

NATIONAL ATAXIA FOUNDATION, INCORPORATED  
MINNEAPOLIS, MINNESOTA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017 and 2016  
AUDITS

NATIONAL ATAXIA FOUNDATION, INCORPORATED  
MINNEAPOLIS, MINNESOTA

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NATIONAL ATAXIA FOUNDATION, INCORPORATED  
DIRECTORY  
DECEMBER 31, 2017

Officers

|                  |                    |
|------------------|--------------------|
| * President      | William P. Sweeney |
| * Vice President | Camille Daglio     |
| * Secretary      | Dave Zilles        |
| * Treasurer      | Charlene Danielson |

Directors

|                      |                      |
|----------------------|----------------------|
| Harry T. Orr, Ph.D.  | Michael Leader       |
| Denise Drake         | Harold Crawford      |
| Laura Ranum, Ph.D.   | Susan Perlman, M.D.  |
| Julie Schuur         | Marilyn Schut Lee    |
| * Sam Kirton         | Lawrence Schut, M.D. |
| * Joseph DeCrescenzo | Greg Rooks           |
| * John Mauro         | Wilson Romero        |

\* Executive Committee Members

# *Kenneth B. Vonderharr, CPA*

1126 South Broadway  
PO Box 501  
New Ulm, MN 56073-0501  
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## INDEPENDENT AUDITOR'S REPORT

Board of Directors and Members  
National Ataxia Foundation, Incorporated  
600 Hwy 169 S, Suite 1725  
Minneapolis, MN 55426-1234

I have audited the accompanying financial statements of the National Ataxia Foundation, Incorporated (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National Ataxia Foundation, Incorporated as of December 31, 2017 and 2016, 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.



Kenneth B. Vonderharr, CPA  
New Ulm, MN  
June 6, 2018

NATIONAL ATAXIA FOUNDATION, INCORPORATED  
BALANCE SHEET  
DECEMBER 31, 2017

|                                     | <u>Unrestricted</u>   | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>          |
|-------------------------------------|-----------------------|-----------------------------------|-----------------------------------|-----------------------|
| <u>ASSETS</u>                       |                       |                                   |                                   |                       |
| <u>Current Assets:</u>              |                       |                                   |                                   |                       |
| Cash and Cash Equivalents           | \$1,139,114.22        | \$ 657,674.66                     |                                   | \$1,796,788.88        |
| Cash and Cash Equivalents-Clementz  |                       |                                   | \$ 46,546.92                      | 46,546.92             |
| Prepaid Expenses and Deposits       | 31,376.15             |                                   |                                   | 31,376.15             |
| Other Receivables                   | <u>13,215.00</u>      |                                   |                                   | <u>13,215.00</u>      |
| Total Current Assets                | <u>\$1,183,705.37</u> | <u>\$ 657,674.66</u>              | <u>\$ 46,546.92</u>               | <u>\$1,887,926.95</u> |
| <u>Property and Equipment:</u>      |                       |                                   |                                   |                       |
| Equipment                           | \$ 24,588.07          |                                   |                                   | \$ 24,588.07          |
| Less: Accumulated Depreciation      | <u>24,588.07</u>      |                                   |                                   | <u>24,588.07</u>      |
| Net Property and Equipment          | <u>\$ -0-</u>         | <u>\$ -0-</u>                     | <u>\$ -0-</u>                     | <u>\$ -0-</u>         |
| <u>Other Assets:</u>                |                       |                                   |                                   |                       |
| Stocks and Mutual Funds             | \$ 30,000.00          | \$ 493,627.10                     | \$568,453.08                      | \$1,092,080.18        |
| Total Other Assets                  | <u>\$ 30,000.00</u>   | <u>\$ 493,627.10</u>              | <u>\$568,453.08</u>               | <u>\$1,092,080.18</u> |
| TOTAL ASSETS                        | <u>\$1,213,705.37</u> | <u>\$1,151,301.76</u>             | <u>\$615,000.00</u>               | <u>\$2,980,007.13</u> |
| <u>LIABILITIES AND NET ASSETS</u>   |                       |                                   |                                   |                       |
| <u>Current Liabilities:</u>         |                       |                                   |                                   |                       |
| Accounts Payable                    | \$ 157,661.08         |                                   |                                   | \$ 157,661.08         |
| Accrued Payroll                     | 15,092.64             |                                   |                                   | 15,092.64             |
| Accrued Vacation                    | 37,192.71             |                                   |                                   | 37,192.71             |
| Accrued Pension                     | <u>11,398.79</u>      |                                   |                                   | <u>11,398.79</u>      |
| Total Current Liabilities           | <u>\$ 221,345.22</u>  | <u>\$ -0-</u>                     | <u>\$ -0-</u>                     | <u>\$ 221,345.22</u>  |
| <u>Net Assets:</u>                  |                       |                                   |                                   |                       |
| Unrestricted                        | \$ 992,360.15         |                                   |                                   | \$ 992,360.15         |
| Temporarily Restricted              |                       | \$1,151,301.76                    |                                   | 1,151,301.76          |
| Permanently Restricted              |                       |                                   | \$615,000.00                      | 615,000.00            |
| Total Net Assets                    | <u>\$ 992,360.15</u>  | <u>\$1,151,301.76</u>             | <u>\$615,000.00</u>               | <u>\$2,758,661.91</u> |
| TOTAL LIABILITIES<br>AND NET ASSETS | <u>\$1,213,705.37</u> | <u>\$1,151,301.76</u>             | <u>\$615,000.00</u>               | <u>\$2,980,007.13</u> |

See notes to financial statements and auditor's report.

