	1,245,234	1,192,377
Less accumulated depreciation and amortization	(966,206)	(700,814)
	<u>\$ 279,028</u>	<u>\$ 491,563</u>

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 31, 2011 WITH COMPARATIVE TOTALS FOR 2010

NOTE 5 – Commitments

Research Grants

The Association enters into conditional commitments semiannually to award scientific research grants. Research grants are awarded after review by ALSA’s Scientific Review Committee and approval 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</u> <u>January 31,</u>	
2012	\$ 3,083,627
2013	<u>638,911</u>
	<u>\$ 3,722,538</u>

Except as previously provided for by restricted gifts (see Note 3), the Association’s ability to meet these grant commitments may be dependent on future contributions to be received.

Leases

The Association leases offices in California, Illinois, New York, New Hampshire, and Washington, D.C. under operating leases expiring through March 2017. The leases require monthly rental payments and contain certain escalation clauses. In addition, ALSA pays a pro-rata share of real estate taxes and other operating expenses. Deferred rent payment obligations result primarily from recognition of rent expense on a straight-line basis over the lease period.

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 31, 2011 WITH COMPARATIVE TOTALS FOR 2010

NOTE 5 – Commitments (Continued)

Leases (Continued)

Minimum rental payments due under the leases are as follows:

<u>Year Ending January 31,</u>		
2012	\$	525,510
2013		526,016
2014		540,778
2015		555,957
2016		512,143
Thereafter		<u>36,708</u>
		<u>\$ 2,697,112</u>

Rent and occupancy expense under the current and prior leases amounted to \$572,050 and \$619,058 for the years ended January 31, 2011 and 2010, respectively.

Purchase Commitments

The Association has entered into a purchase agreement with a hotel for guest rooms relating to its annual conferences. Purchases under these agreements are expected to approximate \$309,000 and \$321,000 for the years ending January 31, 2012 and 2013, respectively. Should the agreement be cancelled, the Association may be subject to cancellation fees contingent on the ability of the rooms to be resold.

NOTE 6 – Temporarily Restricted Net Assets

As of January 31, 2011, net assets are temporarily restricted for the following purposes:

Research awards	\$	5,294,336
Other programs		<u>1,007,216</u>
		<u>\$ 6,301,552</u>

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 31, 2011 WITH COMPARATIVE TOTALS FOR 2010

NOTE 7 – Permanently Restricted Net Assets

Permanently restricted net assets includes the 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 approximated \$627,000 and \$593,000 at January 31, 2011 and 2010, respectively.

Permanently restricted net assets also includes research endowment principal of approximately \$240,000, which is held in perpetuity to generate earnings to support research expenditures.

NOTE 8 – 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 total expenses relating to the plan were \$102,125 and \$109,352 for the years ended January 31, 2011 and 2010, respectively.

NOTE 9 – Fair Value Measurements

The Association uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine the fair value disclosures. The fair value of a financial instrument 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. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Association's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. The Association groups its assets and liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

THE AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 31, 2011 WITH COMPARATIVE TOTALS FOR 2010

NOTE 9 – Fair Value Measurements (Continued)

The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Association has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents assets that are measured at fair value on a recurring basis at January 31, 2011:

	Fair Value Measurements at January 31, 2011			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments in marketable securities	\$ 2,180,915	\$ 149,761		\$ 2,330,676
Beneficial interest in perpetual trusts			\$ 627,669	627,669
Contributions receivable from charitable remainder trusts			303,793	303,793
	<u>\$ 2,180,915</u>	<u>\$ 149,761</u>	<u>\$ 931,462</u>	<u>\$ 3,262,138</u>