

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Financial Statements

Years Ended December 31, 2018 and 2017

**LES
TURNER
ALS
FOUNDATION**

WIPFLI^{LLP}
CPAs and Consultants



Independent Auditor's Report

To the Board of Directors
Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.
Skokie, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd. (the "Foundation"), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd. as of December 31, 2018 and 2017, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.



Emphasis of Matter

As discussed in Note 2 to the financial statements, Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd. adopted the amendments in Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities - Presentation of Financial Statements for Not-for-Profit Entities*, as of and for the year ended December 31, 2018. The amendments have been applied on a retrospective basis with the exception of the omission of certain information as permitted by the ASU.

Wipfli LLP

Wipfli LLP

April 12, 2019
Palatine, Illinois

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Statements of Financial Position

<i>As of December 31,</i>	2018	2017
Assets		
Current assets		
Cash and cash equivalents	\$ 1,656,347	\$ 1,336,290
Restricted cash - I AM ALS	711,796	-
Investments in certificates of deposit	-	719,695
Receivables		
Unconditional promises to give	24,192	30,000
Other receivables	206,826	105,029
Prepaid expenses	108,717	52,575
Total current assets	2,707,878	2,243,589
Property and equipment at cost		
Leasehold improvements	48,877	48,877
Furniture, fixtures and equipment	331,052	319,787
	379,929	368,664
Less accumulated depreciation and amortization	351,873	343,725
	28,056	24,939
Other assets		
Unconditional promises to give, net of current portion	-	24,192
Intangible assets, net	2,508	10,176
Deposits	7,254	7,254
Total other assets	9,762	41,622
Total assets	\$ 2,745,696	\$ 2,310,150
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 61,252	\$ 48,286
Grant obligations - Les Turner ALS Center	802,500	847,500
Deferred income	131,460	179,850
Total current liabilities	995,212	1,075,636
Net assets		
Without donor restriction	669,386	859,123
With donor restriction	1,081,098	375,391
Total net assets	1,750,484	1,234,514
Total liabilities and net assets	\$ 2,745,696	\$ 2,310,150

See accompanying notes to financial statements.

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Statement of Activities

<i>Year Ended December 31,</i>	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenues			
Public support			
Special events	\$ 1,839,819	\$ 46,880	\$ 1,886,699
Direct special events costs	787,418	-	787,418
Net special events support	1,052,401	46,880	1,099,281
Grants	37,500	-	37,500
Contract revenue	152,001	-	152,001
Individuals, corporations, and foundations	612,001	1,180,286	1,792,287
	1,853,903	1,227,166	3,081,069
Net assets released from donor restrictions	521,459	(521,459)	-
Total public support and revenues	2,375,362	705,707	3,081,069
Investment income	33,383	-	33,383
Total public support and investment income	2,408,745	705,707	3,114,452
Expenses			
Direct program services			
Les Turner ALS Center			
Research	700,000	-	700,000
Lois Insolia ALS Clinic	270,000	-	270,000
Endowed Fund	100,000	-	100,000
Education	5,000	-	5,000
I AM ALS	89,000	-	89,000
Support services	773,569	-	773,569
Education	243,564	-	243,564
Total direct program services	2,181,133	-	2,181,133
Core mission support			
Development	210,593	-	210,593
Management and general	206,756	-	206,756
Total core mission support	417,349	-	417,349
Change in net assets	(189,737)	705,707	515,970
Net assets - beginning of year	859,123	375,391	1,234,514
Net assets - end of year	\$ 669,386	\$ 1,081,098	\$ 1,750,484

See accompanying notes to financial statements.