NATIONAL ATAXIA FOUNDATION, INCORPORATED  
BALANCE SHEET  
DECEMBER 31, 2016

|                                     | <u>Unrestricted</u>   | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>          |
|-------------------------------------|-----------------------|-----------------------------------|-----------------------------------|-----------------------|
| <u>ASSETS</u>                       |                       |                                   |                                   |                       |
| <u>Current Assets:</u>              |                       |                                   |                                   |                       |
| Cash and Cash Equivalents           | \$1,470,517.23        | \$ 69,741.29                      |                                   | \$1,540,258.52        |
| Cash and Cash Equivalents-Clementz  |                       | 8,092.78                          | \$ 46,546.92                      | 54,639.70             |
| Prepaid Expenses and Deposits       | 22,184.08             |                                   |                                   | 22,184.08             |
| Other Receivables                   | <u>6,974.70</u>       |                                   |                                   | <u>6,974.70</u>       |
| Total Current Assets                | <u>\$1,499,676.01</u> | <u>\$ 77,834.07</u>               | <u>\$ 46,546.92</u>               | <u>\$1,624,057.00</u> |
| <u>Property and Equipment:</u>      |                       |                                   |                                   |                       |
| Equipment                           | \$ 24,588.07          |                                   |                                   | \$ 24,588.07          |
| Less: Accumulated Depreciation      | <u>24,588.07</u>      |                                   |                                   | <u>24,588.07</u>      |
| Net Property and Equipment          | <u>\$ -0-</u>         | <u>\$ -0-</u>                     | <u>\$ -0-</u>                     | <u>\$ -0-</u>         |
| <u>Other Assets:</u>                |                       |                                   |                                   |                       |
| Stocks and Mutual Funds             | \$ 85,037.58          | \$344,301.77                      | \$553,453.08                      | \$ 982,792.43         |
| Total Other Assets                  | <u>\$ 85,037.58</u>   | <u>\$344,301.77</u>               | <u>\$553,453.08</u>               | <u>\$ 982,792.43</u>  |
| TOTAL ASSETS                        | <u>\$1,584,713.59</u> | <u>\$422,135.84</u>               | <u>\$600,000.00</u>               | <u>\$2,606,849.43</u> |
| <u>LIABILITIES AND NET ASSETS</u>   |                       |                                   |                                   |                       |
| <u>Current Liabilities:</u>         |                       |                                   |                                   |                       |
| Accounts Payable                    | \$ 106,764.38         |                                   |                                   | \$ 106,764.38         |
| Accrued Payroll                     | 15,234.49             |                                   |                                   | 15,234.49             |
| Accrued Vacation                    | 36,903.36             |                                   |                                   | 36,903.36             |
| Accrued Pension                     | <u>16,022.44</u>      |                                   |                                   | <u>16,022.44</u>      |
| Total Current Liabilities           | <u>\$ 174,924.67</u>  | <u>\$ -0-</u>                     | <u>\$ -0-</u>                     | <u>\$ 174,924.67</u>  |
| <u>Net Assets:</u>                  |                       |                                   |                                   |                       |
| Unrestricted                        | \$1,409,788.92        |                                   |                                   | \$1,409,788.92        |
| Temporarily Restricted              |                       | \$422,135.84                      |                                   | 422,135.84            |
| Permanently Restricted              |                       |                                   | \$600,000.00                      | 600,000.00            |
| Total Net Assets                    | <u>\$1,409,788.92</u> | <u>\$422,135.84</u>               | <u>\$600,000.00</u>               | <u>\$2,431,924.76</u> |
| TOTAL LIABILITIES<br>AND NET ASSETS | <u>\$1,584,713.59</u> | <u>\$422,135.84</u>               | <u>\$600,000.00</u>               | <u>\$2,606,849.43</u> |

See notes to financial statements and auditor's report.

