

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

**FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2022**

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

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# Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## **Independent Auditor's Report**

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

### ***Opinion***

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, 2022 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022, 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.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Myasthenia Gravis Foundation of America, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Myasthenia Gravis Foundation of America's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Myasthenia Gravis Foundation of America's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Myasthenia Gravis Foundation of America's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Report on Summarized Comparative Information***

We have previously audited Myasthenia Gravis Foundation of America's 2021 financial statements, and we expressed a modified audit opinion on those audited financial statements in our report dated May 6, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Desmond & Akers, Ltd*

April 25, 2023  
Chicago, IL

**Myasthenia Gravis Foundation of America, Inc.**  
**Statements of Financial Position**  
**December 31, 2022**  
*(with summarized comparative information for December 31, 2021)*

|   | <b>2022</b>   | <b>2021</b> |
|---|---------------|-------------|
| <b><u>ASSETS</u></b>  |               |             |
| <b>Assets:</b>  |               |             |
| Cash and cash equivalents   | \$ 1,069,936  | 899,114     |
| Investments   | 9,662,414     | 10,904,520  |
| Accounts receivable   | 192,976       | 402         |
| Unconditional promises to give  | 173,000       | 95,680      |
| Prepaid expenses  | 152,115       | 39,619      |
| Capitalized software costs, net of amortization<br>of \$260,526 in 2022 and \$236,614 in 2021 | 113,510       | 137,422     |
| Total assets  | \$ 11,363,951 | 12,076,757  |
| <b><u>LIABILITIES AND NET ASSETS</u></b>  |               |             |
| <b>Liabilities:</b>   |               |             |
| Accounts payable  | \$ 99,330     | 174,107     |
| Research grant awards payable   | 784,166       | 453,750     |
| Accrued expenses  | 231,753       | 376,510     |
| Deferred revenue  | 155,879       | 213,651     |
| Refundable advances   | 60,000        | -           |
| Total liabilities   | 1,331,128     | 1,218,018   |
| <b>Net assets:</b>  |               |             |
| Without donor restrictions  | 5,381,564     | 4,878,498   |
| With donor restrictions:  |               |             |
| Purpose restrictions  | 284,971       | 441,996     |
| Endowment   | 4,366,288     | 5,538,245   |
| Total with donor restrictions   | 4,651,259     | 5,980,241   |
| Total net assets  | 10,032,823    | 10,858,739  |
| Total liabilities and net assets  | \$ 11,363,951 | 12,076,757  |

**Myasthenia Gravis Foundation of America, Inc.**  
**Statements of Activities**  
**Year Ended December 31, 2022**

*(with summarized comparative information for the year ended December 31, 2021)*

|   | WITHOUT<br>DONOR<br>RESTRICTIONS | WITH DONOR RESTRICTIONS |                         |                    | 2022 TOTAL       | 2021 TOTAL       |
|---|----------------------------------|-------------------------|-------------------------|--------------------|------------------|------------------|
|   |                                  | ENDOWMENT               | PURPOSE<br>RESTRICTIONS | SUBTOTAL           |                  |                  |
| <b>Public support and revenue:</b>      |                                  |                         |                         |                    |                  |                  |
| Grants and contributions                | \$ 2,838,275                     | -                       | 275,000                 | 275,000            | 3,113,275        | 2,196,592        |
| Bequests                                | 436,831                          | -                       | -                       | -                  | 436,831          | 455,143          |
| Fundraising and special events          | 216,409                          | -                       | -                       | -                  | 216,409          | 251,624          |
| Research contract revenue               | 171,148                          | -                       | -                       | -                  | 171,148          | 189,501          |
| Investment return (loss)                | (329,825)                        | (913,320)               | -                       | (913,320)          | (1,243,145)      | 880,016          |
| Other revenue                           | 284,921                          | -                       | -                       | -                  | 284,921          | 157,922          |
| Net assets released from restrictions   | 690,662                          | (258,637)               | (432,025)               | (690,662)          | -                | -                |
| <b>Total public support and revenue</b> | <b>4,308,421</b>                 | <b>(1,171,957)</b>      | <b>(157,025)</b>        | <b>(1,328,982)</b> | <b>2,979,439</b> | <b>4,130,798</b> |
| <b>Expenses:</b>                        |                                  |                         |                         |                    |                  |                  |
| Program activities:                     |                                  |                         |                         |                    |                  |                  |
| Community and patient services          | 465,807                          | -                       | -                       | -                  | 465,807          | 516,882          |
| Research                                | 1,807,779                        | -                       | -                       | -                  | 1,807,779        | 1,066,955        |
| Education and advocacy                  | 568,693                          | -                       | -                       | -                  | 568,693          | 497,162          |
| <b>Total program services</b>           | <b>2,842,279</b>                 | <b>-</b>                | <b>-</b>                | <b>-</b>           | <b>2,842,279</b> | <b>2,080,999</b> |
| Supporting activities:                  |                                  |                         |                         |                    |                  |                  |
| Management and general                  | 384,341                          | -                       | -                       | -                  | 384,341          | 411,185          |
| Development                             | 578,735                          | -                       | -                       | -                  | 578,735          | 513,929          |
| <b>Total supporting services</b>        | <b>963,076</b>                   | <b>-</b>                | <b>-</b>                | <b>-</b>           | <b>963,076</b>   | <b>925,114</b>   |
| <b>Total expenses</b>                   | <b>3,805,355</b>                 | <b>-</b>                | <b>-</b>                | <b>-</b>           | <b>3,805,355</b> | <b>3,006,113</b> |
| Change in net assets                    | 503,066                          | (1,171,957)             | (157,025)               | (1,328,982)        | (825,916)        | 1,124,685        |
| Net assets, beginning of year           | 4,878,499                        | 5,538,244               | 441,996                 | 5,980,240          | 10,858,739       | 9,734,054        |
| Net assets, end of year                 | \$ 5,381,565                     | 4,366,287               | 284,971                 | 4,651,258          | 10,032,823       | 10,858,739       |

