

MUELLER & CO., LLP

Certified Public Accountants ~ Business Advisors

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Beth A. Ulbrich

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Myasthenia Gravis Foundation of America, Inc., which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, cash flows and functional expenses for the year 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Myasthenia Gravis Foundation of America, Inc. as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Prior Year Financial Information

We have previously audited the financial statements of Myasthenia Gravis Foundation of America, Inc, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 29, 2015. In our opinion, the comparative information presented herein as of the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Muller & Co., LLP

Elgin, Illinois
May 16, 2016

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR DECEMBER 31, 2014)

ASSETS

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and cash equivalents	\$ 476,538	19,007
Investments	5,748,484	6,640,307
Assessments receivable	-	15,705
Unconditional promises to give	-	17,818
Capitalized software costs, net of amortization of \$194,161 in 2015 and \$141,945 in 2014	94,891	131,775
Prepaid expenses	101,199	72,072
	<u>\$ 6,421,112</u>	<u>6,896,684</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 90,134	135,779
Deferred revenue	9,900	-
Research grant awards payable	452,504	282,504
	<u>552,538</u>	<u>418,283</u>
Net assets:		
Unrestricted	1,427,194	1,512,553
Temporarily restricted	606,933	1,131,401
Permanently restricted	3,834,447	3,834,447
	<u>5,868,574</u>	<u>6,478,401</u>
	<u>\$ 6,421,112</u>	<u>6,896,684</u>

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

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.

STATEMENTS OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2015

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR DECEMBER 31, 2014)

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	2015 TOTAL ALL FUNDS	2014 TOTAL ALL FUNDS
Public support and revenue:					
Public support:					
Individuals	\$ 207,224	-	-	207,224	216,093
Corporations	43,000	2,500	-	45,500	49,094
Sponsorships	79,201	-	-	79,201	56,500
Foundations	40,204	-	-	40,204	54,705
Legacies	151,831	2,868	-	154,699	91,458
Charitable organizations	123,694	1,850	-	125,544	16,232
Public agencies	39,824	-	-	39,824	20,586
MG Walk and Endurance	720,979	6,541	-	727,520	784,258
In-kind contributions	-	-	-	-	10,469
	<u>1,405,957</u>	<u>13,759</u>	<u>-</u>	<u>1,419,716</u>	<u>1,299,395</u>
Revenue:					
Chapter assessments	4,095	-	-	4,095	33,162
Merchandise sales	1,692	-	-	1,692	2,082
Meeting and convention fees	27,990	-	-	27,990	23,987
Investment income (loss)	(12,729)	(278,447)	-	(291,176)	286,523
Other income	6,653	-	-	6,653	-
	<u>27,701</u>	<u>(278,447)</u>	<u>-</u>	<u>(250,746)</u>	<u>345,754</u>
Net assets released from restrictions - Purpose restrictions satisfied by payments	259,780	(259,780)	-	-	-
	<u>1,693,438</u>	<u>(524,468)</u>	<u>-</u>	<u>1,168,970</u>	<u>1,645,149</u>
Expenses:					
Program services:					
Community and patient services	465,435	-	-	465,435	427,992
Annual conference	126,063	-	-	126,063	120,575
Public information	433,990	-	-	433,990	445,496
Medical and nurse advisory boards	22,890	-	-	22,890	15,680
Research	288,127	-	-	288,127	328,765
	<u>1,336,505</u>	<u>-</u>	<u>-</u>	<u>1,336,505</u>	<u>1,338,508</u>
Supporting services:					
Management and general	186,436	-	-	186,436	157,442
Fund raising	255,856	-	-	255,856	279,012
	<u>442,292</u>	<u>-</u>	<u>-</u>	<u>442,292</u>	<u>436,454</u>
Total expenses	<u>1,778,797</u>	<u>-</u>	<u>-</u>	<u>1,778,797</u>	<u>1,774,962</u>
Change in net assets	(85,359)	(524,468)	-	(609,827)	(129,813)
Net assets, beginning of year	1,512,553	1,131,401	3,834,447	6,478,401	6,608,214
Net assets, end of year	\$ <u>1,427,194</u>	<u>606,933</u>	<u>3,834,447</u>	<u>5,868,574</u>	<u>6,478,401</u>

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

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.

STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2015

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR DECEMBER 31, 2014)

	<u>2015</u>	<u>2014</u>
Cash applied to operating activities:		
Change in net assets	\$ (609,827)	(129,813)
Adjustments to reconcile change in net assets to net cash applied to operating activities:		
Amortization expense	52,216	46,917
Investment (gain) loss	291,176	(286,523)
Contribution of marketable securities	-	(11,293)
Changes in:		
Assessments receivable from affiliated chapters	15,705	2,840
Unconditional promises to give	17,818	109,572
Prepaid expenses	(29,127)	(10,541)
Accounts payable	(45,645)	(19,910)
Deferred revenue	9,900	-
Research grant awards payable	170,000	102,504
	<u>(127,784)</u>	<u>(196,247)</u>
Cash provided by (applied to) investing activities:		
Proceeds from sale of investments	600,647	-
Software development costs	(15,332)	(75,830)
	<u>585,315</u>	<u>(75,830)</u>
Net increase (decrease) in cash and cash equivalents	457,531	(272,077)
Cash and cash equivalents, beginning of year	<u>19,007</u>	<u>291,084</u>
Cash and cash equivalents, end of year	\$ <u><u>476,538</u></u>	<u><u>19,007</u></u>

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

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2015

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR DECEMBER 31, 2014)

	PROGRAM SERVICES	MANAGEMENT	FUND RAISING	2015 TOTAL	2014 TOTAL
Research grant and project funding	\$ 259,780	-	-	259,780	277,999
MG patient registry support fees	5,000	-	-	5,000	87,546
Management fees	409,953	104,819	75,264	590,036	495,794
Communications project services	55,203	-	-	55,203	-
Annual conference site expenses	66,318	-	-	66,318	56,313
Other conferences expenses	3,696	-	-	3,696	2,188
Printing and copying	75,927	3,934	33,610	113,471	106,845
Postage and shipping	13,276	2,338	5,081	20,695	55,131
Audit and accounting	-	21,553	-	21,553	18,381
Legal	-	-	-	-	10,469
Insurance	14,400	165	-	14,565	13,375
Supplies	4,162	-	49	4,211	2,996
Professional services - MG Walk and Endurance	195,000	-	65,000	260,000	278,379
MG Walk materials and supplies	150,138	-	50,046	200,184	177,069
Contributions to affiliates	-	-	-	-	47,367
Travel	25,603	22,916	21	48,540	37,373
Subscriptions and memberships	-	-	12,000	12,000	3,833
Office supplies	103	4,144	-	4,247	1,647
Telephone	556	1,329	273	2,158	2,311
Credit card processing and bank fees	-	20,056	-	20,056	22,419
Registrations and licenses	-	-	14,512	14,512	18,433
Website fees	2,975	5,182	-	8,157	10,677
Amortization	52,216	-	-	52,216	46,917
Other	2,199	-	-	2,199	1,500
	<u>\$ 1,336,505</u>	<u>186,436</u>	<u>255,856</u>	<u>1,778,797</u>	<u>1,774,962</u>

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

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Myasthenia Gravis Foundation of America, Inc., (Foundation), is a not-for-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 include 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2014, 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.

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 statements of cash flows, the Foundation considers highly liquid instruments with an original maturity of three months or less to be cash equivalents. Cash or cash equivalents held in the long-term investment portfolio (until suitable investments are identified) is excluded from cash and cash equivalents.

Investments

Investments are measured at fair value, determined as described in Note 10, in the statements of financial position. Investment income or loss (including gains and losses on investments and interest) is included in the statement of activities as increases or decreases in unrestricted net assets unless restricted by the donor.

Contributions

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

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 uncollectible at December 31, 2015 and 2014.

Capitalized Software Costs

Costs associated with the development of the website, database and patient registry have been capitalized and are amortized over their estimated lives ranging from three to five years. Amortization expense was \$52,216 and \$46,917 for the years ended December 31, 2015 and 2014, respectively.