NATIONAL ATAXIA FOUNDATION, INCORPORATED  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017

|   | <u>Unrestricted</u>   | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>          |
|---|-----------------------|-----------------------------------|-----------------------------------|-----------------------|
| <u>Revenues, Gains &amp; Other Support:</u>   |                       |                                   |                                   |                       |
| Contributions, Memorials & Honorariums        | \$ 910,366.01         | \$1,364,166.41                    | \$ 15,000.00                      | \$2,289,532.42        |
| Memberships                                   | 79,101.80             |                                   |                                   | 79,101.80             |
| Annual Meeting/AIM                            |                       |                                   |                                   | -0-                   |
| Investment Earnings                           | 1,460.23              | 51,111.51                         |                                   | 52,571.74             |
| Market Adjustment                             |                       | 51,563.86                         |                                   | 51,563.86             |
| Royalties                                     |                       |                                   |                                   | -0-                   |
| Sales   | 1,991.11              |                                   |                                   | 1,991.11              |
| Net Assets Released from Restrictions:        |                       |                                   |                                   |                       |
| Satisfaction of Research Program Restrictions | <u>737,675.86</u>     | <u>(737,675.86)</u>               |                                   | <u>-0-</u>            |
| Total Revenues, Gains & Other Support         | <u>\$1,730,595.01</u> | <u>\$ 729,165.92</u>              | <u>\$ 15,000.00</u>               | <u>\$2,474,760.93</u> |
| <u>Expenses:</u>                              |                       |                                   |                                   |                       |
| Program Services:                             |                       |                                   |                                   |                       |
| Education                                     | \$ 226,519.81         |                                   |                                   | \$ 226,519.81         |
| Service                                       | 129,086.54            |                                   |                                   | 129,086.54            |
| Research                                      | <u>1,199,699.43</u>   |                                   |                                   | <u>1,199,699.43</u>   |
| Total Program Services                        | <u>\$1,555,305.78</u> |                                   |                                   | <u>\$1,555,305.78</u> |
| Supporting Services:                          |                       |                                   |                                   |                       |
| Administration                                | \$ 257,680.99         |                                   |                                   | \$ 257,680.99         |
| Fund Raising                                  | <u>335,037.01</u>     |                                   |                                   | <u>335,037.01</u>     |
| Total Supporting Services                     | <u>\$ 592,718.00</u>  |                                   |                                   | <u>\$ 592,718.00</u>  |
| Total Expenses                                | <u>\$2,148,023.78</u> |                                   |                                   | <u>\$2,148,023.78</u> |
| CHANGE IN NET ASSETS                          | \$ (417,428.77)       | \$ 729,165.92                     | \$ 15,000.00                      | \$ 326,737.15         |
| NET ASSETS - BEGINNING OF YEAR                | <u>1,409,788.92</u>   | <u>422,135.84</u>                 | <u>600,000.00</u>                 | <u>2,431,924.76</u>   |
| NET ASSETS - END OF YEAR                      | <u>\$ 992,360.15</u>  | <u>\$1,151,301.76</u>             | <u>\$ 615,000.00</u>              | <u>\$2,758,661.91</u> |

See notes to financial statements and auditor's report.

NATIONAL ATAXIA FOUNDATION, INCORPORATED  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

|   | <u>Unrestricted</u>   | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>          |
|---|-----------------------|-----------------------------------|-----------------------------------|-----------------------|
| <u>Revenues, Gains &amp; Other Support:</u>   |                       |                                   |                                   |                       |
| Contributions, Memorials & Honorariums        | \$1,369,384.49        | \$1,241,068.15                    |                                   | \$2,610,452.64        |
| Memberships                                   | 73,181.90             |                                   |                                   | 73,181.90             |
| Annual Meeting/AIM                            | 323,903.02            |                                   |                                   | 323,903.02            |
| Investment Earnings                           | 3,653.82              | 36,563.51                         |                                   | 40,217.33             |
| Market Adjustment                             | 22,114.82             | 17,733.47                         |                                   | 39,848.29             |
| Royalties                                     | 260.00                |                                   |                                   | 260.00                |
| Sales   | 6,635.50              |                                   |                                   | 6,635.50              |
| Net Assets Released from Restrictions:        |                       |                                   |                                   |                       |
| Satisfaction of Research Program Restrictions | <u>1,399,558.32</u>   | <u>(1,399,558.32)</u>             |                                   | -0-                   |
| Total Revenues, Gains & Other Support         | <u>\$3,198,691.87</u> | <u>\$ (104,193.19)</u>            | <u>\$ -0-</u>                     | <u>\$3,094,498.68</u> |
| <u>Expenses:</u>                              |                       |                                   |                                   |                       |
| Program Services:                             |                       |                                   |                                   |                       |
| Education                                     | \$ 287,308.84         |                                   |                                   | \$ 287,308.84         |
| Service                                       | 320,764.84            |                                   |                                   | 320,764.84            |
| Research                                      | <u>1,380,364.03</u>   |                                   |                                   | <u>1,380,364.03</u>   |
| Total Program Services                        | <u>\$1,988,437.71</u> |                                   |                                   | <u>\$1,988,437.71</u> |
| Supporting Services:                          |                       |                                   |                                   |                       |
| Administration                                | \$ 146,198.34         |                                   |                                   | \$ 146,198.34         |
| Fund Raising                                  | <u>91,544.73</u>      |                                   |                                   | <u>91,544.73</u>      |
| Total Supporting Services                     | <u>\$ 237,743.07</u>  |                                   |                                   | <u>\$ 237,743.07</u>  |
| Total Expenses                                | <u>\$2,226,180.78</u> |                                   |                                   | <u>\$2,226,180.78</u> |
| CHANGE IN NET ASSETS                          | \$ 972,511.09         | \$ (104,193.19)                   | \$ -0-                            | \$ 868,317.90         |
| NET ASSETS - BEGINNING OF YEAR                | <u>437,277.83</u>     | <u>526,329.03</u>                 | <u>600,000.00</u>                 | <u>1,563,606.86</u>   |
| NET ASSETS - END OF YEAR                      | <u>\$1,409,788.92</u> | <u>\$ 422,135.84</u>              | <u>\$ 600,000.00</u>              | <u>\$2,431,924.76</u> |

See notes to financial statements and auditor's report.



