

PROJECT A.L.S., INC.
FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
YEARS ENDED JULY 31, 2010 AND 2009

PROJECT A.L.S., INC.
FOR THE YEARS ENDED JULY 31, 2010 AND 2009

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INDEPENDENT AUDITORS' REPORT

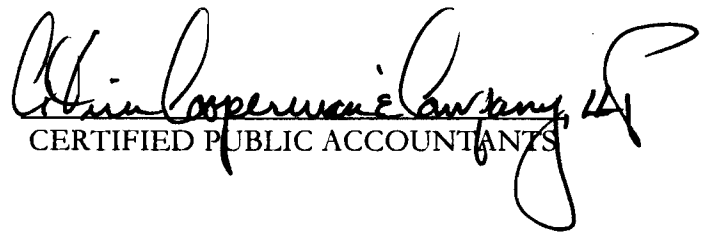
To the Board of Directors
Project A.L.S., Inc.

We have audited the accompanying statements of financial position of Project A.L.S., Inc. (a not-for-profit organization) (the "Organization") as of July 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Project A.L.S., Inc. as of July 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, effective August 1, 2009, the Organization changed its method of accounting for uncertainty in income taxes.


CITRIN COOPERMAN & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

January 20, 2011

PROJECT A.L.S., INC.
STATEMENTS OF FINANCIAL POSITION
JULY 31, 2010 AND 2009

	2010	2009
<u>ASSETS</u>		
Cash	\$ 1,280,808	\$ 1,083,778
Contributions and grants receivable	107,208	91,620
Unconditional promises to give	509,900	16,130
Prepaid expenses and other assets	68,962	96,295
Property and equipment, less accumulated depreciation of \$402,233 in 2010 and \$279,207 in 2009	381,985	441,570
TOTAL ASSETS	\$ 2,348,863	\$ 1,729,393
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 74,799	\$ 166,119
Grants payable	1,457,406	1,211,051
Total liabilities	1,532,205	1,377,170
Commitments (Notes 3 and 6)		
Net assets:		
Temporarily restricted	667,255	20,000
Unrestricted	149,403	332,223
Total net assets	816,658	352,223
TOTAL LIABILITIES AND NET ASSETS	\$ 2,348,863	\$ 1,729,393

See accompanying notes to financial statements.

PROJECT A.L.S., INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JULY 31, 2010 AND 2009

	<u>2010</u>			<u>2009</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:						
Special event revenue, net of direct benefits to donors of \$290,659 in 2010 and \$263,278 in 2009	\$ 1,225,352	\$ -	\$ 1,225,352	\$ 1,220,526	\$ -	\$ 1,220,526
Grants and contributions	476,470	3,695,000	4,171,470	696,759	-	696,759
Other fundraising	154,477	-	154,477	126,334	-	126,334
Other income	1,052	-	1,052	2,073	-	2,073
Net assets released from restrictions	<u>3,047,745</u>	<u>(3,047,745)</u>	<u>-</u>	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>
Total revenues	<u>4,905,096</u>	<u>647,255</u>	<u>5,552,351</u>	<u>2,050,692</u>	<u>(5,000)</u>	<u>2,045,692</u>
Expenses:						
Program:						
Grants to others	2,757,520	-	2,757,520	277,964	-	277,964
Other research	199,578	-	199,578	57,793	-	57,793
Laboratory	1,246,523	-	1,246,523	1,242,406	-	1,242,406
Education	<u>227,597</u>	<u>-</u>	<u>227,597</u>	<u>545,595</u>	<u>-</u>	<u>545,595</u>
Total program expenses	4,431,218	-	4,431,218	2,123,758	-	2,123,758
Management and general	179,313	-	179,313	150,521	-	150,521
Fundraising	<u>477,385</u>	<u>-</u>	<u>477,385</u>	<u>330,310</u>	<u>-</u>	<u>330,310</u>
Total expenses	<u>5,087,916</u>	<u>-</u>	<u>5,087,916</u>	<u>2,604,589</u>	<u>-</u>	<u>2,604,589</u>
Change in net assets	(182,820)	647,255	464,435	(553,897)	(5,000)	(558,897)
Net assets - beginning	<u>332,223</u>	<u>20,000</u>	<u>352,223</u>	<u>886,120</u>	<u>25,000</u>	<u>911,120</u>
NET ASSETS - ENDING	<u>\$ 149,403</u>	<u>\$ 667,255</u>	<u>\$ 816,658</u>	<u>\$ 332,223</u>	<u>\$ 20,000</u>	<u>\$ 352,223</u>

See accompanying notes to financial statements.

