



Annual Financial Report

National Ataxia Foundation

St. Louis Park, Minnesota

For the years ended December 31, 2022 and 2021



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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, 2022 and 2021, 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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 24, 2023



FINANCIAL STATEMENTS

National Ataxia Foundation
Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,969,164	\$ 1,548,448
Accounts receivable	55,331	31,414
Prepaid expenses	187,070	65,695
Total Current Assets	2,211,565	1,645,557
Noncurrent Assets		
Right-of-use asset	89,034	-
Investments	2,707,996	2,760,736
Total Noncurrent Assets	2,797,030	2,760,736
 Total Assets	 \$ 5,008,595	 \$ 4,406,293
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 440,809	\$ 52,780
Accrued payroll and related expenses	29,226	20,792
Deferred revenue	22,291	172,500
Operating lease liability, current portion	31,548	-
Total Current Liabilities	523,874	246,072
Long-term Operating Lease Liability	58,104	-
 Total Liabilities	 581,978	 246,072
Net Assets		
Without donor restriction		
Board designated - operating reserve	420,985	398,901
Undesignated	1,963,826	2,208,545
Total Net Assets Without Donor Restriction	2,384,811	2,607,446
With donor restriction	2,041,806	1,552,775
 Total Net Assets	 4,426,617	 4,160,221
 Total Liabilities and Net Assets	 \$ 5,008,595	 \$ 4,406,293

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

National Ataxia Foundation
Statements of Activities
For the Years Ended December 31, 2022 and 2021

	2022		Total
	Without Donor Restriction	With Donor Restriction	
Support and Revenue			
Support			
Contributions, memorials and honorariums	\$ 1,638,224	\$ 1,767,801	\$ 3,406,025
In-kind contributions	9,870	-	9,870
Total Support	<u>1,648,094</u>	<u>1,767,801</u>	<u>3,415,895</u>
Revenue			
Conference Income	309,574	-	309,574
Earned income	800,000	-	800,000
Investment loss	(127,884)	-	(127,884)
Total Revenue	<u>981,690</u>	<u>-</u>	<u>981,690</u>
Net Assets Released from Restrictions	<u>1,278,770</u>	<u>(1,278,770)</u>	<u>-</u>
Total Support and Revenue	<u>3,908,554</u>	<u>489,031</u>	<u>4,397,585</u>
Expenses			
Program services			
Research	1,837,520	-	1,837,520
Education and service	579,104	-	579,104
Drug Development Collaborative	943,904	-	943,904
Total Program Services	<u>3,360,528</u>	<u>-</u>	<u>3,360,528</u>
Supporting services			
Management and general	377,042	-	377,042
Fundraising	393,619	-	393,619
Total Supporting Services	<u>770,661</u>	<u>-</u>	<u>770,661</u>
Total Expenses	<u>4,131,189</u>	<u>-</u>	<u>4,131,189</u>
Change in Net Assets	(222,635)	489,031	266,396
Beginning Net Assets	<u>2,607,446</u>	<u>1,552,775</u>	<u>4,160,221</u>
Ending Net Assets	<u>\$ 2,384,811</u>	<u>\$ 2,041,806</u>	<u>\$ 4,426,617</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, 2022 and 2021

	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	212,658	-	212,658
Earned income	499,995	-	499,995
Investment income	84,725	-	84,725
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 Functional Expenses
For the Years Ended December 31, 2022 and 2021

	2022						
	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	\$ 421,058	\$ 301,183	\$ 151,075	\$ 873,316	\$ 97,636	\$ 225,018	\$ 1,195,970
Payroll taxes	30,284	22,016	10,822	63,122	6,467	16,431	86,020
Fringe benefits	37,371	45,622	11,982	94,975	20,484	30,393	145,852
Total Salaries and Related Expenses	<u>488,713</u>	<u>368,821</u>	<u>173,879</u>	<u>1,031,413</u>	<u>124,587</u>	<u>271,842</u>	<u>1,427,842</u>
Occupancy	-	-	-	-	61,739	-	61,739
Printing, marketing and multimedia	504	524	-	1,028	6,831	13,154	21,013
Professional services	60,657	26,418	17,564	104,639	52,072	16,193	172,904
Support grants	-	3,071	-	3,071	-	-	3,071
Development	150	6	-	156	982	-	1,138
Insurance	-	-	-	-	11,737	-	11,737
Dues and subscriptions	6,114	4,149	-	10,263	16,917	46,295	73,475
Meeting expense	266,247	174,878	200	441,325	22,921	39,905	504,151
Office expense	3,585	281	-	3,866	28,405	5,315	37,586
Bank and credit card fees	-	956	-	956	44,459	-	45,415
Miscellaneous	220	-	-	220	4,834	915	5,969
Research grants	1,011,330	-	752,261	1,763,591	1,558	-	1,765,149
Total Expenses	<u>\$ 1,837,520</u>	<u>\$ 579,104</u>	<u>\$ 943,904</u>	<u>\$ 3,360,528</u>	<u>\$ 377,042</u>	<u>\$ 393,619</u>	<u>\$ 4,131,189</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, 2022 and 2021