NATIONAL ATAXIA FOUNDATION, INCORPORATED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>Unrestricted</u>    | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>          |
|--|------------------------|-----------------------------------|-----------------------------------|-----------------------|
| <u>Cash Flows from Operating Activities:</u>     |                        |                                   |                                   |                       |
| Change in Net Assets                             | \$ (417,428.77)        | \$ 729,165.92                     | \$ 15,000.00                      | \$ 326,737.15         |
| Items Not Requiring Cash:                        |                        |                                   |                                   | -0-                   |
| Depreciation                                     |                        |                                   |                                   | -0-                   |
| Market Adjustment                                |                        | (51,563.86)                       |                                   | (51,563.86)           |
| Changes in Assets and Liabilities:               |                        |                                   |                                   |                       |
| (Increase) Decrease in:                          |                        |                                   |                                   |                       |
| Prepaid Expenses                                 | (9,192.07)             |                                   |                                   | (9,192.07)            |
| Other Receivables                                | (6,240.30)             |                                   |                                   | (6,240.30)            |
| Increase (Decrease) in:                          |                        |                                   |                                   |                       |
| Accounts Payable                                 | 50,896.70              |                                   |                                   | 50,896.70             |
| Accrued Payroll                                  | (141.85)               |                                   |                                   | (141.85)              |
| Accrued Payroll Taxes                            |                        |                                   |                                   | -0-                   |
| Accrued Vacation                                 | 289.35                 |                                   |                                   | 289.35                |
| Accrued Pension                                  | <u>(4,623.65)</u>      |                                   |                                   | <u>(4,623.65)</u>     |
| Net Cash Provided (Used In)                      |                        |                                   |                                   |                       |
| Operating Activities                             | \$ <u>(386,440.59)</u> | \$ <u>677,602.06</u>              | \$ <u>15,000.00</u>               | \$ <u>306,161.47</u>  |
| <u>Cash Flows from Investing Activities:</u>     |                        |                                   |                                   |                       |
| Net Investment Activity                          | \$ <u>55,037.58</u>    | \$ <u>(97,761.47)</u>             | \$ <u>(15,000.00)</u>             | \$ <u>(57,723.89)</u> |
| Net Cash Provided (Used In)                      |                        |                                   |                                   |                       |
| Investing Activities                             | \$ <u>55,037.58</u>    | \$ <u>(97,761.47)</u>             | \$ <u>(15,000.00)</u>             | \$ <u>(57,723.89)</u> |
| <u>Cash Flows from Financing Activities:</u>     |                        |                                   |                                   |                       |
| Net Cash Provided (Used In)                      |                        |                                   |                                   |                       |
| Financing Activities                             | \$ <u>-0-</u>          | \$ <u>-0-</u>                     | \$ <u>-0-</u>                     | \$ <u>-0-</u>         |
| NET INCREASE (DECREASE) IN CASH                  | \$ (331,403.01)        | \$ 579,840.59                     | \$ -0-                            | \$ 248,437.58         |
| CASH AND CASH EQUIVALENTS -<br>BEGINNING OF YEAR | <u>1,470,517.23</u>    | <u>77,834.07</u>                  | <u>46,546.92</u>                  | <u>1,594,898.22</u>   |
| CASH AND CASH EQUIVALENTS -<br>END OF YEAR       | <u>\$1,139,114.22</u>  | <u>\$ 657,674.66</u>              | <u>\$ 46,546.92</u>               | <u>\$1,843,335.80</u> |
| <u>Supplemental Disclosures:</u>                 |                        |                                   |                                   |                       |
| Interest Paid                                    |                        |                                   |                                   | \$ <u>-0-</u>         |
| Income Taxes Paid                                |                        |                                   |                                   | \$ <u>-0-</u>         |

See notes to financial statements and auditor's report.

