



Annual Financial Report

National Ataxia Foundation

St. Louis Park, Minnesota

For the years ended December 31, 2021 and 2020



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National Ataxia Foundation
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
National Ataxia Foundation
St. Louis Park, Minnesota

Opinion

We have audited the accompanying financial statements of National Ataxia Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Ataxia Foundation as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of National Ataxia Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about National Ataxia Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Abdo
Minneapolis, Minnesota
May 25, 2022



FINANCIAL STATEMENTS

National Ataxia Foundation
 Statements of Financial Position
 December 31, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,548,448	\$ 1,806,594
Investments	2,760,736	2,032,698
Accounts receivable	31,414	145,000
Prepaid expenses	65,695	154,422
Total Assets	<u>\$ 4,406,293</u>	<u>\$ 4,138,714</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 52,780	\$ 196,271
Accrued payroll and related expenses	20,792	16,740
Deferred revenue	172,500	63,500
Total Liabilities	246,072	276,511
Net Assets		
Without donor restriction		
Board designated - operating reserve	398,901	378,317
Undesignated	2,208,545	1,590,496
Total Net Assets Without Donor Restriction	2,607,446	1,968,813
With donor restriction	1,552,775	1,893,390
Total Net Assets	4,160,221	3,862,203
Total Liabilities and Net Assets	<u>\$ 4,406,293</u>	<u>\$ 4,138,714</u>

See Independent Auditor's Report and Notes to the Financial Statements.

National Ataxia Foundation
Statements of Activities
For the Years Ended December 31, 2021 and 2020

	2021		Total
	Without Donor Restriction	With Donor Restriction	
Support and Revenue			
Support			
Contributions, memorials and honorariums	\$ 1,246,628	\$ 707,442	\$ 1,954,070
Paycheck Protection Program	156,727	-	156,727
Total Support	<u>1,403,355</u>	<u>707,442</u>	<u>2,110,797</u>
Revenue			
Conference Income	212,609	-	212,609
Earned income	499,995	-	499,995
Investment income	84,725	-	84,725
Miscellaneous	49	-	49
Total Revenue	<u>797,378</u>	<u>-</u>	<u>797,378</u>
Net Assets Released from Restrictions	<u>1,048,057</u>	<u>(1,048,057)</u>	<u>-</u>
Total Support and Revenue	<u>3,248,790</u>	<u>(340,615)</u>	<u>2,908,175</u>
Expenses			
Program services			
Research	1,175,717	-	1,175,717
Education and service	700,800	-	700,800
Drug Development Collaborative	106,754	-	106,754
Total Program Services	<u>1,983,271</u>	<u>-</u>	<u>1,983,271</u>
Supporting services			
Management and general	343,800	-	343,800
Fundraising	283,086	-	283,086
Total Supporting Services	<u>626,886</u>	<u>-</u>	<u>626,886</u>
Total Expenses	<u>2,610,157</u>	<u>-</u>	<u>2,610,157</u>
Change in Net Assets	638,633	(340,615)	298,018
Beginning Net Assets	<u>1,968,813</u>	<u>1,893,390</u>	<u>3,862,203</u>
Ending Net Assets	<u>\$ 2,607,446</u>	<u>\$ 1,552,775</u>	<u>\$ 4,160,221</u>

See Independent Auditor's Report and Notes to the Financial Statements.

National Ataxia Foundation
Statements of Activities (Continued)
For the Years Ended December 31, 2021 and 2020