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, only services which require specialized skills as defined by accounting principles generally accepted in the United States of America are reported as contributions. For the year ended December 31, 2014, this consisted of contributed legal services in the amount of \$10,469. There were no amounts contributed for 2015.

Research Grant Awards Payable

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

	<u>RESEARCH GRANT AWARDS PAYABLE</u>	<u>GRANT AND PROJECT FUNDING EXPENSE</u>
January 1, 2014	\$ 202,500	-
Research funding awarded in 2014	277,999	277,999
Cash disbursements of research funding	(197,995)	-
December 31, 2014	<u>282,504</u>	<u>277,999</u>
Research funding awarded in 2015	375,000	375,000
Cash disbursements of research funding	(89,780)	-
Expirations of research funding	(115,220)	(115,220)
December 31, 2015	\$ <u>452,504</u>	<u>259,780</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.

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

Subsequent Events

Subsequent events have been evaluated through May 16, 2016, 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 accounting principles generally accepted in the United States of America, 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 the NYPMIFA.

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 2 - ENDOWMENT, CONTINUED

Interpretation of Relevant Law, continued

In accordance with the 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

Composition by Type of Fund

Endowment net asset composition by type of fund as of December 31, 2015:

		<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
Donor-restricted endowment funds	\$	-	263,848	3,834,447	4,098,295

Endowment net asset composition by type of fund as of December 31, 2014:

		<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
Donor-restricted endowment funds	\$	-	778,238	3,834,447	4,612,685

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 2 - ENDOWMENT, CONTINUED

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. There were no deficiencies of this nature at December 31, 2015 and 2014, respectively.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets. Funds will be invested so as to achieve a total return, which shall enhance the value of the portfolio, with emphasis on the preservation of the capital. Concurrently, the asset allocation strategy should allow for a dependable source of funds for any current operational demands, as well as, strive for long term returns that match or exceed inflation.

A. Short-term Investments

The objective of these funds is to provide liquidity for grants, loans, special projects and operational needs. These funds should seek a yield that is competitive with high quality money markets, without losing liquidity. These funds will be invested in securities that will maintain an average maturity of one year or less.

B. Intermediate and Long-term Investments

These funds are for the purpose of providing a principal base to provide income and/or growth. The principal shall be managed to maintain and preserve over time the real value of the funds. These funds shall be actively managed with the intention of obtaining the highest possible total return while accepting only prudent risk.

C. 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:

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 2 - ENDOWMENT, CONTINUED

ASSET CLASSES	LOWER LIMITS	UPPER LIMITS
Equities	10%	85%
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 of Directors (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.

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, January 1, 2014	<u>-</u>	<u>806,009</u>	<u>3,834,447</u>	<u>4,640,456</u>
Investment return:				
Investment income	-	118,184	-	118,184
Investment fees	-	(55,716)	-	(55,716)
Realized gains	-	116,111	-	116,111
Unrealized gains	-	<u>8,229</u>	-	<u>8,229</u>
Total investment return	-	<u>186,808</u>	-	<u>186,808</u>
Appropriation	-	<u>(214,579)</u>	-	<u>(214,579)</u>
Endowment net assets, December 31, 2014	<u>-</u>	<u>778,238</u>	<u>3,834,447</u>	<u>4,612,685</u>

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 2 - ENDOWMENT, CONTINUED

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

	<u>UNRESTRICTED</u>	TEMPORARILY <u>RESTRICTED</u>	PERMANENTLY <u>RESTRICTED</u>	<u>TOTAL</u>
Investment return:				
Investment income	\$ -	103,313	-	103,313
Investment fees		(53,177)	(53,177)	(106,354)
Realized gains		207,104	-	207,104
Unrealized losses		(535,687)	(535,687)	(1,071,374)
Total investment return		(278,447)	(278,447)	(556,894)
Appropriation		(235,943)	(235,943)	(471,886)
Endowment net assets, December 31, 2015	\$ -	<u>263,848</u>	<u>3,834,447</u>	<u>4,098,295</u>

NOTE 3 - INVESTMENTS

Investments, reported at market value for the year ending December 31, 2015 and 2014, consists of the following:

