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NATIONAL HEADQUARTERS OF MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

Beth A. Ulbrich

1707 N. Randall Road, Ste. 200

Elgin, Illinois 60123

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the National Headquarters of Myasthenia Gravis Foundation of America, Inc., which comprise the statement of financial position as of December 31, 2014, 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 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 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 the National Headquarters of Myasthenia Gravis Foundation of America, Inc. as of December 31, 2014, 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 Myasthenia Gravis Foundation of America's financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 15, 2014. In our opinion, the comparative information presented herein as of the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Muller & Co., LLP

Elgin, Illinois
April 29, 2015

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

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2014 and 2013

ASSETS

	2014	2013
Assets:		
Cash and cash equivalents	\$ 19,007	291,084
Investments	6,640,307	6,342,491
Assessments receivable from affiliated chapters	15,705	18,545
Unconditional promises to give	17,818	127,390
Capitalized software costs, net of amortization of \$141,945 in 2014 and \$95,028 in 2013	131,775	102,862
Prepaid expenses	72,072	61,531
	\$ 6,896,684	6,943,903

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 135,779	155,689
Research grant awards payable	282,504	180,000
	418,283	335,689
Net assets:		
Unrestricted	1,512,553	1,414,514
Temporarily restricted	1,131,401	1,359,253
Permanently restricted	3,834,447	3,834,447
	6,478,401	6,608,214
	\$ 6,896,684	6,943,903

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

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

STATEMENT OF ACTIVITIES

**YEAR ENDED DECEMBER 31, 2014
WITH COMPARATIVE TOTALS FOR 2013**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	2014 TOTAL ALL FUNDS	2013 TOTAL ALL FUNDS
Public Support and Revenue:					
Public support:					
Individuals	\$ 216,093	-	-	216,093	221,178
Corporations	46,594	2,500	-	49,094	32,017
Sponsorships	56,500	-	-	56,500	15,000
Foundations	54,705	-	-	54,705	56,903
Legacies	90,578	880	-	91,458	245,671
Chapters	-	16,232	-	16,232	92,666
Public agencies	20,586	-	-	20,586	49,129
MG Walk	784,258	-	-	784,258	708,902
In-kind contributions	10,469	-	-	10,469	6,222
	<u>1,279,783</u>	<u>19,612</u>	<u>-</u>	<u>1,299,395</u>	<u>1,427,688</u>
Revenue:					
Chapter assessments	33,162	-	-	33,162	61,011
Merchandise sales	2,082	-	-	2,082	1,898
Meeting and convention fees	23,988	-	-	23,988	21,781
Investment income	99,714	186,808	-	286,522	848,712
	<u>158,946</u>	<u>186,808</u>	<u>-</u>	<u>345,754</u>	<u>933,402</u>
Net assets released from restrictions - Purpose restrictions satisfied by payments	434,272	(434,272)	-	-	-
	<u>1,873,001</u>	<u>(227,852)</u>	<u>-</u>	<u>1,645,149</u>	<u>2,361,090</u>
Expenses:					
Program expenses:					
Chapter and patient services	427,992	-	-	427,992	340,818
Annual conference	120,575	-	-	120,575	97,610
Public information	445,496	-	-	445,496	340,634
Medical and nurse advisory boards	15,680	-	-	15,680	11,479
Research	328,765	-	-	328,765	228,716
	<u>1,338,508</u>	<u>-</u>	<u>-</u>	<u>1,338,508</u>	<u>1,019,257</u>
Supporting services:					
Management and general	157,442	-	-	157,442	138,458
Fund raising	279,012	-	-	279,012	256,705
	<u>436,454</u>	<u>-</u>	<u>-</u>	<u>436,454</u>	<u>395,163</u>
Total expenses	<u>1,774,962</u>	<u>-</u>	<u>-</u>	<u>1,774,962</u>	<u>1,414,420</u>
Change in net assets	98,039	(227,852)	-	(129,813)	946,670
Net assets, beginning of year	1,414,514	1,359,253	3,834,447	6,608,214	5,661,544
Net assets, end of year	<u>\$ 1,512,553</u>	<u>1,131,401</u>	<u>3,834,447</u>	<u>6,478,401</u>	<u>6,608,214</u>