**Myasthenia Gravis Foundation of America, Inc.**  
**Statements of Activities**  
**Year Ended December 31, 2022**

*(with summarized comparative information for the year ended December 31, 2021)*

|   | <u>PROGRAM<br/>ACTIVITIES</u> | <u>MANAGEMENT<br/>GENERAL</u> | <u>DEVELOPMENT</u> | <u>2022<br/>TOTAL</u> | <u>2021<br/>TOTAL</u> |
|---|-------------------------------|-------------------------------|--------------------|-----------------------|-----------------------|
| Research grant awards                   | \$ 789,999                    | -                             | -                  | 789,999               | 425,000               |
| MG Patient Registry contracted services | 180,739                       | -                             | -                  | 180,739               | 164,966               |
| Research contracted services            | 53,833                        | -                             | -                  | 53,833                | 161,503               |
| Compensation                            | 882,704                       | 162,593                       | 307,411            | 1,352,708             | 1,139,377             |
| Subcontracted services                  | 88,276                        | 72,985                        | 44,718             | 205,979               | 385,247               |
| Conferences and meetings                | 512,587                       | 5,724                         | -                  | 518,311               | 102,540               |
| Marketing and communications            | 99,897                        | 14,180                        | 27,461             | 141,538               | 131,611               |
| Program technology                      | 135,276                       | -                             | -                  | 135,276               | 96,314                |
| Information technology                  | 25,645                        | 32,336                        | 71,055             | 129,036               | 173,629               |
| Direct cost of events                   | 13,182                        | -                             | 96,152             | 109,334               | 92,752                |
| Supplies and materials                  | 1,474                         | 2,382                         | 12,661             | 16,517                | 9,642                 |
| Travel                                  | 30,934                        | 20,343                        | 7,309              | 58,586                | 5,842                 |
| Professional fees                       | -                             | 14,259                        | -                  | 14,259                | 20,663                |
| Insurance                               | 1,356                         | 20,492                        | 427                | 22,275                | 18,931                |
| Subscriptions                           | 2,275                         | 1,605                         | 7,084              | 10,964                | 12,895                |
| Registration and licenses               | 740                           | 12,090                        | -                  | 12,830                | 14,202                |
| Merchant service fees                   | -                             | 22,307                        | 2,032              | 24,339                | 22,405                |
| Other expenses                          | 1,138                         | 3,045                         | 736                | 4,919                 | 6,160                 |
| Depreciation and amortization           | 22,224                        | -                             | 1,689              | 23,913                | 22,434                |
| Total expenses                          | <u>\$ 2,842,279</u>           | <u>384,341</u>                | <u>578,735</u>     | <u>3,805,355</u>      | <u>3,006,113</u>      |

