

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

FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

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

Table of Contents

Independent Auditor's Report.....	1 - 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities.....	4
Statements of Cash Flows.....	5
Statement of Functional Expenses	6
Notes to Financial Statements.....	7 - 17
Supplemental Information	
Supplemental Statement of Program Expenses	18



Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditor's Report

To the Board of Directors
Myasthenia Gravis Foundation of America, Inc.
Westborough, MA

We have audited the accompanying financial statements of Myasthenia Gravis Foundation of America, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and the related statements of activities, functional expenses, and cash flows 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 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, 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, 2020 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Myasthenia Gravis Foundation of America, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 4, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of program expenses on Page 19 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 our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Desmond & Ahern, Ltd

June 5, 2021
Chicago, IL

Myasthenia Gravis Foundation of America, Inc.
Statements of Financial Position
December 31, 2020

(with summarized comparative information for December 31, 2019)

	2020	2019
<u>ASSETS</u>		
Assets:		
Cash and cash equivalents	\$ 1,103,262	519,584
Investments	9,384,504	8,876,659
Accounts receivable	-	5,000
Unconditional promises to give	40,002	14,603
Prepaid expenses	45,644	40,612
Furniture and equipment, net of accumulated depreciation of \$1,337 in 2020 and \$1,060 in 2019	46	322
Capitalized software costs, net of amortization of \$230,153 in 2020 and \$207,767 in 2019	33,209	55,595
	<u>10,606,667</u>	<u>9,512,375</u>
Total assets	\$ <u>10,606,667</u>	\$ <u>9,512,375</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 116,050	523,673
Research grant awards payable	492,634	418,313
Accrued expenses	137,132	28,749
Refundable advances	126,797	1,000
	<u>872,613</u>	<u>971,735</u>
Total liabilities	\$ <u>872,613</u>	\$ <u>971,735</u>
Net assets:		
Without donor restrictions	4,028,504	3,012,607
With donor restrictions:		
Purpose restrictions	542,243	618,936
Endowment	5,163,307	4,909,097
Total with donor restrictions	<u>5,705,550</u>	<u>5,528,033</u>
Total net assets	<u>9,734,054</u>	<u>8,540,640</u>
Total liabilities and net assets	\$ <u>10,606,667</u>	\$ <u>9,512,375</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, 2020

(with summarized comparative information for the year ended December 31, 2019)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS			2020 TOTAL	2019 TOTAL
		ENDOWMENT	PURPOSE RESTRICTIONS	SUBTOTAL		
Public support and revenue:						
Grants and contributions	\$ 1,625,950	-	168,001	168,001	1,793,951	1,257,721
Bequests	1,126,496	-	-	-	1,126,496	44,068
Fundraising and special events	361,861	-	-	-	361,861	870,557
Research contract revenue	30,079	-	-	-	30,079	106,360
Investment return (loss)	(179,972)	485,026	-	485,026	305,054	1,264,287
Other revenue	5,387	-	-	-	5,387	36,659
Net assets released from restrictions	475,510	(230,816)	(244,694)	(475,510)	-	-
	3,445,311	254,210	(76,693)	177,517	3,622,828	3,579,652
Expenses:						
Program activities:						
Community and patient services	585,019	-	-	-	585,019	539,490
Research	764,066	-	-	-	764,066	636,901
Education and advocacy	334,374	-	-	-	334,374	546,239
	1,683,459	-	-	-	1,683,459	1,722,630
Supporting activities:						
Management and general	325,122	-	-	-	325,122	336,136
Development	420,833	-	-	-	420,833	319,175
	745,955	-	-	-	745,955	655,311
Total supporting services	745,955	-	-	-	745,955	655,311
Total expenses	2,429,414	-	-	-	2,429,414	2,377,941
Change in net assets	1,015,897	254,210	(76,693)	177,517	1,193,414	1,201,711
Net assets, beginning of year	3,012,607	4,909,097	618,936	5,528,033	8,540,640	7,338,929
Net assets, end of year	\$ 4,028,504	5,163,307	542,243	5,705,550	9,734,054	8,540,640

