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NATIONAL HEADQUARTERS OF
MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

Roy W. Groesbeck
Partner

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INDEPENDENT AUDITORS' REPORT

Board of Directors
National Headquarters of Myasthenia Gravis
Foundation of America, Inc.
New York, NY

We have audited the accompanying statement of financial position of the National Headquarters of Myasthenia Gravis Foundation of America, Inc., as of December 31, 2010, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the National Headquarters of Myasthenia Gravis Foundation of America, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year's summarized comparative information has been derived from the 2009 financial statements on which, in our report dated April 29, 2010, we expressed an unqualified opinion.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. These 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 National Headquarters of Myasthenia Gravis Foundation of America, Inc., as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Mueller & Co., LLP

Elgin, Illinois
April 26, 2011

**NATIONAL HEADQUARTERS OF
MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.**

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2010

ASSETS

	<u>2010</u>	<u>2009</u>
Assets:		
Cash and cash equivalents	\$ 1,132,917	1,413,394
Investments	4,635,698	3,777,269
Accrued interest receivable	5,099	7,838
Assessments receivable from affiliated chapters	29,817	26,862
Website development costs, net of amortization of \$2,364	22,912	-
Inventory	-	3,643
Prepaid expenses	10,614	16,870
	<u>\$ 5,837,057</u>	<u>5,245,876</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 33,247	29,377
Fellowships payable	267,037	311,575
	<u>300,284</u>	<u>340,952</u>
Net assets:		
Unrestricted	1,224,806	830,446
Temporarily restricted	477,520	240,031
Permanently restricted	3,834,447	3,834,447
	<u>5,536,773</u>	<u>4,904,924</u>
	<u>\$ 5,837,057</u>	<u>5,245,876</u>

The accompanying notes are an integral part of the financial statements.

**NATIONAL HEADQUARTERS OF
MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.**

STATEMENT OF ACTIVITIES

**YEAR ENDED DECEMBER 31, 2010
WITH COMPARATIVE TOTALS FOR 2009**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	2010 TOTAL ALL FUNDS	2009 TOTAL ALL FUNDS
Public Support and Revenue:					
Public support:					
Individuals	\$ 145,351	-	-	145,351	124,337
Corporations	26,375	2,300	-	28,675	24,420
Foundations	25,449	1,000	-	26,449	60,209
Boards	6,775	-	-	6,775	8,327
Legacies	334,741	2,222	-	336,963	121,696
Chapters	31,335	50,990	-	82,325	117,866
Public agencies	50,720	-	-	50,720	52,837
	<u>620,746</u>	<u>56,512</u>	<u>-</u>	<u>677,258</u>	<u>509,692</u>
Revenue:					
Chapter assessments	76,522	-	-	76,522	64,281
Merchandise sales	2,579	-	-	2,579	4,364
Meeting and convention fees	97,600	-	-	97,600	55,246
Other	3,858	-	-	3,858	440
Investment income	75,289	236,617	212,474	524,380	725,885
	<u>255,848</u>	<u>236,617</u>	<u>212,474</u>	<u>704,939</u>	<u>850,216</u>
Net assets released from restrictions - Purpose restrictions satisfied by payments	55,640	(55,640)	-	-	-
	<u>932,234</u>	<u>237,489</u>	<u>212,474</u>	<u>1,382,197</u>	<u>1,359,908</u>
Expenses:					
Program expenses:					
Patient services	73,607	-	-	73,607	86,572
Annual meeting	91,200	-	-	91,200	61,566
Scientific session	9,230	-	-	9,230	3,755
Chapter development	132,623	-	-	132,623	138,562
Public information	74,916	-	-	74,916	50,429
Medical and nurse advisory boards	16,928	-	-	16,928	11,104
Research	194,736	-	-	194,736	383,251
	<u>593,240</u>	<u>-</u>	<u>-</u>	<u>593,240</u>	<u>735,239</u>
Supporting services:					
Management and general	89,276	-	-	89,276	154,350
Fund raising	67,832	-	-	67,832	38,988
	<u>157,108</u>	<u>-</u>	<u>-</u>	<u>157,108</u>	<u>193,338</u>
Total expenses	<u>750,348</u>	<u>-</u>	<u>-</u>	<u>750,348</u>	<u>928,577</u>
Change in obligation to replenish endowment corpus	212,474	-	(212,474)	-	-
Change in net assets	394,360	237,489	-	631,849	431,331
Net assets, beginning of year	830,446	240,031	3,834,447	4,904,924	4,473,593
Net assets, end of year	\$ <u>1,224,806</u>	<u>477,520</u>	<u>3,834,447</u>	<u>5,536,773</u>	<u>4,904,924</u>

The accompanying notes are an integral part of the financial statements.