	2020		Total
	Without Donor Restriction	With Donor Restriction	
Support and Revenue			
Support			
Contributions, memorials and honorariums	\$ 1,596,008	\$ 681,551	\$ 2,277,559
Paycheck Protection Program	141,800	-	141,800
Total support	<u>1,737,808</u>	<u>681,551</u>	<u>2,419,359</u>
Revenue			
Conference Income	240,732	-	240,732
Earned income	330,000	-	330,000
Investment income	11,553	66,797	78,350
Total Revenue	<u>582,285</u>	<u>66,797</u>	<u>649,082</u>
Net Assets Released from Restrictions	<u>1,305,841</u>	<u>(1,305,841)</u>	<u>-</u>
Total Support and Revenue	<u>3,625,934</u>	<u>(557,493)</u>	<u>3,068,441</u>
Expenses			
Program services			
Research	1,418,949	-	1,418,949
Education and service	623,635	-	623,635
Drug Development Collaborative	99,537	-	99,537
Total Program Services	<u>2,142,121</u>	<u>-</u>	<u>2,142,121</u>
Supporting services			
Management and general	384,924	-	384,924
Fundraising	276,931	-	276,931
Total Supporting Services	<u>661,855</u>	<u>-</u>	<u>661,855</u>
Total Expenses	<u>2,803,976</u>	<u>-</u>	<u>2,803,976</u>
Change in Net Assets	821,958	(557,493)	264,465
Beginning Net Assets	<u>1,146,855</u>	<u>2,450,883</u>	<u>3,597,738</u>
Ending Net Assets	<u>\$ 1,968,813</u>	<u>\$ 1,893,390</u>	<u>\$ 3,862,203</u>

See Independent Auditor's Report and Notes to the Financial Statements.

National Ataxia Foundation
Statements of Functional Expenses
For the Years Ended December 31, 2021 and 2020

	2021						
	Program Services				Supporting Services		
	Research	Education and Service	Drug Development Collaborative	Total Program Services	Management and General	Fundraising	Total
Salaries and Related Expenses							
Salaries and wages	\$ 160,876	\$ 373,648	\$ 83,610	\$ 618,134	\$ 91,045	\$ 163,047	\$ 872,226
Payroll taxes	11,946	27,620	6,102	45,668	6,006	11,701	63,375
Fringe benefits	12,328	42,540	6,861	61,729	18,306	20,351	100,386
Total Salaries and Related Expenses	<u>185,150</u>	<u>443,808</u>	<u>96,573</u>	<u>725,531</u>	<u>115,357</u>	<u>195,099</u>	<u>1,035,987</u>
Occupancy	-	-	-	-	59,819	-	59,819
Printing, marketing and multimedia	-	4,449	-	4,449	7,428	12,451	24,328
Professional services	13,739	33,857	9,956	57,552	76,457	26,369	160,378
Support grants	-	10,838	-	10,838	-	-	10,838
Development	1,134	370	-	1,504	1,277	497	3,278
Insurance	-	-	-	-	9,691	-	9,691
Dues and subscriptions	5,408	645	-	6,053	12,120	11,297	29,470
Meeting expense	5,678	204,821	225	210,724	17,121	33,247	261,092
Office expense	1,943	262	-	2,205	20,636	4,126	26,967
Bank and credit card fees	-	-	-	-	21,881	-	21,881
Miscellaneous	25	1,750	-	1,775	2,013	-	3,788
Research grants	962,640	-	-	962,640	-	-	962,640
Total Expenses	<u>\$ 1,175,717</u>	<u>\$ 700,800</u>	<u>\$ 106,754</u>	<u>\$ 1,983,271</u>	<u>\$ 343,800</u>	<u>\$ 283,086</u>	<u>\$ 2,610,157</u>

See Independent Auditor's Report and Notes to the Financial Statements.

National Ataxia Foundation
Statements of Functional Expenses (Continued)
For the Years Ended December 31, 2021 and 2020