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, 2020

(with summarized comparative information for the year ended December 31, 2019)

	PROGRAM ACTIVITIES	MANAGEMENT GENERAL	DEVELOPMENT	2020 TOTAL	2019 TOTAL
Research grant awards	\$ 310,545	-	-	310,545	422,146
MG Patient Registry contracted services	164,963	-	-	164,963	-
Research contracted services	26,469	-	-	26,469	87,802
Compensation	503,879	39,329	145,498	688,706	108,093
Subcontracted services	383,837	189,890	110,411	684,138	894,762
Conferences and meetings	103,274	3,868	-	107,142	142,955
Marketing and communications	73,782	1,619	44,114	119,515	212,651
Information technology	33,590	2,200	60,658	96,448	57,254
Direct cost of events	37,654	-	42,818	80,472	12,593
Supplies and materials	13,742	-	1,662	15,404	235,466
Travel	1,478	9,538	6,841	17,857	85,572
Professional fees	4,712	13,450	-	18,162	13,150
Insurance	-	18,361	-	18,361	18,618
Subscriptions	4,654	2,250	2,595	9,499	9,127
Registration and licenses	-	15,724	-	15,724	14,600
Merchant service fees	-	22,232	-	22,232	28,031
Other expenses	3,559	6,385	1,170	11,114	13,443
Depreciation and amortization	17,321	276	5,066	22,663	21,678
Total expenses	\$ 1,683,459	325,122	420,833	2,429,414	2,377,941

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

Myasthenia Gravis Foundation of America, Inc.
Statements of Cash Flows
December 31, 2020

(with summarized comparative information for December 31, 2019)

	2020	2019
Cash provided by (applied to) operating activities:		
Change in net assets	\$ 1,193,414	1,201,711
Adjustments to reconcile change in net assets to net cash provided by (applied to) operating activities:		
Depreciation and amortization expense	22,663	21,679
Investment (return) loss	(305,054)	(1,264,288)
Changes in:		
Accounts receivable	5,000	76,500
Unconditional promises to give	(25,399)	(2,450)
Bequest receivable	-	43,822
Prepaid expenses	(5,032)	4,057
Accounts payable	(407,623)	3,883
Research grant awards payable	74,321	250,813
Accrued expenses	108,383	(61,863)
Refundable advances	125,796	(28,760)
	786,469	245,104
Cash provided by (applied to) investing activities:		
Purchase of investments	(202,791)	(1,200,000)
	(202,791)	(1,200,000)
Net cash provided by (applied to) investing activities	(202,791)	(1,200,000)
Net increase (decrease) in cash and cash equivalents	583,678	(954,896)
Cash and cash equivalents, beginning of year	519,584	1,474,480
Cash and cash equivalents, end of year	\$ 1,103,262	519,584

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

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF OPERATIONS

Myasthenia Gravis Foundation of America, Inc., (Foundation) is a not-for-profit corporation committed to finding a cure for myasthenia gravis and closely related disorders, improving treatment options, and providing information and support to people with myasthenia gravis through research, education, community programs and advocacy.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles applicable to not-for-profit organizations and in accordance with accounting principles generally accepted in the United States of America.

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Conditional promises (those with a measurable performance or other barrier and a right of return) is recognized when the underlying conditions are met. Cash received in advance of these conditions being met is recorded as refundable advances. The Foundation reports conditional promises with donor restrictions as increases in net assets without donor restrictions when both the condition and restrictions are satisfied.

As of December 31, 2020, the Foundation has been awarded \$126,797 from grants for which the conditions have not been satisfied.

Paycheck Protection Program Loan

In April 2020, pursuant to the Coronavirus Aid, Relief, and Economic Security Act, the Foundation applied for a forgivable \$20,920 Paycheck Protection Program (PPP) loan. The loan will be forgiven as long as the proceeds are used to cover payroll costs over twenty-four week period after the loan is made. In addition, employee and compensation levels are required to be maintained. The Foundation has elected to treat the PPP loan in accordance with the FASB Accounting Standards Codification Topic 958 as it relates to conditional government grants. As a result, the Foundation recognized contribution revenue for the year ended December 31, 2020 in an amount equal to qualifying expenses incurred by the Foundation. As of December 31, 2020, \$21,920 was recorded as contribution revenue in the statements of activities.