**NATIONAL HEADQUARTERS OF
MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.**

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Cash provided by (applied to) operating activities:		
Change in net assets	\$ 631,849	431,331
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization expense	2,364	-
Unrealized net market gains	(511,681)	(805,574)
Realized market losses	52,982	158,987
Changes in:		
Accrued interest receivable	2,739	8,529
Bequests receivable	-	42,000
Assessments receivable	(2,955)	5,090
Inventory	3,643	8,922
Prepaid expenses	6,256	(7,357)
Accounts payable	3,870	7,528
Chapter funds	-	(48,465)
Fellowships payable	(44,538)	299,075
Deferred revenue	-	(5,000)
	144,529	95,066
Cash provided by (applied to) investing activities:		
Purchases of investments	(1,145,827)	(866,830)
Sales of investments	746,097	1,126,540
Development of website	(25,276)	-
	(425,006)	259,710
Net increase (decrease) in cash and cash equivalents	(280,477)	354,776
Cash and cash equivalents, beginning of year	1,413,394	1,058,618
Cash and cash equivalents, end of year	\$ 1,132,917	1,413,394

The accompanying notes are an integral part of the financial statements.

**NATIONAL HEADQUARTERS OF
MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

**YEAR ENDED DECEMBER 31, 2010
WITH COMPARATIVE TOTALS FOR 2009**

	PROGRAM SERVICES	MANAGEMENT	FUND RAISING	2010 TOTAL	2009 TOTAL
Research funding	\$ 152,128	-	-	152,128	364,731
Management fees	212,001	53,738	39,876	305,615	315,927
Meeting expenses	23,611	-	-	23,611	26,746
Printing and copying	92,983	3,321	6,434	102,738	67,235
Postage and shipping	24,739	423	-	25,162	14,511
Audit and accounting	725	15,904	-	16,629	22,051
Legal	-	-	-	-	3,232
Insurance	14,178	3,555	-	17,733	19,670
Supplies	3,178	-	-	3,178	1,225
Professional services	300	-	-	300	1,381
Contributions to affiliates	33,241	-	-	33,241	40,713
Travel	10,247	7,051	-	17,298	24,015
Subscription and memberships	-	138	7,500	7,638	9,946
Office supplies	755	1,686	-	2,441	2,815
Telephone	3,123	938	-	4,061	3,477
Registrations and licenses	-	-	6,060	6,060	4,700
Website fees	8,026	2,364	-	10,390	4,851
Walk-A-Thon	14,005	-	7,962	21,967	-
Other	-	158	-	158	1,351
	<u>\$ 593,240</u>	<u>89,276</u>	<u>67,832</u>	<u>750,348</u>	<u>928,577</u>

The accompanying notes are an integral part of the financial statements.

**NATIONAL HEADQUARTERS OF
MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The National Headquarters of the Myasthenia Gravis Foundation of America, Inc., (Foundation), is the national headquarters of a non-profit foundation whose purpose is to find a cure for Myasthenia Gravis and related disorders of the neuromuscular junction, and to improve the lives of all people affected, through programs of medical research, patient care, patient services, professional education, and public information.

Financial Statement Presentation

The statements of activities and functional expenses includes certain prior-year summarized comparative information in total but not by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2009, from which the summarized information was derived.

Support and Expenses

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Foundation reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Financial Statement 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 the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**NATIONAL HEADQUARTERS OF
MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.**

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments

Investments are measured at fair value, determined by quoted marked price, in the statement of financial position. Investment income or loss (including gains and losses on investments and interest) is included in the statement of activities as increased or decreased in unrestricted net assets unless restrict by the donor.

Inventory

Inventory, consisting primarily of resalable educational publications, is stated at the lower of cost or market value. Cost is determined by the first-in, first-out (FIFO) method.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted in writing by the donor.

Chapter Affiliates

These financial statements only report on the financial activities of the Foundation and do not include any of the chapter affiliates of the Foundation.

Assessments Receivable

The Foundation carries its assessments receivable at the outstanding principal balance adjusted for the allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on the Foundation's historical bad debt experience, the aging of the receivable and based on management's judgment. Accounts deemed uncollectible are charged to the allowance for doubtful accounts. Management has determined that there are no accounts deemed uncollectable at December 31, 2010 and 2009.