	2020						
	Program Services				Supporting Services		
	Research	Education and Service	Drug Development Collaborative	Total Program Services	Management and General	Fundraising	Total
Salaries and Related Expenses							
Salaries and wages	\$ 123,834	\$ 291,844	\$ 78,109	\$ 493,787	\$ 73,576	\$ 180,975	\$ 748,338
Payroll taxes	9,676	22,110	5,726	37,512	5,337	14,078	56,927
Fringe benefits	9,819	37,887	6,227	53,933	8,229	21,776	83,938
Total Salaries and Related Expenses	<u>143,329</u>	<u>351,841</u>	<u>90,062</u>	<u>585,232</u>	<u>87,142</u>	<u>216,829</u>	<u>889,203</u>
Occupancy	-	-	-	-	62,516	-	62,516
Printing, marketing and multimedia	388	3,667	-	4,055	5,035	12,023	21,113
Professional services	28,196	29,408	9,475	67,079	174,578	11,755	253,412
Support grants	-	5,800	-	5,800	-	-	5,800
Development	50	141	-	191	119	89	399
Insurance	54	51	-	105	9,226	64	9,395
Dues and subscriptions	5,254	756	-	6,010	8,800	8,755	23,565
Meeting expense	40,139	219,600	-	259,739	228	25,531	285,498
Office expense	1,056	5,921	-	6,977	16,889	-	23,866
Bank and credit card fees	32	4,825	-	4,857	19,205	1,635	25,697
Miscellaneous	-	1,625	-	1,625	1,186	250	3,061
Research grants	1,200,451	-	-	1,200,451	-	-	1,200,451
Total Expenses	<u>\$ 1,418,949</u>	<u>\$ 623,635</u>	<u>\$ 99,537</u>	<u>\$ 2,142,121</u>	<u>\$ 384,924</u>	<u>\$ 276,931</u>	<u>\$ 2,803,976</u>

See Independent Auditor's Report and Notes to the Financial Statements.

National Ataxia Foundation
Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 298,018	\$ 264,465
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized loss (gain) on investments	(21,042)	(25,230)
Changes in assets:		
Accounts receivable	113,586	(113,000)
Prepaid expenses	88,727	(84,612)
Changes in liabilities:		
Accounts payable	(143,491)	172,042
Grants payable	-	(20,000)
Accrued payroll and related expenses	4,052	(9,092)
Deferred revenue	109,000	(154,676)
Net Cash Provided by Operating Activities	448,850	29,897
Cash Flows from Investing Activities		
Purchase of investments	(1,201,034)	(821,228)
Proceeds from sale of investments	494,038	715,167
Net Cash Used by Investing Activities	(706,996)	(106,061)
Change in Cash and Cash Equivalents	(258,146)	(76,164)
Beginning Cash and Cash Equivalents	1,806,594	1,882,758
Ending Cash and Cash Equivalents	\$ 1,548,448	\$ 1,806,594

See Independent Auditor's Report and Notes to the Financial Statements.

National Ataxia Foundation
Notes to the Financial Statements
December 31, 2021 and 2020

Note 1: Summary of Significant Accounting Policies

A. Nature of Activities

National Ataxia Foundation (the Foundation) was incorporated as a Minnesota nonprofit corporation in 1957 with the primary mission of encouraging and supporting research into hereditary and sporadic ataxia, a group of neurological disorders which are chronic and progressive conditions affecting coordination.

To further the mission, the Foundation provides services in the following program areas:

Education and Service

Increased awareness about hereditary and sporadic ataxia disorders is promoted through a variety of education programs and materials for ataxia families, researchers, physicians, allied health professionals, government agencies, legislative officials and the general public. The Foundation publishes Generations, an annual newsletter and a monthly e-newsletter devoted to ataxia related articles including the latest research and other information beneficial to individuals with ataxia. The Foundation also offers several webinars throughout the year on current topics relevant to the ataxia community. Other educational materials, such as books, videos and fact sheets are provided to persons with ataxia, family members and health care professionals on a "direct request" basis through the NAF office. The Foundation's advocacy activities, such as Hill Days, serve to raise awareness about ataxia and policy issues impacting the ataxia community. The annual ataxia conference, and sponsorship and/or/participation in national and international meetings, symposiums and seminars also serve to increase ataxia awareness.

The National Ataxia Foundation attempts to locate people and families with hereditary and sporadic ataxia in order to provide them with information about ataxia. This is accomplished by providing updated information about ataxia to the general public by maintaining a website, social media channels, newsletters, and webinars. The Foundation assists individuals and families by identifying clinical resources and making appropriate referrals for neurological care, genetic counseling and gene testing. The Foundation also assists people with locating resources within their own communities, including support groups. The Foundation's network of support groups throughout the country provide families with access to in-person and virtual meeting opportunities.