NATIONAL ATAXIA FOUNDATION, INCORPORATED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016

|  | <u>Unrestricted</u>    | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>          |
|--|------------------------|-----------------------------------|-----------------------------------|-----------------------|
| <u>Cash Flows from Operating Activities:</u> |                        |                                   |                                   |                       |
| Change in Net Assets                         | \$ 972,511.09          | \$(104,193.19)                    |                                   | \$ 868,317.90         |
| Items Not Requiring Cash:                    |                        |                                   |                                   |                       |
| Depreciation                                 |                        |                                   |                                   | -0-                   |
| Market Adjustment                            | (22,114.82)            | (17,733.47)                       |                                   | (39,848.29)           |
| Changes in Assets and Liabilities:           |                        |                                   |                                   |                       |
| (Increase) Decrease in:                      |                        |                                   |                                   |                       |
| Prepaid Expenses                             | 2,721.96               |                                   |                                   | 2,721.96              |
| Other Receivables                            | (6,700.70)             |                                   |                                   | (6,700.70)            |
| Increase (Decrease) in:                      |                        |                                   |                                   |                       |
| Accounts Payable                             | 65,196.72              | (35,150.00)                       |                                   | 30,046.72             |
| Accrued Payroll                              | 655.50                 |                                   |                                   | 655.50                |
| Accrued Payroll Taxes                        | (34.64)                |                                   |                                   | (34.64)               |
| Accrued Vacation                             | 7,105.37               |                                   |                                   | 7,105.37              |
| Accrued Pension                              | <u>214.43</u>          |                                   |                                   | <u>214.43</u>         |
| Net Cash Provided (Used In)                  |                        |                                   |                                   |                       |
| Operating Activities                         | \$ <u>1,019,554.91</u> | \$ <u>(157,076.66)</u>            | \$ <u>-0-</u>                     | \$ <u>862,478.25</u>  |
| <u>Cash Flows from Investing Activities:</u> |                        |                                   |                                   |                       |
| Net Investment Activity                      | \$ <u>10,417.35</u>    | \$ <u>(10,633.63)</u>             | \$ <u>(36,251.39)</u>             | \$ <u>(36,467.67)</u> |
| Net Cash Provided (Used In)                  |                        |                                   |                                   |                       |
| Investing Activities                         | \$ <u>10,417.35</u>    | \$ <u>(10,633.63)</u>             | \$ <u>(36,251.39)</u>             | \$ <u>(36,467.67)</u> |
| <u>Cash Flows from Financing Activities:</u> |                        |                                   |                                   |                       |
| Net Cash Provided (Used In)                  |                        |                                   |                                   |                       |
| Financing Activities                         | \$ <u>-0-</u>          | \$ <u>-0-</u>                     | \$ <u>-0-</u>                     | \$ <u>-0-</u>         |
| NET INCREASE (DECREASE) IN CASH              | \$1,029,972.26         | \$(167,710.29)                    | \$ (36,251.39)                    | \$ 826,010.58         |
| CASH AND CASH EQUIVALENTS -                  |                        |                                   |                                   |                       |
| BEGINNING OF YEAR                            | <u>440,544.97</u>      | <u>245,544.36</u>                 | <u>82,798.31</u>                  | <u>768,887.64</u>     |
| CASH AND CASH EQUIVALENTS -                  |                        |                                   |                                   |                       |
| END OF YEAR                                  | <u>\$1,470,517.23</u>  | <u>\$ 77,834.07</u>               | <u>\$ 46,546.92</u>               | <u>\$1,594,898.22</u> |
| <u>Supplemental Disclosures:</u>             |                        |                                   |                                   |                       |
| Interest Paid                                |                        |                                   |                                   | \$ <u>-0-</u>         |
| Income Taxes Paid                            |                        |                                   |                                   | \$ <u>-0-</u>         |

See notes to financial statements and auditor's report.

NATIONAL ATAXIA FOUNDATION, INCORPORATED  
NOTES TO FINANCIAL STATEMENTS

NOTE 1: NATURE OF ORGANIZATION:

National Ataxia Foundation, Incorporated (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 that mission, the Foundation provides services in the following three program areas.

Education

Increased awareness about hereditary and sporadic ataxia disorders is promoted through a variety of educational programs and materials for ataxia families, researchers, physicians, allied health professionals and the general public. The Foundation publishes *Generations*, a quarterly newsletter devoted to ataxia related articles including the latest research and other information beneficial to individuals with ataxia. 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 annual membership meeting, and sponsorship and/or participation in national and international meetings, symposiums and seminars also serve to increase ataxia awareness.

Service

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, creating public service announcements and publishing *Generations*, an informational newsletter. 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.

Research

The National Ataxia Foundation encourages and promotes research on hereditary and sporadic ataxias through three research funding programs: (1) ataxia "seed money" research grants; (2) ataxia fellowship awards; and (3) ataxia young investigator awards. In addition due to an anonymous donor, the Foundation was able to establish two additional research programs in 2011, the pioneer SCA Translational Research Award: one year \$100,000 grants focusing on research investigations that will facilitate the development of treatments for the Spinocerebellar Ataxias (SCAs) and the Young Investigator (YI-SCA) Award for SCA Research: one-year grants of \$50,000 awarded to encourage young investigators to pursue a career in spinocerebellar ataxia (SCA) research.

The Foundation grants funds for new and innovative research projects which have the potential to expand into major, multi disciplinary research programs supported by government or private agencies. In addition, the Foundation helps to coordinate research efforts into the causes and early detection of ataxia through existing research centers throughout the world and supports scientific conferences on the ataxia's.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting Entity

The accompanying financial statements do not include the financial position and changes in net assets of member chapters, each of which has its own board of directors and maintains separate accounts.

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.

Cash Equivalents

The Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Uninsured Cash Balances

The Foundation maintains several cash accounts at two banks. Accounts at an institution are insured by the FDIC for up to \$250,000. Deposits at these institutions frequently exceed the federally insured limits and additional pledged collateral.

Property, Equipment and Depreciation

Property and equipment is recorded at cost for all purchased assets and fair market value for donated assets. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

Contributions

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.

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Foundation generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation, but these services do not meet the criteria for recognition as contributed services. The Foundation receives donated services from more than 600 volunteers per year.

Special Events

The Foundation holds fund raising events periodically throughout the year in which the donor may receive direct benefits from the event. The costs incurred in such fund raising events are applied against gross receipts.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

NOTE 3: INVESTMENTS:

Long-Term Investments

The Foundation carries investments through a brokerage firm on an available for sale basis. As such, the investments are recorded at their fair value at the financial statement date. The fair value is the value as estimated on the monthly investment reports. Unrealized holding gains and losses are reported on the Statement of Activities as market adjustment.