Website Development

Costs associated with the development of the website have been capitalized and are amortized over three years. Amortization expense was \$2,364 for the year ended December 31, 2010.

**NATIONAL HEADQUARTERS OF
MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.**

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Donated Services

A substantial number of volunteers have donated services to the Foundation's program services and fund-raising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills as defined by generally accepted accounting principles. There was \$3,232 of donated legal services during the year 2009 and none for 2010.

Fellowships Payable

Research fellowships are recorded as a payable and an expense at the time the fellowship is awarded to specific recipients. The fellowships are generally of one year duration and paid within two years of approval. Following is a schedule of activity of fellowships payable and expense:

	<u>FELLOWSHIP PAYABLE</u>	<u>RESEARCH FUNDING EXPENSES</u>
December 31, 2008	\$ 12,500	-
Research funding awarded in 2009	372,450	372,450
Cash disbursements of research funding	(73,375)	-
Refunded	<u>-</u>	<u>(7,719)</u>
December 31, 2009	<u>311,575</u>	<u>364,731</u>
Research funding awarded in 2010	170,500	170,500
Related expenses	-	1,428
Cash disbursements of research funding	(215,038)	-
Refunded	<u>-</u>	<u>(19,800)</u>
December 31, 2010	<u>\$ 267,037</u>	<u>152,128</u>

Functional Expenses

Direct functional expenses have been classified according to the specifically identified purpose of expenditure. Indirect functional expenses have been allocated between program services and supporting services based on an analysis of personnel time.

Concentration of Credit Risk

The Foundation maintains its cash in bank deposits which, at times, may exceed federally insured limits. The Foundation believes it is not exposed to any significant credit risk on cash.

**NATIONAL HEADQUARTERS OF
MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.**

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Subsequent Events

Subsequent events have been evaluated through April 26, 2011, the date that the financial statements were available for issue.

NOTE 2 - ENDOWMENT

The Foundation's endowment consists of two individual funds, both established for the purpose of funding research. As required by generally accepted accounting principles, the net assets of both endowment funds are classified and reported as permanently restricted due to the existence of donor-imposed restrictions. There are no board-designated endowment funds.

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as adopted by the State of New York as permitting the governing board to determine the appropriate spending of the endowment assets, taking into consideration the eight factors listed below. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the funds. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the donor's stipulations and the standard of prudence prescribed by NYPMIFA. In accordance with NYPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Foundation and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Foundation
- 7) Alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Foundation
- 8) The investment policies of the Foundation

**NATIONAL HEADQUARTERS OF
MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.**

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 2 - ENDOWMENT, CONTINUED

Composition by Type of Fund

Endowment net asset composition by type of fund as of December 31, 2010:

		TEMPORARILY <u>UNRESTRICTED</u>	PERMANENTLY <u>RESTRICTED</u>	PERMANENTLY <u>RESTRICTED</u>	<u>TOTAL</u>
Donor-restricted endowment funds	\$	-	236,617	3,834,447	4,071,064

Endowment net asset composition by type of fund as of December 31, 2009:

		TEMPORARILY <u>UNRESTRICTED</u>	PERMANENTLY <u>RESTRICTED</u>	PERMANENTLY <u>RESTRICTED</u>	<u>TOTAL</u>
Donor-restricted endowment funds	\$	(212,474)	-	3,834,447	3,621,973

Funds with Deficiencies

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the historic dollar value at date of gift. In accordance with professional accounting standards, deficiencies of this nature that are reported in unrestricted net assets were \$212,474 at December 31, 2009. These deficiencies resulted from unfavorable market fluctuations. At December 31, 2010 there were no deficiencies of this nature.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets. Funds are invested so as to achieve a total return, which shall enhance the value of the portfolio, with an emphasis on the preservation of capital. Concurrently, the asset allocation strategy allows for a dependable source of funds for any current need as well as striving for long term results that match or exceed inflation.

The Board expects the funds to achieve two of the three investment goals described below, to be achieved over a complete market cycle (3 to 8 years).

For Equity Assets:

1. The total rate of return of the various equity allocations within the overall equity allocation is to target returns that are comparable or better than similarly styled equity managers, net of all fees, measured over a complete market cycle (3 to 8 years).

**NATIONAL HEADQUARTERS OF
MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.**

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 2 - ENDOWMENT, CONTINUED

2. The absolute annualized total rate of return target for the Foundation amounts allocated to equity investments is to capture a 2% to 5% return over the inflation rate for a complete market cycle (3 to 8 years). This is a desired target and the Board acknowledges that this objective may or may not be met or exceeded.