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Statement of Activities

<i>Year Ended December 31,</i>	2017		
	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenues			
Public support			
Special events	\$ 1,836,258	\$ 252,265	\$ 2,088,523
Direct special events costs	794,991	-	794,991
Net special events support	1,041,267	252,265	1,293,532
Grants	55,000	-	55,000
Contract revenue	84,328	-	84,328
Individuals, corporations, and foundations	631,894	307,129	939,023
	1,812,489	559,394	2,371,883
Net assets released from donor restrictions	649,386	(649,386)	-
Total public support and revenues	2,461,875	(89,992)	2,371,883
Investment income	20,061	-	20,061
Total public support and investment income	2,481,936	(89,992)	2,391,944
Expenses			
Direct program services			
Les Turner ALS Center			
Research	560,000	-	560,000
Lois Insolia ALS Clinic	470,000	-	470,000
Endowed Fund	100,000	-	100,000
Support services	790,584	-	790,584
Education	128,300	-	128,300
Total direct program services	2,048,884	-	2,048,884
Core mission support			
Development	203,379	-	203,379
Management and general	216,882	-	216,882
Total core mission support	420,261	-	420,261
Change in net assets	12,791	(89,992)	(77,201)
Net assets - beginning of year	846,332	465,383	1,311,715
Net assets - end of year	\$ 859,123	\$ 375,391	\$ 1,234,514

See accompanying notes to financial statements.

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Statement of Functional Expenses

Year Ended December 31, 2018	Direct Program Services						Core Mission Support				
	Les Turner ALS Center						Total Direct Program Services			Management and General	
	Research	Lois Insolia ALS Clinic	Endowed Fund	Education	I AM ALS	Support Services	Education	Development			
Salaries, other compensation and employee benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 582,900	\$ 137,415	\$ 720,315	\$ 145,022	\$ 65,521	\$ 210,543
Research	700,000	-	-	-	-	-	-	700,000	-	-	-
Clinical Services	-	270,000	-	-	-	-	-	270,000	-	-	-
Endowed Fund	-	-	100,000	-	-	-	-	100,000	-	-	-
Education	-	-	-	5,000	-	-	-	5,000	-	-	-
I AM ALS	-	-	-	-	89,000	-	-	89,000	-	-	-
Speech equipment, respite and other assistance programs	-	-	-	-	-	157,946	1,374	159,320	-	-	-
Awards, gifts and honorariums	-	-	-	-	-	524	4,912	5,436	176	727	903
Database management	-	-	-	-	-	-	1,750	1,750	1,977	290	2,267
Office and miscellaneous	-	-	-	-	-	9,479	20,958	30,437	30,482	34,213	64,695
Printing, postage and artwork	-	-	-	-	-	1,198	57,069	58,267	17,507	3,092	20,599
Public relations	-	-	-	-	-	-	10,036	10,036	-	3,903	3,903
Office rent	-	-	-	-	-	15,545	4,009	19,554	10,759	26,719	37,478
Utilities	-	-	-	-	-	465	144	609	386	1,066	1,452
Conference and meetings	-	-	-	-	-	-	4,635	4,635	897	2,235	3,132
Insurance - general	-	-	-	-	-	827	-	827	-	13,539	13,539
Depreciation and amortization	-	-	-	-	-	596	-	596	-	15,220	15,220
Professional fees	-	-	-	-	-	-	-	-	-	30,591	30,591
Repairs and maintenance	-	-	-	-	-	4,089	1,262	5,351	3,387	9,640	13,027
Total	\$ 700,000	\$ 270,000	\$ 100,000	\$ 5,000	\$ 89,000	\$ 773,569	\$ 243,564	\$ 2,181,133	\$ 210,593	\$ 206,756	\$ 417,349

See accompanying notes to financial statements.

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Statement of Functional Expenses