A summary of the investments held at December 31, 2017 are as follows:

|                                  | <u>Total</u>          | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> |
|----------------------------------|-----------------------|---------------------|-------------------------------|-------------------------------|
| Mutual Funds Held with           |                       |                     |                               |                               |
| Financial Network                | \$ 523,208.09         | \$ 30,000.00        | \$493,208.09                  |                               |
| Intel Corp                       | 156.79                |                     | 156.79                        |                               |
| JP Morgan Chase                  | 262.22                |                     | 262.22                        |                               |
| <u>Clementz Endowment Funds:</u> |                       |                     |                               |                               |
| Mutual Funds Held with           |                       |                     |                               |                               |
| Financial Network                | 568,453.08            |                     |                               | \$568,453.08                  |
|                                  | <u>\$1,092,080.18</u> | <u>\$ 30,000.00</u> | <u>\$493,627.10</u>           | <u>\$568,453.08</u>           |

A summary of the investments held at December 31, 2016 are as follows:

|                                  | <u>Total</u>        | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> |
|----------------------------------|---------------------|---------------------|-------------------------------|-------------------------------|
| Mutual Funds Held with           |                     |                     |                               |                               |
| Financial Network                | \$428,963.63        | \$ 85,037.58        | \$343,926.05                  |                               |
| Intel Corp                       | 115.47              |                     | 115.47                        |                               |
| JP Morgan Chase                  | 260.25              |                     | 260.25                        |                               |
| <u>Clementz Endowment Funds:</u> |                     |                     |                               |                               |
| Mutual Funds Held with           |                     |                     |                               |                               |
| Financial Network                | 553,453.08          |                     |                               | \$553,453.08                  |
|                                  | <u>\$982,792.43</u> | <u>\$ 85,037.58</u> | <u>\$344,301.77</u>           | <u>\$553,453.08</u>           |

NOTE 4: COMMITMENTS:

Leases

The Foundation leases office and storage space in St. Louis Park, Minnesota, effective July 1, 2017. The lease term is 99 months. The lease includes an adjustment to the \$2,562.75 monthly base rent for the Foundation's share of the building's real estate taxes and operating costs, currently at \$2,268.33 per month. Rental expense for office and storage space amounted to \$35,632.78 for 2017 and \$36,204.82 for 2016.

The Foundation's future minimum base rental payments under the office lease are as follows:

|                  |                      |
|------------------|----------------------|
| 7/1/17 - 6/30/18 | \$2,562.75 per month |
| 7/1/18 - 6/30/19 | \$2,600.44 per month |
| 7/1/19 - 6/30/20 | \$2,638.13 per month |
| 7/1/20 - 6/30/21 | \$2,675.81 per month |
| 7/1/21 - 6/30/22 | \$2,713.50 per month |
| 7/1/22 - 6/30/23 | \$2,751.19 per month |

Grants

The National Ataxia Foundation funded 32 ataxia research studies in December 2017 through its six research programs: NAF Pioneer SCA Translational Grant Awards, NAF Post-Doc Fellowship Awards, NAF Research "Seed Money" Award, NAF Young Investigator Award, NAF Young Investigator for SCA Research Awards, and CRC-SCA Awards. These awards are one-year research grants.

The National Ataxia Foundation received more than 84 research applications in 2017 for its 6 research programs. This required 69 peer reviewers who were selected by NAF's Research Director and Associate Research Director for their expertise in progressive neurological disorders with an extensive knowledge of the ataxias. There were more than 184 individual peer reviews, including reviews by NAF's Scientific Review Panels. The final funding decisions were made by NAF's Board of Directors.

In addition, the National Ataxia Foundation awarded its first year funding of \$43,333 for a 2 year funding commitment in the establishment of the Clinical Research Training Fellowship in Ataxia Award in partnership with the American Academy of Neurology's American Brain Foundation.

A summary of grants awarded are as follows:

|   |          |                       |
|---|----------|-----------------------|
| NAF CRC-SCA (CTRG)  | 9        | \$ 77,500.00          |
| NAF Pioneer SCA Translational Grant Awards                | 3        | 300,000.00            |
| NAF Post-Doc Fellowship Awards                            | 1        | 35,000.00             |
| NAF Research "Seed Money" Awards                          | 11       | 252,450.00            |
| NAF Young Investigator Awards                             | 4        | 140,000.00            |
| NAF Young Investigator for SCA Research Awards            | <u>4</u> | <u>200,000.00</u>     |
| Subtotal  | 32       | \$1,004,950.00        |
| ABF Partnership   |          | 43,333.00             |
| Two scientific conferences supported with grants totaling |          | <u>10,000.00</u>      |
| TOTAL   |          | <u>\$1,058,283.00</u> |

NOTE 5: PENSION PLAN:

The Foundation has a simplified employee plan (SEP) for the exclusive benefit of eligible employees and their beneficiaries. Any employee who is at least 21 years old and has performed "service" in at least 2 of the last 5 calendar years must be permitted to participate under the SEP. Eligible employees are immediately 100% vested. Contributions to the plan are made at the discretion of the Board of Directors. For 2017 and 2016, the amount of plan expense was \$11,398.79 and \$16,022.44.