PROJECT A.L.S., INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JULY 31, 2010 AND 2009

	2010	2009
Cash flows from operating activities:		
Change in net assets	\$ 464,435	\$ (558,897)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	152,587	130,983
Changes in assets and liabilities:		
Contributions and grants receivable	(15,588)	(14,469)
Prepaid expenses and other assets	27,333	21,218
Unconditional promises to give	(493,770)	8,521
Accounts payable and accrued expenses	(91,320)	118,024
Grants payable	246,355	(138,409)
Net cash provided by (used in) operating activities	290,032	(433,029)
Cash used in investing activities:		
Acquisition of property and equipment	(93,002)	(142,170)
Net increase (decrease) in cash	197,030	(575,199)
Cash - beginning	1,083,778	1,658,977
CASH - ENDING	\$ 1,280,808	\$ 1,083,778

See accompanying notes to financial statements.

PROJECT A.L.S., INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2010 AND 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Project A.L.S., Inc. (the "Organization") is a nonprofit corporation incorporated in the State of New York in August 1998 to fund research efforts in order to find effective treatments and a cure for Amyotrophic Lateral Sclerosis ("ALS") and to raise public awareness about the disease through educational efforts.

Recently adopted accounting pronouncements

In June 2009, the Financial Accounting Standards Board ("FASB") issued authoritative guidance that established the FASB Accounting Standards Codification ("Codification" or "ASC") as the source of authoritative generally accepted accounting principles ("GAAP") recognized by the FASB to be applied to all nongovernmental entities. The Codification supersedes all of the existing accounting and reporting standards applicable to privately held companies upon its effective date and, subsequently, the FASB will not issue new standards in the form of FASB Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. The guidance is not intended to change or alter existing GAAP. The guidance became effective for the Organization for the fiscal year ended July 31, 2009. The guidance did not have an impact on the Organization's financial position, results of operations or cash flows. All references to previous numbering of FASB Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts have been removed from the financial statements and accompanying notes.

On August 1, 2009, the Organization adopted new accounting guidance found in FASB ASC 820, *Fair Value Measurements and Disclosures*, for nonfinancial assets and liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). Adoption of the new guidance did not have a material impact on the Organization's financial statements.

On August 1, 2009, the Organization adopted the new standard regarding accounting for uncertainty in income taxes. The Organization is required to apply the "more likely than not" threshold to the recognition and derecognition of tax positions. The standard also provides guidance on the measurement of tax positions, statements of financial position classification, interest and penalties, accounting in interim periods, disclosures, and transition. Adoption of the standard did not have a material effect on the Organization's financial statements.

Basis of Presentation

The Organization follows FASB ASC 958, *Not-For-Profit Entities*, which requires the Organization to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of contributions, including donated services meeting certain criteria, at fair value. FASB ASC 958 establishes standards for general-purpose external financial statements for not-for-profit organizations and requires a statement of financial position, a statement of activities, and a statement of cash flows.

PROJECT A.L.S., INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2010 AND 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

The Organization follows FASB ASC 958, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions of the contribution. Contributions are recognized when a donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized as contributions when substantially all conditions are met.

Functional Expenses

The costs of providing the Organization's programs, fundraising and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the activities benefited.

Use of Estimates

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

Contributions, Grants and Pledges Receivable

The Organization considers all receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to expense when that determination is made.

Property and Equipment

The Organization capitalizes those items with a useful life over one year. If purchased, property and equipment are recorded at cost; donated property and equipment are recorded at their estimated fair value at the date of donation. Property and equipment are depreciated using the straight-line method over their estimated useful lives.

Uncertain Tax Positions

Since the guidance related to accounting for uncertainty in income taxes discussed in "Recently adopted accounting pronouncements" above was not required for the 2009 financial statements, the Organization utilized its prior policy of accounting for contingencies with respect to accounting for uncertain tax positions in those financial statements. Disclosure is not required of a loss contingency involving an unasserted claim or assessment when there has been no manifestation by a potential claimant of an awareness of possible claim or assessment unless it is considered probable that a claim will be asserted and there is a reasonable possibility that the outcome will be unfavorable. Using that guidance, as of July 31, 2009, the Organization had no uncertain tax positions that qualified for either recognition or disclosure in the financial statements.

PROJECT A.L.S., INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2010 AND 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt from state and local taxes.

The Organization files income tax returns within the U.S. federal jurisdiction and in New York State, Maryland, California, and local jurisdictions. The Organization, with few exceptions is no longer subject to U.S. federal, state, or local income tax examinations by tax authorities for years before 2006.

Subsequent Events

The Organization has evaluated all events or transactions that occurred after July 31, 2010, up through the date that the financial statements were available to be issued on January 20, 2011.