	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 Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ 266,396	\$ 298,018
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized loss (gain) on investments	194,093	(21,042)
Amortization of right of use asset	30,992	-
Changes in assets:		
Accounts receivable	(23,917)	113,586
Prepaid expenses	(121,375)	88,727
Changes in liabilities:		
Accounts payable	388,029	(143,491)
Accrued payroll and related expenses	8,434	4,052
Deferred revenue	(150,209)	109,000
Operating lease liability	(30,374)	-
Net Cash Provided by Operating Activities	562,069	448,850
 Cash Flows from Investing Activities		
Purchase of investments	(1,221,776)	(1,201,034)
Proceeds from sale of investments	1,080,423	494,038
Net Cash Used by Investing Activities	(141,353)	(706,996)
 Change in Cash and Cash Equivalents	420,716	(258,146)
 Beginning Cash and Cash Equivalents	1,548,448	1,806,594
 Ending Cash and Cash Equivalents	\$ 1,969,164	\$ 1,548,448

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

National Ataxia Foundation
Notes to the Financial Statements
December 31, 2022 and 2021

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. The Foundation's mission is to accelerate the development of treatments and a cure while working to improve the lives of those living with Ataxia.

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.

National Ataxia Foundation
Notes to the Financial Statements
December 31, 2022 and 2021

Note 1: Summary of Significant Accounting Policies (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.

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 and unrealized 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. Management expects to collect all balances.

National Ataxia Foundation
Notes to the Financial Statements
December 31, 2022 and 2021

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. Leases

The Foundation determines if an arrangement is a lease at inception. If an arrangement contains a lease, the Foundation performs a lease classification test to determine if the lease is an operating lease or a finance lease. Right-of-use (ROU) assets represent the right to use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. Operating lease liabilities are recognized on the commencement date of the lease based on the present value of the future lease payments over the lease term and are included in long-term liabilities and current liabilities on the statement of financial position. ROU assets are valued at the initial measurement of the lease liability, plus any indirect costs or rent prepayments, and reduced by any lease incentives and any deferred lease payments. Operating ROU assets are recorded on the face of the statement of financial position and are amortized over the lease term. To determine the present value of lease payments on lease commencement, the Foundation uses the implicit rate when readily determinable. Lease terms include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense is recognized on a straight-line basis over the life of the lease and is included within operating expenses on the statement of activities.

The Foundation has made the following elections related to leases:

- The Foundation has elected to use a risk-free rate as the discount rate on all classes of underlying assets when an implicit rate is not readily available.
- The Foundation has elected the practical expedient to account for the lease and non-lease components as a single lease component for classes of underlying assets.
- The Foundation has elected to apply the short-term lease exception to all leases with a term of one year or less. Short-term leases will not be capitalized.

I. Deferred Revenue

This represents amounts received in advance for future conferences.

J. 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.

K. 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.

National Ataxia Foundation
Notes to the Financial Statements
December 31, 2022 and 2021

Note 1: Summary of Significant Accounting Policies (Continued)

L. 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

M. 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.

N. 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.

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 in 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 amendment in this ASU was applied on a retrospective basis and was effective for National Ataxia Foundation in 2022.

O. Advertising

The Foundation follows the policy of charging the costs of advertising to expense as incurred. Advertising expense paid to vendors was \$21,013 and \$24,328 for the years ended December 31, 2022 and 2021, respectively.

National Ataxia Foundation
Notes to the Financial Statements
December 31, 2022 and 2021

Note 1: Summary of Significant Accounting Policies (Continued)

P. Subsequent Events

Subsequent events have been evaluated through May 24, 2023, which is the date the financial statements were available to be issued.

Note 2: Investments

Investment income for the year ended December 31, 2022 and 2021 consisted of the following:

	2022	2021
Interest/Dividend Income	\$ 70,303	\$ 68,653
Unrealized/Realized Gain (Loss) on Investments	(194,093)	21,042
Investment Advisory Fees	(4,094)	(4,970)
 Total Investment Income	 \$ (127,884)	 \$ 84,725

Note 3: 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.

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

National Ataxia Foundation
Notes to the Financial Statements
December 31, 2022 and 2021

Note 3: 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.