NOTE 6: PERMANENTLY RESTRICTED ASSETS:  
ENDOWMENT FUND

On December 13, 2006, the board of directors created the Michael and Patricia Clementz Family Endowment Fund for SCA 3 research. The donor wished to establish an endowment. The committee governing the endowment has the authority to distribute any and all earnings or increase in value. Distributions from the fund will only be used for SCA 3 research and in supporting promising therapies that may lead to an effective treatment or cure for the SCA's, including SCA 3.

Only direct costs will be allowed from this fund, no indirect costs will be allowed. Once a cure is found, then the board may determine a new use and purpose for the fund, but the original amount shall remain as an endowment.

As of December 31, 2017, the Permanently Restricted Net Assets were \$615,000.00 and Temporarily Restricted Net Assets were \$-0-. As of December 31, 2016, the Permanently Restricted Net Assets were \$600,000.00 and Temporarily Restricted Net Assets were \$8,092.78.

NOTE 7: TAX STATUS:

The Foundation, a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, classified as other than a private foundation under Section 509(a)(1) of the Internal Revenue Code, is generally exempt from federal, state, and local income taxes. However, income generated from sales of pulltabs and tipboards is classified as unrelated business income and is subject to federal and state income taxes. For the year ended December 31, 2016 and 2015, the foundation had no state or federal income tax liability.

The Foundation has net operating loss (NOL) carryforwards to offset future taxable unrelated business income as follows:

| <u>Year NOL<br/>Incurred</u> | <u>Federal<br/>Amount</u> | <u>Year of<br/>Expiration</u> | <u>Minnesota<br/>Amount</u> | <u>Year of<br/>Expiration</u> |
|------------------------------|---------------------------|-------------------------------|-----------------------------|-------------------------------|
| 1999                         | 4,851                     | 2019                          |                             |                               |
| 2000                         | 23,922                    | 2020                          |                             |                               |
| 2001                         | 14,966                    | 2021                          |                             |                               |
| 2002                         | -0-                       |                               |                             |                               |
| 2003                         | 7,576                     | 2023                          | 7,576                       | 2018                          |
| 2004                         | 522                       | 2024                          | 522                         | 2019                          |
| 2005                         | -0-                       |                               | -0-                         |                               |
| 2006                         | -0-                       |                               | -0-                         |                               |
| 2007                         | 4,493                     | 2027                          | 4,493                       | 2022                          |
| 2008                         | 2,054                     | 2028                          | 2,054                       | 2023                          |
| 2009                         | -0-                       |                               | -0-                         |                               |
| 2010                         | <u>12,261</u>             | 2030                          | <u>12,261</u>               | 2025                          |
|                              | <u>\$ 70,645</u>          |                               | <u>\$ 26,906</u>            |                               |

NOTE 8: SUBSEQUENT EVENTS:

In preparing these financial statements, the foundation has evaluated events and transactions for potential recognition or disclosure through June 6, 2018, the date the financial statements were available to be issued.

ADDITIONAL INFORMATION



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## AUDITOR'S REPORT ON ADDITIONAL INFORMATION

Board of Directors and Members  
National Ataxia Foundation, Incorporated  
600 Hwy 169 S, Suite 1725  
Minneapolis, MN 55426-1234

I have audited the financial statements of the National Ataxia Foundation, Incorporated as of and for the years ended December 31, 2017 and 2016 and my report thereon dated June 6, 2018, which expressed an unmodified opinion on those financial statements, appears on page two. My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The additional information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Kenneth B. Vonderharr, CPA  
New Ulm, MN  
June 6, 2018

NATIONAL ATAXIA FOUNDATION, INCORPORATED  
 SCHEDULE OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED DECEMBER 31, 2017

|                                  | <u>Education</u>    | <u>Service</u>      | <u>Research</u>       | <u>Administration</u> | <u>Fund Raising</u> | <u>Total</u>          |
|----------------------------------|---------------------|---------------------|-----------------------|-----------------------|---------------------|-----------------------|
| Salaries                         | \$ 32,602.81        | \$ 61,839.66        | \$ 55,000.00          | \$ 89,970.79          | \$169,477.02        | \$ 408,890.28         |
| Payroll Taxes                    | 2,876.08            | 5,455.23            | 4,851.01              | 6,394.36              | 14,950.08           | 34,526.76             |
| Employee Benefits                | 5,892.65            | 9,994.04            | 11,978.64             | 29,002.01             | 9,436.32            | 66,303.66             |
| Total Salaries & Benefits        | \$ 41,371.54        | \$ 77,288.93        | \$ 71,829.65          | \$125,367.16          | \$193,863.42        | \$ 509,720.70         |
| Occupancy                        | 9,510.38            | 9,510.38            | 6,019.23              | 15,890.76             | 7,223.07            | 48,153.82             |
| Telephone                        | 1,230.31            | 1,230.31            | 778.69                | 2,055.71              | 934.41              | 6,229.43              |
| Postage                          | 1,692.95            | 9,729.35            | 1,235.31              | 3,243.11              | 1,058.67            | 16,959.39             |
| Printing, Marketing & Multimedia | 9,650.11            | 7,867.23            | 3,602.25              | 3,602.25              | 27,485.58           | 48,605.17             |
| Supplies                         |                     | 394.07              | 394.07                | 3,646.62              | 1,288.38            | 5,723.14              |
| Professional Services            | 9,196.01            | 9,196.01            | 11,656.01             | 59,478.56             | 25,740.87           | 115,267.46            |
| Development                      |                     |                     |                       | 1,490.00              |                     | 1,490.00              |
| Database Project                 | 1,915.41            | 6,188.68            | 1,915.41              | 1,915.41              | 6,588.69            | 18,523.60             |
| Liability Insurance              | 1,735.63            | 1,735.63            | 1,735.63              | 2,958.89              | 1,735.63            | 9,901.41              |
| Equipment                        | 2,376.03            | 2,376.03            | 1,503.82              | 3,970.07              | 1,804.58            | 12,030.53             |
| Dues & Publications              |                     |                     |                       | 1,925.00              |                     | 1,925.00              |
| Meeting Expense                  | 132,047.46          | 2,981.68            | 34,788.16             | 24,307.63             | 14,709.09           | 208,834.02            |
| AIM Meeting Expense              |                     |                     |                       |                       |                     | -                     |
| Bank & Credit Card Fees          | 15,793.98           |                     | 259.81                | 4,369.00              | 12,737.33           | 33,160.12             |
| Investment Advisory Fees         |                     |                     | 8,100.64              | 3,460.82              |                     | 11,561.46             |
| Clinical Trial Readiness         |                     |                     | 1,200.00              |                       |                     | 1,200.00              |
| Other                            |                     | 588.24              |                       |                       | 39,867.29           | 40,455.53             |
| Research Grants                  |                     |                     | 1,058,283.00          |                       |                     | 1,058,283.00          |
| <b>TOTAL EXPENSES</b>            | <u>\$226,519.81</u> | <u>\$129,086.54</u> | <u>\$1,199,699.43</u> | <u>\$257,680.99</u>   | <u>\$335,037.01</u> | <u>\$2,148,023.78</u> |