The accompanying notes are an integral part of the financial

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

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Cash provided by (applied to) operating activities:		
Change in net assets	\$ (129,813)	946,670
Adjustments to reconcile change in net assets to net cash provided by (applied to) operating activities:		
Amortization expense	46,917	60,442
Unrealized net market gains	(24,196)	(660,571)
Realized market gains	(132,761)	(94,704)
Contribution of marketable securities	(11,293)	-
Dividends and interest	(200,876)	(157,640)
Investment management fees	71,310	64,203
Changes in:		
Accrued interest receivable	-	221
Assessments receivable from affiliated chapters	2,840	17,411
Other receivables	-	35,727
Prepaid expenses	(10,541)	(6,416)
Accounts payable	(19,910)	107,611
Unconditional promise to give	109,572	(127,390)
Research grant awards payable	102,504	117,500
	(196,247)	303,064
Cash applied to investing activities:		
Purchases of investments	-	(252,747)
Software development costs	(75,830)	(100,000)
	(75,830)	(352,747)
Net decrease in cash and cash equivalents	(272,077)	(49,683)
Cash and cash equivalents, beginning of year	291,084	340,767
Cash and cash equivalents, end of year	\$ 19,007	291,084

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

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

STATEMENT OF FUNCTIONAL EXPENSES

**YEAR ENDED DECEMBER 31, 2014
WITH COMPARATIVE TOTALS FOR 2013**

	PROGRAM SERVICES	MANAGEMENT	FUND RAISING	2014 TOTAL	2013 TOTAL
Research grant and project funding	\$ 277,999	-	-	277,999	172,500
MG Patient Registry support fees	87,546	-	-	87,546	-
Management fees	354,989	68,371	72,434	495,794	362,106
Annual conference site expenses	56,313	-	-	56,313	46,343
Other conferences expenses	2,188	-	-	2,188	1,132
Printing and copying	83,419	11,802	11,624	106,845	80,721
Postage and shipping	39,136	2,085	13,910	55,131	60,517
Audit and accounting	-	18,381	-	18,381	21,956
Legal	-	10,469	-	10,469	6,222
Insurance	10,700	2,675	-	13,375	14,381
Supplies	2,996	-	-	2,996	1,458
Professional services - MG Walk	185,586	-	92,793	278,379	277,083
MG Walk materials and supplies	118,046	-	59,023	177,069	151,950
Contributions to affiliates	47,367	-	-	47,367	59,066
Travel	17,552	12,734	7,087	37,373	33,116
Subscriptions and memberships	-	-	3,833	3,833	11,790
Office supplies	421	1,226	-	1,647	2,252
Telephone	1,547	764	-	2,311	4,272
Credit card processing and bank fees	-	22,419	-	22,419	23,982
Registrations and licenses	125	-	18,308	18,433	5,050
Website fees	5,661	5,016	-	10,677	8,757
Grant writer	-	-	-	-	9,324
Amortization	46,917	-	-	46,917	60,442
Other	-	1,500	-	1,500	-
	<u>\$ 1,338,508</u>	<u>157,442</u>	<u>279,012</u>	<u>1,774,962</u>	<u>1,414,420</u>

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The National Headquarters of the Myasthenia Gravis Foundation of America, Inc., (Foundation), is the national headquarters of a 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.

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

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers 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 statement 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.

Chapter Affiliates

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

Assessments Receivable

The Foundation carries its assessments receivable at the outstanding principal balance adjusted for the allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on the Foundation's historical bad debt experience, the aging of the receivable and based on management's judgment. Accounts deemed uncollectible are charged to the allowance for doubtful accounts. Management has determined that there are no accounts deemed uncollectible at December 31, 2014 and 2013.

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 \$46,917 and \$60,442 for the years ended December 31, 2014 and 2013, respectively.

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

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Donated Services

A substantial number of volunteers have donated services to the Foundation's program services and fund-raising campaigns during the year; however, 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 and 2013 this consisted of contributed legal services in the amount of \$10,469 and \$6,222, respectively.

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>
December 31, 2012	\$ 62,500	-
Research funding awarded in 2013	172,500	172,500
Cash disbursements of research funding	(32,500)	(-)
December 31, 2013	202,500	<u>172,500</u>
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>

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.

**NATIONAL HEADQUARTERS OF
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 April 29, 2015, 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 NYPMIFA.