NOTE 2. P² FOR ALS

During the year ended July 31, 2010, the Organization entered into gift agreements with two anonymous donors (referred to as "Donor A" and "Donor B") to fund a three-year project for researching treatments and understanding of Amyotrophic Lateral Sclerosis. The project is referred to as "P² for ALS." The Organization and the Robert Packard Center for ALS Research at Johns Hopkins University are partners in the P² for ALS Initiative. P² for ALS will focus on identifying the key genetic, biochemical and cellular pathways that underlie ALS and aims to define primary molecular targets for the development of new ALS therapies within a three-year period. The P² for ALS collaboration unites three disciplines that have recently transformed the landscape of ALS science: Genetics, Stem Cell Reprogramming, and Glial-Neuron Signaling. Through targeted research in these three areas and by performing in an interactive, collaborative, and transparent manner, P² for ALS researchers will work together on identifying the underlying causes of and the first effective treatments for ALS. As such, the implications of discoveries in one area will be rapidly transmitted and tested in complementary areas, by multiple laboratories. New observations and ideas can and will be validated or refuted with unprecedented speed.

Pursuant to Donor A's \$2,500,000 gift agreement, the Organization was to receive \$500,000 by January 31, 2010, and is to receive \$1,000,000 by December 31, 2010, and \$1,000,000 by December 31, 2011, provided that the Organization satisfies various terms contained in the gift agreement. As a result of this gift agreement, the Organization recorded a \$500,000 contribution receivable, which has also been recorded as temporarily restricted revenue in 2010. The Organization received the initial \$500,000 payment in August 2010. Further, in accordance with FASB ASC 958, the additional conditional promises to give have not been recorded in the accompanying financial statements as their receipt is contingent upon upon satisfaction of the terms and conditions in the gift agreement.

PROJECT A.L.S., INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2010 AND 2009

NOTE 2. P² FOR ALS (CONTINUED)

Pursuant to Donor B's \$6,250,000 gift agreement, the Organization received \$3,000,000 on December 31, 2009, will receive \$1,625,000 by December 31, 2010, and \$1,625,000 by December 31, 2011, provided that the Organization satisfies various terms contained in the gift agreement. The initial \$3,000,000 contribution has been recorded as temporarily restricted revenue in 2010. Further, in accordance with FASB ASC 958, the additional conditional promises to give have not been recorded in the accompanying financial statements as their receipt is contingent upon satisfaction of the terms and conditions in the gift agreement.

NOTE 3. GRANTS TO OTHERS

As part of its mission, the Organization has committed to provide grants and assistance to various health organizations, specific individuals, and medical research facilities involved in finding a cure for ALS. During 2010 and 2009, the Organization provided funds under such commitments to P² for ALS, Jackson Labs, Johns Hopkins University, Salk Institute for Biological Studies, King's College of London, Columbia University, Columbus Children's Research Institute, Harvard Medical School, Sloan-Kettering, New York University, Princeton University, University of St. Andrews, and Dalhousie University.

At July 31, 2010, the following summarizes the Organization's grant payments due over the remaining commitment periods:

<u>Year ending July 31:</u>	<u>Amount</u>
2010	\$ 1,185,538
2011	235,453
2012	<u>36,415</u>
	<u>\$ 1,457,406</u>

NOTE 4. PROPERTY AND EQUIPMENT

A summary of property and equipment at July 31, 2010 and 2009, is as follows:

	<u>2010</u>	<u>2009</u>
Office furniture and fixtures	\$ 38,563	\$ 25,784
Laboratory equipment	628,192	574,600
Equipment	23,156	26,086
Leasehold improvements	<u>94,307</u>	<u>94,307</u>
	784,218	720,777
Less: accumulated depreciation	<u>(402,233)</u>	<u>(279,207)</u>
Property and equipment, net	<u>\$ 381,985</u>	<u>\$ 441,570</u>

Depreciation expense was \$152,587 and \$130,983 for the years ended July 31, 2010 and 2009, respectively.

PROJECT A.L.S., INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2010 AND 2009

NOTE 5. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash on deposit with a brokerage firm and a commercial bank, and pledges receivable.

At times, the Organization's cash, which is placed in major financial institutions, exceeds the insurance coverage provided by the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation. The Organization has not experienced any losses in such accounts and feels that it is not subject to any significant credit risk with regard to such balances.

A small amount of contributors account for substantially all of the Organization's pledges receivable and contributions received. Management has assessed the risks associated with such a concentration and has determined, after an evaluation of each of the pledges, that such concentrations do not expose the Organization to any significant credit risk with regard to such accounts.