Research

The National Ataxia Foundation (NAF) encourages and promotes research on hereditary and sporadic ataxias through three research funding programs: (1) "seed money" research grants; (2) post doc fellowship awards; and (3) young investigator awards. Peer review is provided by NAF's Medical and Research Advisory Board members and leading ataxia scientists and clinicians, both domestic and international. The goals of NAF's research program are to further elucidate the disease mechanism of ataxia, bring early-career clinicians and scientists into ataxia research and move the field toward developing treatments and a cure for ataxia. In addition, NAF funds three programs that are beyond the traditional grant funding mechanism. These are non-competitive programs which include the Brain Tissue Donation Program, the Centralized Ataxia Genomic Core and Clinical Research Consortium for the Study of Cerebellar Ataxia. Because of the importance of collaboration among the multi-stakeholders for ataxia research, the Foundation organizes scientific meetings.

Note 1: Summary of Significant Accounting Policies (Continued)

A. Nature of Activities (Continued)

Drug Development Collaborative

The NAF Drug Development Collaborative is a pre-competitive pharmaceutical industry consortium with a principal goal of accelerating the development of treatments for Ataxia. The group will address the many shared opportunities and challenges in therapy development for this complex neurological disease. The Collaborative provides a centralized source for access to resources needed to support research and development of Ataxia therapies. Members will benefit from the integration of the patient experience with sound Ataxia scientific and clinical expertise. NAF brings more than 60 years of experience in supporting patients and caregivers and connecting them with research and clinical trial opportunities. NAF has also funded a network of Ataxia clinicians at sites around the US that will be a critical component of the Collaborative's work. Specific objectives of the Collaborative include natural history and bio sample data collection, development of biomarkers, validation of rating scales, clinical trial design, patient-reported outcomes, and other data necessary for the development and approval of safe and effective therapies. There were seven members of the Collaborative at the end of 2020 and ten at the end of 2021.

B. Basis of Accounting and Presentation

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

Revenues are recorded when earned and expenses are recorded when a liability is incurred. Contributions received are recorded as an increase in non-donor-restricted or donor-restricted support depending on the existence or nature of any donor restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restriction - Those resources over which the Foundation has discretionary control.

Net Assets With Donor Restriction - Those resources subject to donor imposed restrictions, which are satisfied by actions of the Foundation or passage of time, or are to be maintained permanently.

C. Use of Estimates

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

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers short-term, highly liquid investments and investments purchased with a maturity of three months or less to be cash equivalents. The Foundation's cash balances held in bank depositories may exceed federally insured limits at times.

E. Investments

Investments are measured at fair value in the statements of financial position. Investment income or loss (including realized gains and losses on investments, interest/ dividends, and investment advisory fees) is included in non-donor-restricted revenue and support unless the income or loss is restricted by donor or law.

F. Accounts Receivable

Accounts receivable consist primarily of amounts billed for services, are unsecured, and are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on the assessment of the current status of individual accounts.

National Ataxia Foundation
Notes to the Financial Statements
December 31, 2021 and 2020

Note 1: Summary of Significant Accounting Policies (Continued)

G. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future account periods and are recorded as prepaid items.

H. Deferred Revenue

This represents amounts received in advance for future conferences.

I. Revenue Recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The Board's general policy is to allocate up to thirty percent of all restricted contributions for unrestricted use unless the contribution was solicited by the Foundation for a specific purpose. The board has discretion to use this allocation or waive it.

The Foundation sells sponsorships for events and participation in Foundation-run initiatives. Income is recorded in the year that performance obligations, generally sponsor placement and participation benefits, are fulfilled. Some obligations are fulfilled throughout the year and some are fulfilled at a point in time.

J. Property and Equipment

Property and equipment are capitalized at cost. Depreciation is provided for using the straight-line method over the estimated useful life of the asset. The Foundation considers items with a cost greater than \$2,500 and a useful life greater than one year to be property and equipment. Items below \$2,500 are expensed when purchased.

K. Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The costs are allocated based on time spent by employees or by management's estimates.