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

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 2 - ENDOWMENT, CONTINUED

Interpretation of Relevant Law, continued

In accordance with NYPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

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

Composition by Type of Fund

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

Endowment net asset composition by type of fund as of December 31, 2013:

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
Donor-restricted endowment funds	\$ -	806,009	3,834,447	4,640,456

**NATIONAL HEADQUARTERS OF
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, 2014 and 2013, 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:

**NATIONAL HEADQUARTERS OF
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 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, December 31, 2012	-	<u>294,545</u>	<u>3,834,447</u>	<u>4,128,992</u>
Investment return:				
Investment income	-	105,852	-	105,852
Investment fees	-	(50,533)	-	(50,533)
Realized gains	-	87,572	-	87,572
Unrealized gains	-	<u>568,754</u>	-	<u>568,754</u>
Total investment return	-	<u>711,645</u>	-	<u>711,645</u>
Appropriation	-	(200,181)	-	(200,181)
Endowment net assets, December 31, 2013	-	<u>806,009</u>	<u>3,834,447</u>	<u>4,640,456</u>

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

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 2 - ENDOWMENT, CONTINUED

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

	<u>UNRESTRICTED</u>	TEMPORARILY <u>RESTRICTED</u>	PERMANENTLY <u>RESTRICTED</u>	<u>TOTAL</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	-	186,808	-	186,808
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>

NOTE 3 - INVESTMENTS

Investments, reported at market value for the year ending December 31, 2014 and 2013, consist of the following:

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 315,974	277,999
US and international equities	4,767,438	4,486,713
Fixed income	883,367	816,646
Balanced	146,532	307,625
Alternative strategy mutual funds	46,290	98,478
Real estate funds	<u>480,706</u>	<u>355,030</u>
	\$ <u>6,640,307</u>	<u>6,342,491</u>

Investment income for the years ending December 31, 2014 and 2013, consists of the following:

	<u>2014</u>	<u>2013</u>
Interest and dividends	\$ 200,876	157,640
Investment management fees	(71,310)	(64,203)
Realized gains on investments	132,761	94,704
Unrealized gains on investments	<u>24,196</u>	<u>660,571</u>
	\$ <u>286,523</u>	<u>848,712</u>

**NATIONAL HEADQUARTERS OF
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 include general administration of the National Headquarters, financial management, staffing, meeting and events management, patient services, fundraising, chapter services and communication services. For 2015, the management fee is comprised of a fixed fee of \$370,000 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>2014</u>	<u>2013</u>
Management fee - fixed fee	\$	344,933	220,000
Support services - variable		150,861	142,106

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, 2014 and 2013 are restricted for the following purposes:

		<u>2014</u>	<u>2013</u>
Nurses Grant Fund	\$	119	119
Research Funding		190,429	370,107
Continuing Medical Education		39,478	36,978
Dr. John Newsom-Davis Fund		14,552	14,552
Literature		449	449
Professional Manuals		14,728	19,631
Annual Meeting Scholarship		1,150	1,150
International Conference		91,385	91,385
Chapter Video		873	873
Patient Services		-	18,000
Research Funding-Endowment		<u>778,238</u>	<u>806,009</u>
	\$	<u>1,131,401</u>	<u>1,359,253</u>

**NATIONAL HEADQUARTERS OF
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, 2014 and 2013 are restricted for the following purposes:

	<u>2014</u>	<u>2013</u>
David Cummings Research Endowment	\$ 3,810,166	3,810,166
MGFA Research Endowment	<u>24,281</u>	<u>24,281</u>
	\$ <u>3,834,447</u>	<u>3,834,447</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, 2014, cash and investments on deposit at one financial institution totaled \$6,640,307, 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

There are fifteen chapters throughout the United States which are affiliated with the Foundation. As part of the affiliation agreement, they pay an annual assessment to the Foundation. In addition, chapters may provide additional contributions. The Foundation also shares a percentage of funds received from the Community Health Charities campaign and from the annual MG Walk with the chapters in the form of a contribution.

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

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 8 - RELATED PARTY TRANSACTIONS, CONTINUED

Transactions between the chapters and the Foundation were as follows:

	<u>2014</u>	<u>2013</u>
Contributions from affiliated chapters	\$ 16,232	92,666
Assessments	33,162	61,011
Contributed to affiliated chapters	47,367	59,066

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

	<u>2014</u>	<u>2013</u>
Assessments receivable from chapters	\$ 15,705	18,545
Accounts payable to chapters	30,404	24,202

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

A board member is the recipient of a \$25,000 research grant awarded in 2011. This grant is payable as of December 31, 2014.