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both and reported in the statements of activities as net assets released from restrictions.

Accounting 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.

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) are excluded from this definition.

Investments

Investment purchases are reported at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return (loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct investment expenses.

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for research services. The Foundation determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. Based on this evaluation, management determined that an allowance for doubtful accounts was not necessary at December 31, 2020.

Unconditional Promises to Give

The Foundation records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the assets. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Foundation determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and review of subsequent collections. Promises to give are written off when deemed uncollectable. Based on this evaluation, management determined that an allowance for doubtful accounts was not necessary at December 31, 2020.

Capitalized Software Costs

Costs associated with the development of the website, database and the MG Patient Registry have been capitalized and are amortized over their estimated lives ranging from three to five years. Amortization expense was \$22,387 for the year ended December 31, 2020.

Furniture and Equipment

Furniture and equipment over \$500 are recorded at cost or, if donated, at fair value at the date of the gift. Depreciation is computed by the straight-line method over the estimated useful lives of the related assets of five years. Depreciation expense was \$276 for the year ended December 31, 2020.

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Donated Services

A substantial number of volunteers have donated services to the Foundation's program services and fundraising 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.

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 MGFA Research and Grants Committee reviews proposals submitted by researchers and recommend projects to the Board for awarding grants. The grants are generally of one to three years duration and paid within three years of approval.

Functional Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. MG Walk materials are allocated on the basis of ratio of MG patient and family participation in relation to participation by donors. Publication, printing and website costs is allocated on the basis of content. Salaries and wages, payroll taxes, and travel are allocated on the basis of estimates of time and effort.

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 these accounts.

Subsequent Events

Subsequent events have been evaluated through June 5, 2021, the date that the financial statements were available for issue.

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following at December 31, 2020:

Financial assets at year-end:		
Cash and cash equivalents	\$	1,103,262
Unconditional promises to give		40,002
Investments		<u>9,384,504</u>
		<u>10,527,768</u>
Less: amounts not available for general expenditures within one year, due to:		
Donor-restricted for a specific purpose		1,871,103
Board-designated operating reserve		1,209,891
Perpetual restrictions		<u>3,834,447</u>
		<u>6,915,441</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>3,612,327</u>

The Organization's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes and is not available for general expenditure.

In order to ensure that adequate financial resources are available each year to provide funding for vital programs and services, the Board of Directors created a policy which requires the Foundation maintain net assets without donor restrictions of at least 50% but not more than 200% of the past year's actual operating expenses.

As part of its liquidity management plan, the Foundation invests cash in excess of requirements in an actively managed investment portfolio.

NOTE 4 - ENDOWMENT

The Foundation's endowment consists of two individual funds, both established for the purpose of funding research.

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.

**MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 4 - ENDOWMENT, CONTINUED

As a result of this interpretation, the Foundation retains in perpetuity (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. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the donor's stipulations and the standard of prudence prescribed by the NYPMIFA.

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, 2020:

	<u>Restricted for Research</u>	<u>Original Endowment Gift</u>	<u>TOTAL</u>
Donor-restricted endowment funds	\$ <u>1,328,860</u>	<u>3,834,447</u>	<u>5,163,307</u>

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, 2020.

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 4 - ENDOWMENT, CONTINUED

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.

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.

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.

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 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%

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 4 - ENDOWMENT, CONTINUED

Spending Policy and How the Investment Objectives Relate to Spending Policy

Distributions from the David Cummings Research Endowment (which represent 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 three-year annual 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.