Expense	Method of Allocation
Salaries and Benefits	Based on time allocation
Occupancy	Unallocated
Printing, marketing and multimedia	Direct expense
Professional services	Direct expense
Program expense	Direct expense
Development	Direct expense
Insurance	Direct expense
Dues and subscriptions	Direct expense
Meeting expense	Direct expense
Office expense	Direct expense
Bank and credit card fees	Direct expense
Clinical trial readiness	Direct expense
Miscellaneous	Direct expense
Research grants	Direct expense

L. Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal and State income taxes.

National Ataxia Foundation
Notes to the Financial Statements
December 31, 2021 and 2020

Note 1: Summary of Significant Accounting Policies (Continued)

M. New Accounting Pronouncements

In March 2016, the FASB issued ASU No. 2016-02, *Leases*, as a new topic, Accounting Standards Codification 842. The objective of ASU No. 2016-02 is to increase transparency and comparability among organizations by reorganizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU No. 2016-02 is effective for annual reporting periods beginning after December 15, 2021, and shall be applied using either a full retrospective or modified retrospective approach. Early adoption is permitted. The new guidance is effective for the Foundation for the year ended December 31, 2022. The Foundation is currently evaluating the impact on the results of operations, financial condition and cash flows and has not determined the impact on its financial statements at this time.

In September 2020, the FASB issued ASU No. 2020-07 Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is intended to improve the transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. This ASU requires not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. In addition to separate presentation on the statement of activities, this amendment requires enhanced disclosures around each category of contributed nonfinancial assets for donor-imposed restrictions, valuation techniques, description of programs or activities in which the assets were used, and if monetized a policy about monetizing rather than utilizing the asset(s). The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. The Foundation is currently evaluating the impact this standard will have on its financial statements.

N. Advertising

The Foundation follows the policy of charging the costs of advertising to expense as incurred. Advertising expense paid to vendors was \$24,328 and \$21,112 for the years ended December 31, 2021 and 2020, respectively.

O. Subsequent Events

Subsequent events have been evaluated through May 25, 2022, which is the date the financial statements were available to be issued.

P. Reclassifications

Certain amounts in the prior year have been reclassified in order to be consistent with the current year presentation. The reclassifications do not affect net assets.

Note 2: Investments

Investment income for the year ended December 31, 2021 and 2020 consisted of the following:

	2021	2020
Interest/Dividend Income	\$ 68,653	\$ 56,917
Unrealized/Realized Gain on Investments	21,042	25,230
Investment Advisory Fees	(4,970)	(3,797)
Total Investment Income	\$ 84,725	\$ 78,350

National Ataxia Foundation
Notes to the Financial Statements
December 31, 2021 and 2020

Note 3: Retirement Plan

The Foundation maintains a 401k matching plan. For December 31, 2021 and 2020, the amount of 401k matching expense was \$40,106 and \$34,102, respectively.

Note 4: Paycheck Protection Program

In April 2020, the Foundation entered into a promissory note agreement with Central Minnesota Credit Union in the amount of \$141,800 pursuant to the Paycheck Protection Program (PPP) created by the Coronavirus Aid, Relief, and Economic Security Act (CARES) and governed by the Small Business Administration (SBA). The note accrues interest at one percent per annum and is scheduled to mature in April 2022. Up to 100 percent of the loan is forgivable when used to pay specified payroll and other costs within the qualified period (generally 24 weeks after receiving the funds). In December 2020, the loan was forgiven 100 percent and is recorded as an unconditional grant on the statement of activities.

In February 2021, the Foundation entered into a promissory note agreement with Central Minnesota Credit Union in the amount of \$156,727 pursuant to the Paycheck Protection Program (PPP) created by the Coronavirus Aid, Relief, and Economic Security Act (CARES) and governed by the Small Business Administration (SBA). The note accrues interest at one percent per annum and is scheduled to mature in February 2023. Up to 100 percent of the loan is forgivable when used to pay specified payroll and other costs within the qualified period (generally 24 weeks after receiving the funds). In October 2021, the loan was forgiven 100 percent and is recorded as an unconditional grant on the statement of activities.

Note 5: Fair Value Investments

The Foundation measures the fair value of its financial instruments using a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to significant unobservable inputs (level 3 measurements). The Foundation determines fair value by:

Level 1 - inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active market that the Foundation has the ability to access, and where transactions occur within.