<i>Year Ended December 31, 2017</i>	Direct Program Services					Core Mission Support			
	Les Turner ALS Center					Total Direct Program Services	Development	Management and General	Total Core Mission Support
	Research	Lois Insofia ALS Clinic	Endowed Fund	Support Services	Education				
Salaries, other compensation and employee benefits	\$ -	\$ -	\$ -	\$ 630,974	\$ 54,027	\$ 685,001	\$ 135,779	\$ 65,495	\$ 201,274
Research	560,000	-	-	-	-	560,000	-	-	-
Clinical Services	-	470,000	-	-	-	470,000	-	-	-
Endowed Fund	-	-	100,000	-	-	100,000	-	-	-
Speech equipment, respite and other assistance programs	-	-	-	129,377	201	129,578	-	-	-
Awards, gifts and honorariums	-	-	-	401	4,725	5,126	376	2,584	2,960
Database management	-	-	-	-	520	520	2,374	255	2,629
Office and miscellaneous	-	-	-	9,406	18,493	27,899	26,422	37,538	63,960
Printing, postage and artwork	-	-	-	2,757	25,932	28,689	25,447	4,445	29,892
Public relations	-	-	-	-	12,822	12,822	-	4,820	4,820
Office rent	-	-	-	11,660	2,754	14,414	7,391	17,412	24,803
Utilities	-	-	-	462	143	605	383	1,058	1,441
Conference and meetings	-	-	-	-	7,470	7,470	1,950	3,117	5,067
Insurance - general	-	-	-	973	-	973	-	13,660	13,660
Depreciation and amortization	-	-	-	642	-	642	-	16,961	16,961
Professional fees	-	-	-	-	-	-	-	40,341	40,341
Repairs and maintenance	-	-	-	3,932	1,213	5,145	3,257	9,196	12,453
Total	\$ 560,000	\$ 470,000	\$ 100,000	\$ 790,584	\$ 128,300	\$ 2,048,884	\$ 203,379	\$ 216,882	\$ 420,261

See accompanying notes to financial statements.

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Statements of Cash Flows

<i>Years Ended December 31,</i>	2018	2017
Cash flows from operating activities		
Cash received from public support and other miscellaneous sources	\$ 3,748,300	\$ 3,148,280
Investment income received	33,374	22,733
Direct special events costs paid	(802,125)	(793,814)
Direct program service expenses paid	(2,226,133)	(2,138,884)
Support service expenses paid	(430,002)	(448,422)
Net cash provided by (used in) operating activities	<u>323,414</u>	<u>(210,107)</u>
Cash flows from investing activities		
Capital expenditures	(11,265)	(7,762)
Sales and (purchases) of certificates of deposit, net	719,704	1,004,343
Net cash provided by investing activities	<u>708,439</u>	<u>996,581</u>
Net increase in cash and cash equivalents	1,031,853	786,474
Cash and cash equivalents and restricted cash - beginning of year	<u>1,336,290</u>	<u>549,816</u>
Cash and cash equivalents and restricted cash - end of year	<u>\$ 2,368,143</u>	<u>\$ 1,336,290</u>

See accompanying notes to financial statements.

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Notes to Financial Statements

Note 1: Nature of the Organization

Founded in 1977, the Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd. (Foundation) is the leader in comprehensive ALS care in Chicagoland. Although the Foundation is one of the largest independent ALS groups in the country, the Foundation treats each person like family and the Foundation is committed to supporting them every step of the way. The Foundation's individualized approach ensures each person living with the disease receives the best quality of care, and the Foundation's local community of support provides their loved ones with answers and encouragement. The Les Turner ALS Center at Northwestern Medicine (Center) is led by the most well-respected and successful clinicians and researchers in the field, advancing vital care and research in pursuit of life-enhancing treatments and a cure. The Center consists of all ALS research laboratories and the Lois Insolia ALS Clinic (see Note 10). In addition, through its Support Services team, the Foundation provides support services, including in-home consultations, support groups and access to grant programs, while increasing public awareness through information and education.

The Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd. is a not-for-profit foundation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and qualifies for charitable contributions deduction for individual donors up to 60% of adjusted gross income.

The Board of Directors and management employees of the Foundation acknowledge that, to the best of their knowledge, all assets received have been used for the purpose for which they were contributed, or have been accumulated to allow management to conduct the operations of the Foundation as effectively as possible.