For Fixed Income Assets:

1. The total rate of return of the fixed income security component of the overall allocation is to target returns that are comparable or better than similarly styled fixed income managers, net of all fees, measured over a complete market cycle (3 to 8 years).
2. If the fixed income component is funded with loans to the Foundation, the above objective does not apply.

Strategies Employed for Achieving Objectives

Diversification of assets will be employed to ensure that adverse results from one security or security class will not have an unduly detrimental effect on the entire portfolio. Diversification is interpreted to include diversification by type, by characteristic, and by number of investments as well as investment style. The following limits have been established for various asset classes:

Asset Classes	Lower Limit	Upper Limit
Equities	10%	75%
Long Term Fixed Income Investments	0%	50%
Short Term Fixed Income Investments	0%	100%
Cash and Cash Equivalents	10%	100%

Spending Policy and How the Investment Objectives Relate to Spending Policy

Distributions from the David Cummings Research Endowment (which represents 99.4% of total endowment funds) are restricted for the purpose of funding research relating to the cause and/or cure of myasthenia gravis. Such distributions are limited on an annual basis to 5% of the average net fair market value. The Board will determine the appropriate level of distributions (not to exceed the 5% stipulated by the donor) which will be consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity.

**NATIONAL HEADQUARTERS OF
MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.**

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 2 - ENDOWMENT, CONTINUED

Schedule of Endowment-Related Activities (All Donor-Restricted)

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
Endowment net assets, December 31, 2009	\$ (848,169)	-	3,834,447	<u>2,986,278</u>
Investment return:				
Investment income	-	-	87,621	87,621
Investment fees	-	-	(27,093)	(27,093)
Realized losses	-	-	(159,038)	(159,038)
Unrealized gains	-	-	734,205	<u>734,205</u>
Total investment return	-	-	<u>635,695</u>	<u>635,695</u>
Change in obligation to replenish corpus	<u>635,695</u>	-	(635,695)	-
Endowment net assets, December 31, 2009	(<u>212,474</u>)	-	<u>3,834,447</u>	<u>3,621,973</u>
Investment return:				
Investment income	-	-	88,435	88,435
Investment fees	-	-	(36,054)	(36,054)
Realized losses	-	-	(52,530)	(52,530)
Unrealized gains	-	<u>236,617</u>	<u>212,623</u>	<u>449,240</u>
Total investment return	-	<u>236,617</u>	<u>212,474</u>	<u>449,091</u>
Change in obligation to replenish corpus	<u>212,474</u>	-	(212,474)	-
Endowment net assets, December 31, 2010	\$ <u>-</u>	<u>236,617</u>	<u>3,834,447</u>	<u>4,071,064</u>

**NATIONAL HEADQUARTERS OF
MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.**

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 3 - INVESTMENTS

Investments, reported at market value consist of the following at December 31:

	<u>2010</u>	<u>2009</u>
US and international equities	\$ 3,185,693	2,494,562
Fixed income	818,824	761,133
Alternative strategy mutual funds	371,774	302,627
Real estate funds	245,257	208,000
Commodity funds	<u>14,150</u>	<u>10,947</u>
	<u>\$ 4,635,698</u>	<u>3,777,269</u>

Investment income for the years ending December 31, 2010 and 2009 consists of the following:

	<u>2010</u>	<u>2009</u>
Interest and dividends	\$ 109,286	108,917
Investment fees	(43,605)	(29,619)
Realized loss	(52,982)	(158,987)
Unrealized gain	<u>511,681</u>	<u>805,574</u>
	<u>\$ 524,380</u>	<u>725,885</u>

NOTE 4 - MANAGEMENT CONTRACT

Effective January 1, 2009 the Board entered into a contract for management services which include general administration of the National Headquarters, financial management, staffing, meeting and events management, patient services, fundraising, chapter services and communication services. The management fee is comprised of a fixed fee of \$200,000 and a variable support services fee based upon actual hours. Either party may request amendments at any time.

Fees for services pursuant to this contract were as follows:

	<u>2010</u>	<u>2009</u>
Management fee	\$ 200,000	200,000
Support services	105,615	115,927

**NATIONAL HEADQUARTERS OF
MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.**

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 5 - TEMPORARILY RESTRICTED FUNDS

Temporarily restricted funds may represent gifts and bequests, or other receipts that can be used only for specific purposes as determined by the donor. The majority of temporarily restricted proceeds are restricted to support research endeavors. The Research and Grants Committee reviews proposals submitted by researchers and recommend projects to the Board for awarding grants. In addition, restricted funds are provided for the American Academy of Neurology Foundation fellowship and for nurses' fellowships.