See auditor's report on additional information.

NATIONAL AFAXIA FOUNDATION, INCORPORATED  
 SCHEDULE OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED DECEMBER 31, 2016

|                                  | <u>Education</u>    | <u>Service</u>      | <u>Research</u>       | <u>Administration</u> | <u>Fund Raising</u> | <u>Total</u>          |
|----------------------------------|---------------------|---------------------|-----------------------|-----------------------|---------------------|-----------------------|
| Salaries                         | \$106,998.06        | \$146,832.77        | \$ 29,636.23          | \$ 76,841.23          | \$45,192.75         | \$ 405,501.04         |
| Payroll Taxes                    | 8,391.22            | 12,470.63           | 2,599.84              | 5,917.26              | 3,523.32            | 32,902.27             |
| Employee Benefits                | <u>14,428.47</u>    | <u>35,986.31</u>    | <u>7,104.15</u>       | <u>13,441.21</u>      | <u>5,094.72</u>     | <u>76,054.86</u>      |
| Total Salaries & Benefits        | \$129,817.75        | \$195,289.71        | \$ 39,340.22          | \$ 96,199.70          | \$53,810.79         | \$ 514,458.17         |
| Occupancy                        | 19,046.51           | 22,894.61           | 2,835.56              | 4,499.84              | 1,964.34            | 51,240.86             |
| Telephone                        | 1,876.69            | 2,681.00            | 268.10                | 268.10                | 268.10              | 5,361.99              |
| Postage                          | 9,750.98            | 9,750.98            |                       |                       |                     | 19,501.96             |
| Printing, Marketing & Multimedia | 19,984.40           | 8,795.40            |                       |                       | 12,340.28           | 41,120.08             |
| Supplies                         | 3,097.74            | 3,901.80            | 589.65                | 1,119.55              | 534.27              | 9,243.01              |
| Professional Services            |                     |                     |                       | 4,759.28              |                     | 4,759.28              |
| Development                      |                     |                     |                       | 4,475.38              |                     |                       |
| Database Project                 | 3,801.81            | 3,801.81            | 3,801.81              | 3,801.80              | 13,426.14           | 17,901.52             |
| Liability Insurance              | 3,739.18            | 4,410.37            | 495.93                | 700.07                | 3,801.80            | 19,009.03             |
| Equipment                        | 1,673.27            | 1,973.62            | 221.92                | 313.28                | 284.07              | 9,629.62              |
| Dues & Publications              | 1,743.47            | 1,743.47            |                       |                       | 127.13              | 4,309.22              |
| Meeting Expense                  | 63,342.58           | 60,057.80           | 2,906.17              | 2,906.17              |                     | 3,486.94              |
| AIM Meeting Expense              |                     |                     | 136,215.30            |                       |                     | 129,212.72            |
| Bank & Credit Card Fees          |                     |                     |                       | 26,078.52             |                     | 136,215.30            |
| Investment Advisory Fees         |                     |                     |                       | 770.33                |                     | 26,078.52             |
| Clinical Trial Readiness         |                     |                     |                       |                       |                     | 9,361.29              |
| Other                            | 29,434.46           | 5,464.27            | 133.32                | 306.32                | 4,987.81            | 10,562.24             |
| Research Grants                  |                     |                     | <u>1,174,402.85</u>   |                       |                     | 40,326.18             |
| TOTAL EXPENSES                   | <u>\$287,308.84</u> | <u>\$320,764.84</u> | <u>\$1,380,364.03</u> | <u>\$146,198.34</u>   | <u>\$91,544.73</u>  | <u>\$2,226,180.78</u> |

See auditor's report on additional information.