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 240,613	315,974
US and international equities	4,223,877	4,767,438
Fixed income	621,733	883,367
Balanced	136,818	146,532
Alternative strategy mutual funds	44,910	46,290
Real estate funds	<u>480,533</u>	<u>480,706</u>
	\$ <u>5,748,484</u>	<u>6,640,307</u>

Investment income for the years ending December 31, 2015 and 2014, consists of the following:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 179,424	200,876
Investment management fees	(66,775)	(71,310)
Realized gains on investments	202,160	132,761
Unrealized gains (losses) on investments	(605,985)	24,196
	\$ (291,176)	<u>286,523</u>

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 4 - MANAGEMENT CONTRACT

Effective January 1, 2009, the Board entered into a contract for management services which includes general administration of the National Headquarters, financial management, staffing, meeting and events management, patient services, fund raising, chapter services and communication services. For 2015, the management fee is comprised of a fixed fee of \$500,000 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>2015</u>	<u>2014</u>
Management fee - fixed fee	\$	435,000	344,933
Support services - variable		155,036	150,861
Communications project		55,203	-

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, 2015 and 2014 are restricted for the following purposes:

		<u>2015</u>	<u>2014</u>
Nurses Grant Fund	\$	6,659	119
Research funding		171,310	190,429
Continuing medical education		41,979	39,478
Dr. John Newsom-Davis Fund		14,552	14,552
Literature		449	449
Professional manuals		14,728	14,728
Annual meeting scholarship		1,150	1,150
International conference		91,385	91,385
Video		873	873
Research funding - endowment		<u>263,848</u>	<u>778,238</u>
	\$	<u>606,933</u>	<u>1,131,401</u>

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

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, 2015 and 2014 are restricted for the following purposes:

		<u>2015</u>	<u>2014</u>
David Cummings Research Endowment	\$	3,810,166	3,810,166
MGFA Research Endowment		<u>24,281</u>	<u>24,281</u>
	\$	<u><u>3,834,447</u></u>	<u><u>3,834,447</u></u>

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

NOTE 7 - CONCENTRATION RISKS

At December 31, 2015, cash and investments on deposit at one financial institution totaled \$5,748,484, 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 PARTY TRANSACTIONS

Effective April 30, 2015, the Foundation implemented a unified structure. Prior to this date the Foundation had affiliation agreements with approximately 15 chapters located throughout the United States which were legally separate entities. As part of the affiliation agreement, the chapters paid an annual assessment to the Foundation. As of December 31, 2015 there were no affiliation agreements with other organizations.

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 8 - RELATED PARTY TRANSACTIONS, CONTINUED

Transactions between the chapters and the Foundation prior to April 30, 2015 were as follows:

		<u>2015</u>	<u>2014</u>
Contributions from affiliated chapters	\$	-	16,232
Assessments		4,095	33,162
Contributed to affiliated chapters		-	47,367

Amounts due to and from chapters as of December 31 were as follows:

		<u>2015</u>	<u>2014</u>
Assessments receivable from chapters	\$	-	15,705
Accounts payable to chapters		-	30,404

A relative of a board member was the recipient of a \$50,000 research grant awarded in 2014. This grant was awarded prior to the board appointment.

A board member was the recipient of a \$50,000 research grant awarded in 2011. As of December 31, 2015, \$25,000 was outstanding.

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 evaluated its tax positions taken for all open tax years. Currently, the 2012, 2013 and 2014 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 years ended December 31, 2015 and 2014.

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 10 - FAIR VALUE MEASUREMENTS

Accounting standards generally accepted in the United States of America establish 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 Foundation 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.

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 10 - FAIR VALUE MEASUREMENTS, CONTINUED

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

Fixed income: Based on the net asset value 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 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.