NOTE 6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at July 31, 2010 and 2009, are available for the following purposes:

	<u>2010</u>	<u>2009</u>
Payments for the Lloyd and Susan Cymrot scholarships	\$ 15,000	\$ 20,000
P ² for ALS	462,255	-
Laboratory Fellowships	<u>190,000</u>	<u>-</u>
	<u>\$ 667,255</u>	<u>\$ 20,000</u>

NOTE 7. DONATED SERVICES, MATERIALS, AND FACILITIES

The Organization receives donated services, materials, facilities, and fundraising support from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statements of activities because the criteria for the recognition of such services have not been satisfied.

NOTE 8. PROMISES TO GIVE

Unconditional promises to give at July 31, 2010 and 2009, are as follows:

	<u>2010</u>	<u>2009</u>
Receivable in less than one year	\$ 510,000	\$ 10,000
Receivable in more than one year	<u>-</u>	<u>10,000</u>
Total unconditional promises to give	510,000	20,000
Less: discounts to net present value	<u>(100)</u>	<u>(3,870)</u>
Net unconditional promises to give	<u>\$ 509,900</u>	<u>\$ 16,130</u>

The discount rate used to present value long-term unconditional promises to give was 1% for 2010 and 6% for 2009.

ADDITIONAL INFORMATION



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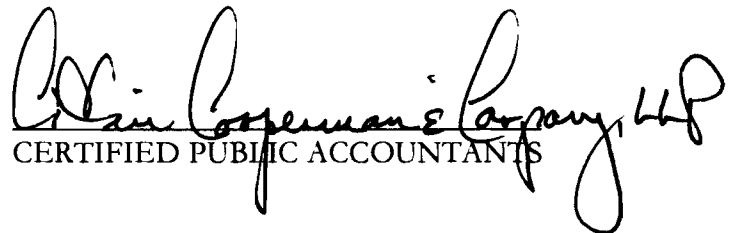
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INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

To the Board of Directors
Project A.L.S., Inc.

Our report on our audits of the basic financial statements of Project A.L.S., Inc. for the years ended July 31, 2010 and 2009, appears on page 1. Those audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information presented in Schedule I for the years ended July 31, 2010 and 2009, which is set forth on page 11, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

January 20, 2011


CITRIN COOPERMAN & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PROJECT A.L.S., INC.
SCHEDULE I - FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JULY 31, 2009)

	2010							2009
	<u>Program</u>				<u>Total</u>	<u>Management and General</u>		<u>Total</u>
	<u>Grants and Research</u>	<u>Laboratory</u>	<u>Education</u>	<u>Total</u>		<u>Fundraising</u>	<u>Total</u>	
Officers' salaries	\$ 92,791	\$ 86,501	\$ 15,728	\$ 195,020	\$ 9,438	\$ 110,102	\$ 314,560	\$ 309,470
Other salaries	23,774	165,863	11,700	201,337	71,417	42,244	314,998	266,116
Payroll taxes and employee benefits	22,721	63,289	5,346	91,356	15,760	29,695	136,811	143,861
Grants to others	2,707,520	50,000	-	2,757,520	-	-	2,757,520	277,963
Professional fees and outside services	25,150	1,444	48,841	75,435	52,597	81,268	209,300	263,253
Special event costs, net of direct benefits to donors	-	-	52,783	52,783	-	111,038	163,821	382,834
Telephone	5,675	6,519	1,335	13,529	3,937	7,417	24,883	20,098
Office supplies and expenses	11,177	16,897	2,630	30,704	7,753	14,608	53,065	44,613
Occupancy costs	9,813	227,918	2,309	240,040	6,807	12,825	259,672	281,673
Laboratory expense	-	455,277	-	455,277	-	-	455,277	192,518
Postage and shipping	1,482	2,534	3,952	7,968	988	2,964	11,920	11,590
Printing, publications and website	-	-	49,085	49,085	181	26,431	75,697	132,522
Scholarship	-	-	5,000	5,000	-	-	5,000	5,000
Conferences, meeting and travel	50,191	20,514	15,815	86,520	2,786	12,157	101,463	49,511
Depreciation	4,374	138,431	1,029	143,834	3,034	5,717	152,585	130,983
Newsletter	-	-	11,342	11,342	-	6,107	17,449	22,937
Other expenses	<u>2,430</u>	<u>11,336</u>	<u>702</u>	<u>14,468</u>	<u>4,615</u>	<u>14,812</u>	<u>33,895</u>	<u>69,647</u>
TOTAL EXPENSES	<u>\$ 2,957,098</u>	<u>\$ 1,246,523</u>	<u>\$ 227,597</u>	<u>\$ 4,431,218</u>	<u>\$ 179,313</u>	<u>\$ 477,385</u>	<u>\$ 5,087,916</u>	<u>\$ 2,604,589</u>

See independent auditors' report on additional information.