Information regarding assets measured at fair value on a recurring basis as of December 31, 2022 and 2021 were as follows:

	2022			Total Assets Measured at Fair Value
	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	
Short-term Investments:				
Cash	\$ 76,823	\$ -	\$ -	\$ 76,823
Money market funds	1,642,051	-	-	1,642,051
Mutual funds and stocks	989,122	-	-	989,122
	<u>\$ 2,707,996</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,707,996</u>
	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
	<u>\$ 2,760,736</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,760,736</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.

Note 4: Paycheck Protection Program

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: Retirement Plan

The Foundation maintains a 401k matching plan. For December 31, 2022 and 2021, the amount of 401k matching expense was \$52,122 and \$40,106, respectively.

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Note 6: Leases

Effective July 1, 2017, the Foundation entered into a property lease agreement with Interchange Investors, LLC that calls for fixed monthly base payments starting at \$2,563 per month and incrementally increasing to \$2,864 per month until expiration in September, 2025. The agreement also provides that the Foundation is responsible for a proportional share of the property's incurred ownership taxes and operating expenses. The Foundation has determined that this lease is an operating lease.

As disclosed in Note 1, the Foundation adopted FASB ASC 842, effective January 1, 2022, using a modified retrospective approach. As a result, the Foundation was required to recognize a ROU asset and corresponding lease liability on the face of the statement of financial position for the year ended December 31, 2022. As the standard was implemented using a modified retrospective approach, the balance sheet as of December 31, 2021, was not impacted.

As noted above, the Foundation's lease agreement calls for variable payments that were not determinable at the lease commencement and are not included in the measurement of the lease asset and liabilities. Variable lease payments incurred will be recognized during the year they are incurred as an operating expense.

The ROU lease asset and corresponding lease liability were calculated utilizing a risk-free discount rate of 2.333%, according to the Foundation's elected policy. The Foundation's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

Additional information about the Foundation's lease for the year ended December 31, 2022, is as follows:

Lease expense (included in operating expenses)	
Operating lease expense	\$ 33,406
Variable lease expense	26,245
	<hr/>
Total Lease Expense:	<u>\$ 59,651</u>
Other Information	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 32,778
ROU assets obtained in exchange for new operating lease liabilities	\$ 120,026
Weighted-average remaining lease term in years for operating leases	2.75
Weighted-average discount rate for operating leases	2.333%

Future minimum payments for leases under ASU 842 as of December 31, 2022 are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2023	\$ 33,240
2024	33,693
2025	25,552
	<hr/>
Total undiscounted cash flows	92,485
Less: present value discount	<u>(2,833)</u>
	<hr/>
Total Lease Liabilities	<u>\$ 89,652</u>

National Ataxia Foundation
Notes to the Financial Statements
December 31, 2022 and 2021

Note 6: Leases (Continued)

Future minimum payments for leases under ASU 840 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
Total	\$ 131,101

Note 7: Net Assets With Donor Restrictions

Net assets with donor restrictions were available for the following purposes at December 31, 2022 and 2021:

	2022	2021
SCA2 Fund	\$ 500,000	\$ -
CSO Funding	450,588	55,000
General Research (Includes stock)	385,387	356,977
SCA3 Clementz	340,604	439,912
AAC Travel Grant	138,542	133,420
SCA3	138,333	249,848
CRC SCA I	44,415	111,577
Million \$ Research Fund	33,810	78,980
Friedreich's Fund	6,279	3,086
MSA	3,848	3,848
AOA2	-	16,024
Katie Campbell Fund	-	28,583
CRC SCA II	-	75,520
Total	\$ 2,041,806	\$ 1,552,775

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, 2022 and 2021, the Foundation exceeded that limit by \$3,113,980 and \$2,840,320, respectively. Management does not believe this presents a significant risk to the Foundation.

National Ataxia Foundation
Notes to the Financial Statements
December 31, 2022 and 2021

Note 9: In-kind Contributions

The Foundation's in-kind contributions consist of the following in 2022 and 2021:

	<u>2022</u>	<u>2021</u>	<u>Usage in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Fair Value Techniques</u>
Website Services	\$ 9,870	\$ -	Management and General	None	Estimated wholesale price of identical or similar products

Note 10: 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:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 1,969,164	\$ 1,548,448
Investments	2,707,996	2,760,736
Accounts Receivable	55,331	31,414
Total Financial Assets Available Within One Year	<u>4,732,491</u>	<u>4,340,598</u>
Less: Amounts unavailable for general expenditures within one year due to:		
Board designated	(420,985)	(398,901)
Restricted by donors	<u>(2,041,806)</u>	<u>(1,552,775)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,269,700</u>	<u>\$ 2,388,922</u>

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 11: 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.