Level 2 - inputs to the valuation methodology include:

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

Level 3 - inputs to the valuation methodology reflect management's assumptions about significant unobservable inputs that market participants would use in pricing the asset or liability.

The asset's and liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

National Ataxia Foundation
Notes to the Financial Statements
December 31, 2021 and 2020

Note 5: Fair Value Investments (Continued)

Following is a description of the valuation methodology used for each asset measured at fair value on a recurring basis:

- Cash: Measured at cash value.
- Money Market Funds: Measured at cost which approximates fair value.
- Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held are deemed to be actively traded.

The methods above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Information regarding assets measured at fair value on a recurring basis as of December 31, 2021 and 2020 were as follows:

	2021			Total Assets Measured at Fair Value
	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	
Short-term Investments:				
Cash	\$ 46,618	\$ -	\$ -	\$ 46,618
Money market funds	1,636,501	-	-	1,636,501
Mutual funds and stocks	1,077,617	-	-	1,077,617
Total Assets at Fair Value	<u>\$ 2,760,736</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,760,736</u>
	2020			Total Assets Measured at Fair Value
	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	
Short-term Investments:				
Cash	\$ 136,708	\$ -	\$ -	\$ 136,708
Mutual funds and stocks	1,895,990	-	-	1,895,990
Total Assets at Fair Value	<u>\$ 2,032,698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,032,698</u>

The Foundation does not have any liabilities measured at fair value on a recurring basis nor any assets or liabilities measured at fair value on a nonrecurring basis.

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Note 6: Net Assets With Donor Restrictions

Net assets with donor restrictions were available for the following purposes at December 31, 2021 and 2020:

	2021	2020
SCA3 Clementz	\$ 439,912	\$ 508,543
General Research (Includes stock)	356,977	378,624
SCA3	249,848	216,974
AAC Travel Grant	133,420	124,185
CRC SCA I	111,577	171,577
Million \$ Research Fund	78,980	119,353
CRC SCA II	75,520	226,260
CSO Funding	55,000	-
Katie Campbell Fund	28,583	30,582
AOA2	16,024	16,024
Friedreich's Fund	3,086	1,675
MSA	3,848	3,848
Brand Strategy Project	-	80,000
SCA Anonymous Fund	-	15,745
	\$ 1,552,775	\$ 1,893,390
Total		

Note 7: Operating Lease Agreements

The Foundation leases various facilities for operation of its programs. The operating lease payments for the year ended December 31, 2021 and 2020 amounted to \$57,527 and \$60,301, respectively. The Foundation also entered into a lease agreement for a copier in December of 2020, for a term of 60 months with payments of \$124 per month.

Future binding commitments on noncancelable operating leases as of December 31, 2021 are as follows:

Years Ending December 31,	Amount
2022	\$ 34,276
2023	34,728
2024	35,181
2025	26,916
	\$ 131,101
Total	

Note 8: Concentrations

From time to time, the Foundation's cash balances at financial institutions exceed Federal Deposit Insurance Corporation ("FDIC") insurance limits of \$250,000. In the years ending December 31, 2021 and 2020, the Foundation exceeded that limit by \$2,840,320 and \$2,560,058, respectively. Management does not believe this presents a significant risk to the Foundation.

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Note 9: Liquidity and Availability of Financial Assets

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

	2021	2020
Cash and Cash Equivalents	\$ 1,548,448	\$ 1,806,594
Investments	2,760,736	2,032,698
Accounts Receivable	31,414	145,000
Total Financial Assets Available Within One Year	4,340,598	3,984,292
Less: Amounts unavailable for general expenditures within one year due to:		
Board designated - operating reserve	(398,901)	(378,317)
Restricted by donors	(1,552,775)	(1,893,390)
Financial assets available to meet general expenditures within one year	\$ 2,388,922	\$ 1,712,585

As part of our liquidity management, the Foundation structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Foundation invests cash in excess of monthly requirements in short-term investments such as money market funds, certificates of deposit, savings accounts, or other similar investments.

Note 10: COVID-19

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world during 2020 and 2021 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Foundation is unable to determine the impact to its future operations.