**Myasthenia Gravis Foundation of America, Inc.**  
**Statements of Cash Flows**  
**Year ended December 31, 2022**  
*(with summarized comparative information for December 31, 2021)*

|  | <b>2022</b>         | <b>2021</b>      |
|--|---------------------|------------------|
| <b>Cash provided by (applied to) operating activities:</b>   |                     |                  |
| Change in net assets   | \$ (825,916)        | 1,124,685        |
| Adjustments to reconcile change in net assets to net cash provided by (applied to) operating activities: |                     |                  |
| Depreciation and amortization expense  | 23,913              | 22,434           |
| Investment (return) loss   | 1,243,145           | (880,016)        |
| Changes in:  |                     |                  |
| Accounts receivable  | (192,574)           | (402)            |
| Unconditional promises to give   | (77,320)            | (55,678)         |
| Prepaid expenses   | (112,497)           | 6,024            |
| Accounts payable   | (74,777)            | 58,057           |
| Research grant awards payable  | 330,416             | (38,884)         |
| Accrued expenses   | (144,757)           | 239,378          |
| Deferred revenue   | (57,772)            | 86,854           |
| Refundable advances  | 60,000              | -                |
|  | <u>171,861</u>      | <u>562,452</u>   |
| <b>Cash provided by (applied to) investing activities:</b>   |                     |                  |
| Purchase of investments  | (1,039)             | (640,000)        |
| Capital expenditures   | -                   | (126,600)        |
|  | <u>(1,039)</u>      | <u>(766,600)</u> |
| Net cash provided by (applied to) investing activities   | <u>(1,039)</u>      | <u>(766,600)</u> |
| Net increase (decrease) in cash and cash equivalents   | 170,822             | (204,148)        |
| Cash and cash equivalents, beginning of year   | <u>899,114</u>      | <u>1,103,262</u> |
| Cash and cash equivalents, end of year   | <u>\$ 1,069,936</u> | <u>899,114</u>   |



# 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, 2022, the Foundation has been awarded \$215,879 from grants for which the conditions have not been satisfied.

#### **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.

**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.

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.

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 \$23,913 for the year ended December 31, 2022.

Furniture and Equipment

Furniture and equipment over \$2,000 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. There was no depreciation expense for the year ended December 31, 2022.

**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, 2022.

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, 2022.

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.

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.

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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.

Subsequent Events

Subsequent events have been evaluated through April 25, 2023, the date that the financial statements were available for issue.

**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, 2022:

|                                |                      |
|--------------------------------|----------------------|
| Financial assets at year-end:  |                      |
| Cash and cash equivalents      | \$ 1,069,936         |
| Unconditional promises to give | 173,000              |
| Investments                    | <u>9,662,414</u>     |
|                                | \$ <u>10,905,350</u> |

Less: amounts not available for general expenditures  
within one year, due to:

|   |                     |
|---|---------------------|
| Donor-restricted for a specific purpose | \$ 816,811          |
| Board-designated operating reserve      | 1,503,057           |
| Perpetual restrictions                  | <u>3,834,447</u>    |
|   | \$ <u>6,154,315</u> |

|   |                     |
|---|---------------------|
| Financial assets available to meet cash needs<br>For general expenditures within one year | \$ <u>4,751,035</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.

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

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 3 – LIQUIDITY AND AVAILABILITY, CONTINUED**

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.

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

MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

**NOTE 4 - ENDOWMENT, CONTINUED**

Composition by Type of Fund

Endowment net asset composition by type of fund as of December 31, 2022:

|                                     | <u>Restricted for<br/>Research</u> | <u>Original<br/>Endowment Gift</u> | <u>TOTAL</u>     |
|-------------------------------------|------------------------------------|------------------------------------|------------------|
| Donor-restricted<br>endowment funds | \$ <u>531,841</u>                  | <u>3,834,447</u>                   | <u>4,366,288</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, 2022.

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.

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

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 4 - ENDOWMENT, CONTINUED**

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%         |

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<br/>FOR RESEARCH</u> | <u>ORIGINAL<br/>GIFT</u> | <u>TOTAL</u>     |
|--|------------------------------------|--------------------------|------------------|
| Endowment net assets,<br>January 1, 2022   | 1,703,798                          | 3,834,447                | 5,538,245        |
| Investment return, net                     | ( 913,320)                         | -                        | ( 913,320)       |
| Appropriation                              | ( 258,637)                         | -                        | ( 258,637)       |
| Endowment net assets,<br>December 31, 2022 | \$ <u>531,841</u>                  | <u>3,834,447</u>         | <u>4,366,288</u> |

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

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 5 - INVESTMENTS**

Investments, reported at market value for the year ending December 31, 2022, consists of the following:

|                           |    |                  |
|---------------------------|----|------------------|
| Cash and cash equivalents | \$ | 942,607          |
| US equities               |    | 3,884,318        |
| International equities    |    | 1,569,518        |
| Fixed income              |    | 2,942,450        |
| Other                     |    | <u>323,521</u>   |
|                           | \$ | <u>9,662,414</u> |

**NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of December 31, 2022 are restricted for the following purposes:

|                                    |    |                  |
|------------------------------------|----|------------------|
| Nurses Grant Fund                  | \$ | 6,659            |
| Patient services                   |    | 20,018           |
| Education Initiative               |    | 30,000           |
| Research Funding                   |    | 12,316           |
| Professional manuals               |    | 9,728            |
| McSpadden Post-Doctoral Fellowship |    | 206,250          |
| Endowment – original gift          |    | 3,834,447        |
| Endowment - research               |    | <u>531,841</u>   |
|                                    | \$ | <u>4,651,259</u> |

**NOTE 8 - CONCENTRATION RISKS**

At December 31, 2022, cash and investments on deposit at one financial institution totaled \$9,662,414, 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.



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

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 9 - INCOME TAXES, CONTINUED**

The Foundation has evaluated its tax positions taken for all open tax years. Currently, the 2019, 2020 and 2021 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, 2022.

**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 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: <ul style="list-style-type: none"><li>• Quoted prices for similar assets or liabilities in active markets;</li><li>• Quoted prices for identical or similar assets or liabilities in inactive markets;</li><li>• Inputs other than quoted prices that are observable for the asset or liability;</li><li>• Inputs that are derived principally from or corroborated by observable market data by correlation or other means.</li></ul> |

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 10 - 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, 2022.

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.

|                               | <b>Asset at Fair Value as of December 31, 2022</b> |                       |                       |                     |
|-------------------------------|--|-----------------------|-----------------------|---------------------|
|                               | <b><u>Level 1</u></b>                              | <b><u>Level 2</u></b> | <b><u>Level 3</u></b> | <b><u>Total</u></b> |
| Assets:                       |  |                       |                       |                     |
| Investments                   | <u>9,662,414</u>                                   | <u>-</u>              | <u>-</u>              | <u>9,662,414</u>    |
| Total assets at fair value \$ | <u>9,662,414</u>                                   | <u>-</u>              | <u>-</u>              | <u>9,662,414</u>    |

For the year ended December 31, 2022, there were no transfers between Levels 1 and 2 and no transfers in or out of Level 3.

**NOTE 11 – 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. Employer contributions to the plan totaled \$15,128 for the year ended December 31, 2022. The Plan allows for employee salary deferral contributions.

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

**Myasthenia Gravis Foundation of America, Inc.**  
**Supplemental Statement of Program Expenses**  
**Year Ended December 31, 2022**

|                                | COMMUNITY<br>AND<br>PATIENT SERVICES | RESEARCH         | EDUCATION<br>AND<br>ADVOCACY | TOTAL<br>PROGRAM<br>ACTIVITIES |
|--------------------------------|--------------------------------------|------------------|------------------------------|--------------------------------|
| Research Grants Awarded        | \$ -                                 | 789,999          | -                            | 789,999                        |
| MG Patient Registry            | -                                    | 180,739          | -                            | 180,739                        |
| Research Contract Costs        | -                                    | 53,833           | -                            | 53,833                         |
| Compensation                   | 428,851                              | 274,554          | 179,298                      | 882,703                        |
| Subcontracted Services         | 1,083                                | 8,930            | 78,264                       | 88,277                         |
| Conferences and meetings       | 184                                  | 468,171          | 44,232                       | 512,587                        |
| Marketing and communications   | 5,723                                | 5,006            | 89,168                       | 99,897                         |
| Program Technology             | -                                    | -                | 135,276                      | 135,276                        |
| Information Tech and Data Mgmt | 5,398                                | 2,750            | 17,497                       | 25,645                         |
| MG Events Direct Expenses      | 3,750                                | -                | 9,432                        | 13,182                         |
| Supplies and Materials         | 215                                  | 526              | 733                          | 1,474                          |
| Travel                         | -                                    | 20,616           | 10,318                       | 30,934                         |
| Insurance                      | 707                                  | 356              | 293                          | 1,356                          |
| Subscriptions                  | 0                                    | -                | 2,275                        | 2,275                          |
| Registration and Licenses      | 0                                    | 740              | -                            | 740                            |
| Other expenses                 | 155                                  | 731              | 252                          | 1,138                          |
| Depreciation and amortization  | 19,741                               | 828              | 1,655                        | 22,224                         |
| total expenses                 | \$ <u>465,807</u>                    | <u>1,807,779</u> | <u>568,693</u>               | <u>2,842,279</u>               |