Changes in Endowment net assets are as follows:

	<u>RESTRICTED FOR RESEARCH</u>	<u>ORIGINAL GIFT</u>	<u>TOTAL</u>
Endowment net assets, January 1, 2019	1,074,650	3,834,447	4,909,097
Investment return, net	485,026	-	485,026
Appropriation	<u>(230,816)</u>	<u>-</u>	<u>(230,816)</u>
Endowment net assets, December 31, 2020	\$ <u>1,328,860</u>	<u>3,834,447</u>	<u>5,163,307</u>

NOTE 5 - INVESTMENTS

Investments, reported at market value for the year ending December 31, 2020, consists of the following:

Cash and cash equivalents	\$ 2,458,740
US equities	3,360,591
International equities	2,609,831
Fixed income	924,374
Other	<u>30,968</u>
	\$ <u>9,384,504</u>

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2020 are restricted for the following purposes:

Nurses Grant Fund	\$	6,659
Patient services		20,020
Research funding		350,836
Continuing medical education		-
Dr. John Newsom-Davis Fund		-
Professional manuals		14,728
International conference		150,000
Endowment – original gift		3,834,447
Endowment - research		<u>1,328,860</u>
	\$	<u>5,705,550</u>

NOTE 8 - CONCENTRATION RISKS

At December 31, 2020, cash and investments on deposit at one financial institution totaled \$9,384,504, 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 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 2017, 2018 and 2019 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, 2020.

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 10 - JOINT COST OF ACTIVITIES THAT INCLUDE A FUNDRAISING APPEAL

The Foundation conducts the MG Walk 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 fundraising appeal. Costs of \$80,472 were incurred for the MG Walk for the year ended December 31, 2020. MG Walk materials are allocated on the basis of ratio of MG patient and family participation in relation to participation by donors.

The following is the allocation of these costs:

Program costs	\$ 37,654
Fundraising	<u>42,818</u>
	\$ <u>80,472</u>

NOTE 11 - 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 management has the ability to access at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as:

- 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.

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 11 - FAIR VALUE MEASUREMENTS, CONTINUED

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 at December 31, 2020.

Mutual funds: Valued at the closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price.

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.

	Asset at Fair Value as of December 31, 2020			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Investments	<u>9,384,504</u>	-	-	<u>9,384,504</u>
Total assets at fair value \$	<u>9,384,504</u>	<u>-</u>	<u>-</u>	<u>9,384,504</u>

For the year ended December 31, 2020, there were no transfers between Levels 1 and 2 and no transfers in or out of Level 3.

NOTE 12 – RETIREMENT PLAN

Beginning in 2020, the Foundation provides a 401(k) retirement plan (Plan) for eligible full-time employees who have completed three months of service. The Foundation may contribute a discretionary amount of eligible employees' salaries, as determined by the Board of Directors. There were no employer contributions to the plan in 2020. The Plan allows for employee salary deferral contributions.

NOTE 13 – RELATED PARTY TRANSACTIONS

A member of the Board of Directors is a primary researcher for grants awarded by the Foundation totaling \$150,000.

Supplemental Information

Myasthenia Gravis Foundation of America, Inc.
Supplemental Statement of Program Expenses
Year Ended December 31, 2020

	<u>COMMUNITY AND PATIENT SERVICES</u>	<u>RESEARCH</u>	<u>EDUCATION AND ADVOCACY</u>	<u>TOTAL PROGRAM ACTIVITIES</u>
Research grant awards	\$ -	310,545	-	310,545
MG Patient Registry contracted services	-	164,963	-	164,963
Research contracted services	-	26,469	-	26,469
Compensation	270,262	148,934	84,683	503,879
Subcontracted services	203,961	67,483	112,393	383,837
Conferences and meetings	390	25,134	77,750	103,274
Marketing and communications	36,517	4,969	32,296	73,782
Information technology	29,548	4,014	28	33,590
Direct cost of events	20,327	-	17,327	37,654
Supplies and materials	10,210	-	3,532	13,742
Travel	1,118	360	-	1,478
Professional fees	-	4,712	-	4,712
Subscriptions	2,755	500	1,399	4,654
Other expenses	60	3,499	-	3,559
Depreciation and amortization	9,870	2,483	4,968	17,321
	<u>585,018</u>	<u>764,065</u>	<u>334,376</u>	<u>1,683,459</u>
total expenses	\$ <u>585,018</u>	<u>764,065</u>	<u>334,376</u>	<u>1,683,459</u>

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