The temporarily restricted net assets as of December 31, 2010 and 2009 are restricted for the following purposes:

	2010	2009
Nurses Grant Fund	\$ 1,074	2,500
Research Funding - Endowment	236,617	-
Continuing Medical Education	66,220	96,222
Dr. John Newsom-Davis Fund	16,052	16,052
Literature	2,276	2,276
Nurses and Doctors Manual	31,831	31,831
Annual Meeting Scholarship	1,150	1,150
International Conference	122,300	90,000
	\$ 477,520	240,031

NOTE 6 - PERMANENTLY RESTRICTED FUNDS

Permanently restricted funds represent endowments for which the corpus is held in perpetuity.

The permanently restricted net assets as of December 31, 2010 and 2009 are restricted for the following purposes:

	2010	2009
David Cummings Research		
Endowment	\$ 3,810,166	3,810,166
MGFA Research Endowment	24,281	24,281
	\$ 3,834,447	3,834,447

The David Cummings Research Endowment assets may be pooled only with other endowment assets, provided that the Cummings endowment assets are clearly calculable.

**NATIONAL HEADQUARTERS OF
MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.**

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 7 - CONCENTRATION RISKS

At December 31, 2010, cash and investments on deposit at one financial institution totaled \$4,768,721 which exceeds FDIC and SIPC insurance limits. This institution has purchased private insurance covering up to \$99.5 million per account, subject to a total maximum aggregate for the institution of \$400 million which becomes available in the event that SIPC limits are exhausted.

NOTE 8 - RELATED PARTIES

Assessments and contributions are received from affiliated chapters. For the years ended December 31, 2010 and 2009, these contributions and assessments totaled \$158,847 and \$182,147, respectively. As of December 31, 2010 and 2009, contributions and assessments totaling \$29,817 and \$26,862 were due to the Foundation and are expected to be paid within one year. In addition, the Foundation paid \$33,241 and \$40,713, respectively, to affiliated chapters, which represents a percentage of funds received from the community health charities as of December 31, 2010 and 2009.

NOTE 9 - INCOME TAXES

The Foundation has been determined to be exempt from income tax under Section 501(c)(3) of the Internal Revenue code as a publicly supported not-for-profit voluntary health agency, and accordingly, no provision has been made for either federal or state income taxes. In addition, the Foundation had been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 501(c)(3) of the code.

The Foundation has adopted accounting principles related to uncertain tax positions and has evaluated its tax positions taken for all open tax years. Currently, the 2007, 2008 and 2009 tax years are open and subject to examination by the Internal Revenue Service; however, the Foundation is not currently under audit nor has the Foundation been contacted by any of these jurisdictions.

Based on the evaluation of the Foundation's tax positions, management believes all positions taken would be upheld under an examination; therefore, no provision for the effects of uncertain tax positions has been recorded for the year ended December 31, 2010.

**NATIONAL HEADQUARTERS OF
MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.**

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 10 - FAIR VALUE MEASUREMENTS

Generally accepted accounting principles regarding Fair Value Measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure 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 unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

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 are unobservable and significant to the fair value measurement.

The asset's or 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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used.

Interest-bearing cash certificates of deposit: Based on value of cash or certificate at year end.

**NATIONAL HEADQUARTERS OF
MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.**

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 10 - FAIR VALUE MEASUREMENTS, CONTINUED

Fixed income: Based on the net asset value (NAV) of shares held by the Foundation at year end.

Equity securities: Based on quoted prices of identical assets in active markets.

Global, alternative strategy, real estate and commodity mutual funds: Based on the net asset value (NAV) of shares held by the Foundation at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. 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.

All investments reported at fair value as of December 31, 2010 and 2009 are categorized as Level 1.