Note 2: Summary of Significant Accounting Policies

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Use of Estimates

The process of preparing financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Basis of Presentation

Financial statement presentation follows accounting principles generally accepted in the United States of America for financial presentation of not-for-profit organizations. Such principles provide that the Foundation is required to report information regarding its financial position and activities according to two classes of net assets. A definition and description of each class follows:

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

Net Assets With Donor Restriction - Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

As of December 31, 2018 and December 31, 2017, the Foundation had \$1,081,098 and \$375,391 with donor restriction.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. Fair value approximates carrying amounts. The Foundation utilizes an Insured Cash Sweep service to earn interest and maintain liquidity and Federal Deposit Insurance Corporation coverage on its funds at substantially all times.

Restricted Cash

Restricted cash consists of a separate interest-bearing account restricted on behalf of another entity, I AM ALS, for which the Foundation is acting as a fiscal sponsor under a fiscal sponsorship agreement (see Note 6).

Revenue Recognition

Public support received is recorded as net assets without donor restriction or net assets with donor restriction, depending on the existence and/or nature of any donor restrictions. All net assets with donor restriction support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose of restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Funds received in advance of an event are deferred from revenue recognition until the event takes place.

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Promise to Give

Unconditional promises to give that are expected to be collected within one year are recorded at 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. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Unconditional promises to give include as of December 31, 2018 and 2017: amounts due in less than one year of \$24,192 and \$30,000, respectively. Unconditional promises to give in more than one year are discounted at rates of 2.51% and 2.20%, respectively.

The Foundation's management periodically analyzes the promises to give and considers whether an allowance for possible losses on the collection of these promises is appropriate. The evaluations take into consideration such factors of prior loss experience, current economic conditions, and collectability. Management has determined that all promises to give are collectible as of December 31, 2018 and 2017, and has not provided for an allowance for possible losses.

Donated Equipment and Services

Donated equipment and services have not been reflected in the accompanying financial statements since no objective basis is available to measure the value of such inventory and services. The Foundation does receive and lend equipment as part of its support services. In addition, a substantial number of volunteers donate significant amounts of time for the Foundation's program services and its fundraising events.

Property and Equipment

The Foundation capitalizes the cost of property and equipment purchases over \$500. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method. Depreciation expense was \$8,148 and \$7,537 for the years ended December 31, 2018 and 2017, respectively.

Intangible Assets

Intangible assets are comprised of software licenses and website development costs, which have a cost of \$31,859 as of December 31, 2018 and 2017, and are amortized on a straight-line basis over their estimated three-year lives. Accumulated amortization as of December 31, 2018 and 2017 was \$29,351 and \$21,683, respectively, and amortization expense for the year then ended was \$7,668 and \$10,066, respectively.

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing direct program and core mission support services have been summarized on a functional basis in the statements of activities and changes in net assets. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the direct programs and core mission support services benefited. Expenses by function have been allocated among direct program services and core mission support classifications on the basis of time records and on the square footage of the office space.

Income Taxes

The Foundation is a tax-exempt corporation as permitted by section 501(c)(3) of the Internal Revenue Code. The Foundation believes it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

Change in Accounting Policy

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Adoption of New Accounting Guidance

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605, *Revenue Recognition*, and most industry-specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic companies for annual periods beginning after December 15, 2018. The Foundation is currently evaluating the impact of the provisions of ASC 606.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This ASU provides guidance on the presentation of restricted cash or restricted cash equivalents. This ASU requires amounts generally described as restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling beginning-of-year and end-of-year total amounts on the statement of cash flows. The Foundation elected as permitted by the standard, to early adopt ASU 2016-18 retrospectively as of January 1, 2017 and have applied to all years presented herein. The adoption of ASU 2016-18 did not have a material impact to our accompanying financial statements. The effect of the adoption of ASU 2016-18 on the statements of cash flows was to include restricted cash balances in the beginning and end of year balances of cash and cash equivalents and restricted cash.

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Subsequent Events

Based on management's evaluation, there were no subsequent event disclosures through April 12, 2019, which is the date these financial statements were available to be issued.