Investments reported at fair value as of December 31 are categorized as follows:

	<u>2015</u>	<u>2014</u>
Level 1	\$ 5,748,484	6,640,307
Level 2	-	-
Level 3	-	-
	\$ <u>5,748,484</u>	<u>6,640,307</u>

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

The Foundation conducts the MG Walk and Endurance for the purposes of increasing public awareness, providing an opportunity for patients, families and caregivers to share their stories and become actively involved in available programs and also includes a fund-raising appeal. Costs of \$460,183 and \$455,448 were incurred for the MG Walk and Endurance for the years ended December 31, 2015 and 2014, respectively. The following is the allocation of these costs:

	<u>2015</u>	<u>2014</u>
Program costs	\$ 345,138	293,632
Fund raising	<u>115,045</u>	<u>151,816</u>
	\$ <u>460,183</u>	<u>445,448</u>

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 12 - RECLASSIFICATION

Certain amounts in the 2014 financial statements have been reclassified to conform with the year 2015 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
ON SUPPLEMENTARY INFORMATION**

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

Our report on our audit of the basic financial statements of Myasthenia Gravis Foundation of America, Inc. for the year ended December 31, 2015 appears on pages 1 and 2. That audit was made for the purpose of forming an opinion on such financial statements taken as a whole. The information on pages 22 and 23 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related 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 audits 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. Such information is fairly stated in all material respects in relation to the basic financial statements for the years ended December 31, 2015 taken as a whole.

Mueller & Co., LLP

Elgin, Illinois
May 16, 2016

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.
SUPPLEMENTAL STATEMENT OF FINANCIAL POSITION BY FUND
AS OF DECEMBER 31, 2015

ASSETS

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>2015 ALL FUNDS</u>
Assets:				
Cash and cash equivalents	\$ 476,490	48	-	476,538
Investments	930,122	750,308	4,068,054	5,748,484
Capitalized software costs, net of amortization	94,891	-	-	94,891
Prepaid expenses	101,199	-	-	101,199
	<u>\$ 1,602,702</u>	<u>750,356</u>	<u>4,068,054</u>	<u>6,421,112</u>

LIABILITIES AND NET ASSETS

Liabilities:				
Accounts payable	\$ 90,134	-	-	90,134
Research grant awards payable	-	452,504	-	452,504
Deferred revenue	9,900	-	-	9,900
Interfund payable	75,474	(309,081)	233,607	-
	175,508	143,423	233,607	552,538
Net assets	<u>1,427,194</u>	<u>606,933</u>	<u>3,834,447</u>	<u>5,868,574</u>
	<u>\$ 1,602,702</u>	<u>750,356</u>	<u>4,068,054</u>	<u>6,421,112</u>

See Independent Auditors' Report on Supplementary Information.

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.

SUPPLEMENTAL STATEMENT OF PROGRAM EXPENSES

YEAR ENDED DECEMBER 31, 2015

	COMMUNITY AND PATIENT SERVICES	ANNUAL CONFERENCE	PUBLIC INFORMATION	MEDICAL AND NURSE ADVISORY BOARDS	RESEARCH	TOTAL PROGRAM SERVICES
Research grant and project funding	\$ -	-	-	-	259,780	259,780
MG patient registry support fees	-	-	5,000	-	-	5,000
Management fees	199,363	42,078	138,844	14,834	14,834	409,953
Communications project services	-	-	55,203	-	-	55,203
Annual conference site expenses	-	66,318	-	-	-	66,318
Other conference expenses	-	-	-	-	3,696	3,696
Printing and copying	9,429	9,570	56,321	228	379	75,927
Postage and shipping	4,001	-	-	-	9,275	13,276
Insurance	14,400	-	-	-	-	14,400
Supplies	1,180	2,010	809	-	163	4,162
Professional services - MG Walk and Endurance	97,500	-	97,500	-	-	195,000
MG Walk materials and supplies	75,069	-	75,069	-	-	150,138
Travel	12,633	5,984	1,357	5,629	-	25,603
Office supplies	-	103	-	-	-	103
Telephone	496	-	60	-	-	556
Website fees	-	-	2,975	-	-	2,975
Amortization	51,364	-	852	-	-	52,216
Other	-	-	-	2,199	-	2,199
	<u>\$ 465,435</u>	<u>126,063</u>	<u>433,990</u>	<u>22,890</u>	<u>288,127</u>	<u>1,336,505</u>

See Independent Auditors' Report on Supplementary Information.