NOTE 11 - JOINT COST OF ACTIVITIES THAT INCLUDE A FUND RAISING APPEAL

Beginning in 2010, the Foundation began planning for a 2011 walk-a-thon which is intended to increase public awareness and strengthen chapters as well as raise funds. The costs of conducting this campaign in 2010 included a total of \$21,967 of joint costs that are not directly attributable to program or fund raising components of the activities. These joint costs were allocated as follows:

Program costs	\$	14,005
Fund raising		<u>7,962</u>
		<u>\$ 21,967</u>

In addition, the Foundation achieves some of its programmatic goals via its website which also includes requests for contributions. The cost of the website in 2010 and 2009 was \$10,390 and \$4,851 respectively of joint costs that are not directly attributable to program, management and general or fund raising components of the activities. These joint costs were allocated as follows:

		<u>2010</u>	<u>2009</u>
Program costs	\$	8,026	-
Management		<u>2,364</u>	<u>4,851</u>
		<u>\$ 10,390</u>	<u>4,851</u>

**NATIONAL HEADQUARTERS OF
MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.**

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 12 - RECLASSIFICATION

Certain amounts in the 2009 financial statements have been reclassified to conform with the year 2010 presentation.

S U P P L E M E N T A R Y I N F O R M A T I O N



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INDEPENDENT AUDITORS' REPORT

Board of Directors
National Headquarters of Myasthenia Gravis
Foundation of America, Inc.
New York, NY

Our report on our audits of the basic financial statements of the National Headquarters of Myasthenia Gravis Foundation of America, Inc., for the year ended December 31, 2010 appears on page 1. That audit was made for the purpose of forming an opinion on such financial statements taken as a whole. The 2010 information on pages 20 and 21 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 for the year ended December 31, 2010 taken as a whole.

Mueller & Co., LLP

Elgin, Illinois
April 26, 2011

**NATIONAL HEADQUARTERS OF
MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.**

SUPPLEMENTAL STATEMENT OF FINANCIAL POSITION BY FUND

AS OF DECEMBER 31, 2010

ASSETS

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>2010 TOTAL ALL FUNDS</u>
Assets:				
Cash and cash equivalents	\$ 812,600	192,978	127,339	1,132,917
Investments	328,435	399,097	3,908,166	4,635,698
Accrued interest receivable	-	-	5,099	5,099
Assessment receivable from affiliated chapters	29,817	-	-	29,817
Website development costs, net of amortization of \$2,364	22,912	-	-	22,912
Prepaid expenses	10,614	-	-	10,614
	<u>1,204,378</u>	<u>592,075</u>	<u>4,040,604</u>	<u>5,837,057</u>

LIABILITIES AND NET ASSETS

Liabilities:				
Accounts payable	33,247	-	-	33,247
Fellowship payable	-	267,037	-	267,037
Interfund payable	(53,675)	(152,482)	206,157	-
	<u>(20,428)</u>	<u>114,555</u>	<u>206,157</u>	<u>300,284</u>
Net assets	<u>1,224,806</u>	<u>477,520</u>	<u>3,834,447</u>	<u>5,536,773</u>
	<u>\$ 1,204,378</u>	<u>592,075</u>	<u>4,040,604</u>	<u>5,837,057</u>

**NATIONAL HEADQUARTERS OF
MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.**

SUPPLEMENTAL STATEMENT OF PROGRAM EXPENSES

YEAR ENDED DECEMBER 31, 2010

	PATIENT SERVICES	ANNUAL MEETING	SCIENTIFIC SESSION AND INTERNATIONAL CONFERENCE	CHAPTER DEVELOPMENT	PUBLIC INFORMATION	MEDICAL AND NURSE ADVISORY BOARDS	RESEARCH	TOTAL PROGRAM EXPENSES
Research funding	-	-	-	-	-	-	152,128	152,128
Management fees	49,480	32,013	-	65,882	48,020	14,559	2,047	212,001
Meeting expenses	-	22,658	953	-	-	-	-	23,611
Printing and copying	13,477	27,004	6,558	8,295	10,740	-	26,909	92,983
Postage and shipping	8,402	1,078	-	1,607	-	-	13,652	24,739
Audit and accounting	-	-	-	725	-	-	-	725
Insurance	-	-	-	14,178	-	-	-	14,178
Supplies	-	2,352	-	-	826	-	-	3,178
Professional services	300	-	-	-	-	-	-	300
Contributions to affiliates	-	-	-	33,241	-	-	-	33,241
Travel	-	6,058	1,719	-	101	2,369	-	10,247
Office supplies	-	-	-	755	-	-	-	755
Telephone	1,948	37	-	938	200	-	-	3,123
Website fees	-	-	-	-	8,026	-	-	8,026
Walk-A-Thon	-	-	-	7,002	7,003	-	-	14,005
	<u>\$ 73,607</u>	<u>91,200</u>	<u>9,230</u>	<u>132,623</u>	<u>74,916</u>	<u>16,928</u>	<u>194,736</u>	<u>593,240</u>