Note 3: Liquidity and Availability of Financial Resources

The Foundation maintains and adheres to a cash and investment policy. The policy is built upon the idea of reducing fiscal risk by preserving principal while enhancing the cash returns above market net returns, when possible. The Foundation maintains following conservative fiscal practices in order to adhere to its policy. The Foundation assigns certain responsibilities to its Audit and Finance Committee to oversee the policy. The various cash accounts are diversified among multiple financial institutions to avoid exceeding the FDIC limits. As part of its liquidity management, the Foundation may invest cash in excess of anticipated liquidity needs into various short-term investments including certificates of deposits, short term treasury instruments and Insured Cash Sweep services. The Foundation has a goal to maintain cash on hand in its main checking account to meet 30 days of normal operating expenses, which are, on average, approximately \$160,000.

The Foundation has financial assets available within one year of the statement of financial position date consisting primarily of cash and cash equivalents, investments in certificates of deposit, unconditional promises to give and contributions receivable. The contributions receivable are subject to time restrictions, but will be collected within one year.

The following table reflects the Foundation's financial assets as of December 31, 2018, and 2017 available for general operating expenditures.

<i>Year Ended December 31,</i>	2018	2017
Cash and cash equivalents	\$ 1,656,347	\$ 1,336,290
Investments in certificates of deposit	-	719,695
Unconditional promises to give	24,192	30,000
Other receivables	206,826	105,029
Total financial assets	1,887,365	2,191,014
Less: Grant obligations - Les Turner ALS Center	802,500	847,500
Total	\$ 1,084,865	\$ 1,343,514

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Notes to Financial Statements

Note 4: Investments in Certificates of Deposit

Investments in certificates of deposit are reported at cost in the statement of financial position, and unrealized gains and losses are included in the change in net assets. As of December 31, 2018 and 2017, cost represents fair values and there are no unrealized gains (losses) related to these assets.

The following summarizes investment income as reported in the statement of activities:

<i>Years Ended December 31,</i>	2018	2017
Interest and dividends	\$ 33,374	\$ 19,985
Realized gains	9	76
Total	\$ 33,383	\$ 20,061

Note 5: Grant Obligations

Unconditional gift obligations consist of research and other gifts which have been awarded to fund the Les Turner ALS Center as further described in Note 10; certain grant obligation amounts had not yet been paid as of the date of the statements of financial position. They are summarized as follows:

<i>As of December 31,</i>	2018	2017
Research	\$ 450,000	\$ 420,000
Lois Insolita ALS Clinic	277,500	352,500
Endowed Fund	75,000	75,000
Total grants payable to Les Turner ALS Center	\$ 802,500	\$ 847,500

Note 6: Fiscal Sponsorship Agreement

The Foundation and I AM ALS entered into a fiscal sponsorship agreement during September 2018. The fiscal sponsorship agreement requires the Foundation to receive donations on behalf of I AM ALS in a restricted bank account and to disburse these monies as grants at the Foundation's discretion upon request of I AM ALS. I AM ALS is an Illinois nonprofit corporation whose mission is to bring about a cure for ALS by building national awareness of ALS and related diseases, promoting ALS patient and caregiver advocacy, creating a community for ALS patients, caregivers and friends, and securing funding for research and development in furtherance of finding a cure for ALS and related diseases. The Foundation in connection with this fiscal sponsorship agreement with I AM ALS recognized \$800,796 in contributions with donor restrictions and recognized grant expense of \$89,000 during the year ended December 31, 2018; restricted cash of December 31, 2018 was \$711,796.

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Notes to Financial Statements

Note 7: Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2018 and 2017:

<i>As of December 31,</i>	2018	2017
Support Services and Education	\$ 188,880	\$ 186,093
Smith Education Fund	153,342	170,987
Nelson Respite Fund	22,083	8,260
Rosen Transportation Fund	4,997	10,051
I AM ALS	711,796	-
Total	\$ 1,081,098	\$ 375,391

Note 8: Rental Commitment

The Foundation has non-cancelable leases for office facilities and storage which expire on March 31, 2023, with a renewal option through March 31, 2028. The total amount of rental payments due over the lease terms are charged to expense. The leases provide that the Foundation pay taxes, maintenance, insurance and other operating costs. Total rental expense for 2018 and 2017 was \$90,968 and \$62,498, respectively. Minimum future rental payments subsequent to 2018 are as follows:

<i>For the Years Ending December 31,</i>		
2019	\$	92,675
2020		94,527
2021		96,379
2022		98,231
2023		24,712
Total	\$	406,524

Note 9: Retirement Plan

The Foundation maintains the Les Turner ALS Foundation 401(k) Plan for all employees meeting certain eligibility requirements. For the years ended December 31, 2018 and 2017, employer contributions were \$26,856 and \$27,359, respectively.

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Notes to Financial Statements

Note 10: Les Turner ALS Center at Northwestern Medicine (Center)

In September 2014, the Foundation entered into a nonbinding gift agreement with Northwestern University Feinberg School of Medicine (Northwestern) to establish the Center. The purpose of the agreement is to provide financial resources to Northwestern to benefit, under one umbrella, research, clinical activities, and education in the area of amyotrophic lateral sclerosis. The Foundation's nonbinding pledge to Northwestern is to give no less than a total of \$10 million in annual gifts totaling \$1 million or more over a period of 10 years commencing on January 1, 2015 and concluding on December 31, 2024.

The overall \$10 million commitment from the Foundation is allocated as follows over 10 years:

- \$9 million to expendable funds (minimum of \$900,000 annually) and
- \$1 million (minimum of \$100,000 annually) to the Les Turner ALS Center Endowed Fund (Endowed Fund), from which the expendable income is used to support the Center's ongoing activities.

The \$9 million pledge in expendable funding provided by the Foundation allowed the establishment of the Center and will provide annual support for the Center's operations for the ten year period.

In addition, a total of \$250,000 is required to permanently endow the Endowed Fund and a total of \$10 million is required to endow the Center in perpetuity. This includes the \$1 million from the Foundation mentioned above. The additional \$9 million in endowed funds are being raised from the joint efforts of the Foundation and Northwestern. The gift agreement does not hold the Foundation responsible for the additional \$9 million in endowed funds. Per the gift agreement, if the full \$10 million to endow the Center is not achieved by 2024, the Foundation can enter into another agreement with Northwestern providing for sufficient sustained support for the Center.

As the gift agreement is nonbinding, no long-term liability has been accrued. During December 2018 and 2017, the Board appropriated \$1,070,000 (of which \$267,500 was funded in 2018) and \$1,130,000 (of which \$282,500 was funded in 2017) for the Foundation's 2019 and 2018 gift to Northwestern as shown in Note 5, of which \$100,000 was to be credited toward the Endowed Fund each year as described above. During 2018 and 2017, the Center and the Endowed Fund received contributions, on a cash basis, from Board appropriations and other public support in the following amounts:

	December 31, 2018		
	Endowed Fund	Expendable Funds	Total
Board appropriated	\$ 100,000	\$ 1,020,000	\$ 1,120,000
Other public support	100,200	1,385	101,585
Total contributions	\$ 200,200	\$ 1,021,385	\$ 1,221,585

Les Turner Amyotrophic Lateral Sclerosis Foundation, Ltd.

Notes to Financial Statements

Note 10: Les Turner ALS Center at Northwestern Medicine (Center) (Continued)

	December 31, 2017		
	Endowed Fund	Expendable Funds	Total
Board appropriated	\$ 100,000	\$ 1,120,000	\$ 1,220,000
Other public support	305,300	190	305,490
Total contributions	\$ 405,300	\$ 1,120,190	\$ 1,525,490

Contributions to the Center and the Endowed Fund that were received directly via other public support are not included in the statement of activities for the Foundation. As of December 31, 2018 and 2017, the remaining amount of the nonbinding pledge, on a cash basis, was \$4,546,500, and \$5,666,500, respectively, and the contributions to the Endowed Fund were \$3,157,581, and \$2,957,381, respectively. Under the terms of the nonbinding gift agreement, since the Endowed Fund has received funds in excess of \$250,000, it is permanently endowed.