NOTE 9 - INCOME TAXES

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

The Foundation has adopted accounting principles related to uncertain tax positions and has evaluated its tax positions taken for all open tax years. Currently, the 2011, 2012 and 2013 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, 2014 and 2013.

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

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 10 - FAIR VALUE MEASUREMENTS

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

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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

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

**NATIONAL HEADQUARTERS OF
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 (NAV) of shares held by the Foundation at year end.

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

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

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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

	<u>2014</u>	<u>2013</u>
Level 1	\$ 6,640,307	6,342,491
Level 2	-	-
Level 3	-	-
	\$ <u>6,640,307</u>	<u>6,342,491</u>

NOTE 11 - JOINT COST OF ACTIVITIES THAT INCLUDE A FUND RAISING 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 fund-raising appeal. Costs of \$455,448 and \$429,034 were incurred for the MG Walk for the years ended December 31, 2014 and 2013, respectively. The following is the allocation of these costs:

	<u>2014</u>	<u>2013</u>
Program costs	\$ 293,632	277,083
Fund raising	<u>151,816</u>	<u>151,950</u>
	\$ <u>445,448</u>	<u>429,033</u>

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

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 12 - RECLASSIFICATION

Certain amounts in the 2013 financial statements have been reclassified to conform with the year 2014 presentation.

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



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INDEPENDENT AUDITORS' REPORT

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

Our report on our audit of the basic financial statements of the National Headquarters of Myasthenia Gravis Foundation of America, Inc. for the year ended December 31, 2014 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, 2014 taken as a whole.

Mueller & Co., LLP

Elgin, Illinois
April 29, 2015

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

SUPPLEMENTAL STATEMENT OF FINANCIAL POSITION BY FUND

AS OF DECEMBER 31, 2014

ASSETS

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>2014 ALL FUNDS</u>
Assets:				
Cash and cash equivalents	\$ 14,689	4,318	-	19,007
Investments	898,127	1,158,976	4,583,204	6,640,307
Assessment receivable from affiliated chapters	15,705	-	-	15,705
Unconditional promises to give	17,818	-	-	17,818
Capitalized software costs, net of amortization	131,775	-	-	131,775
Prepaid expenses	72,072	-	-	72,072
	<u>1,150,186</u>	<u>1,163,294</u>	<u>4,583,204</u>	<u>6,896,684</u>

LIABILITIES AND NET ASSETS

Liabilities:				
Accounts payable	135,779	-	-	135,779
Research grant awards payable	-	282,504	-	282,504
Interfund payable	(498,146)	(250,611)	748,757	-
	<u>(362,367)</u>	<u>31,893</u>	<u>748,757</u>	<u>418,283</u>
Net assets	<u>1,512,553</u>	<u>1,131,401</u>	<u>3,834,447</u>	<u>6,478,401</u>
	<u>\$ 1,150,186</u>	<u>1,163,294</u>	<u>4,583,204</u>	<u>6,896,684</u>

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

SUPPLEMENTAL STATEMENT OF PROGRAM EXPENSES

YEAR ENDED DECEMBER 31, 2014

	CHAPTER AND PATIENT SERVICES	ANNUAL CONFERENCE	PUBLIC INFORMATION	MEDICAL AND NURSE ADVISORY BOARDS	RESEARCH	TOTAL PROGRAM EXPENSES
Research grant and project funding	-	-	-	-	277,999	277,999
MG Patient Registry support fees	-	-	87,546	-	-	87,546
Management fees	167,815	45,827	116,921	12,213	12,213	354,989
Annual conference site expenses	-	56,313	-	-	-	56,313
Other conferences	-	-	-	-	2,188	2,188
Printing and copying	4,042	6,893	67,341	229	4,914	83,419
Postage and shipping	5,495	2,190	-	-	31,451	39,136
Insurance	10,700	-	-	-	-	10,700
Supplies	-	1,150	1,846	-	-	2,996
Professional services - MG Walk	92,793	-	92,793	-	-	185,586
MG Walk materials and supplies	59,023	-	59,023	-	-	118,046
Contributions to affiliates	47,367	-	-	-	-	47,367
Travel	5,678	7,706	1,055	3,113	-	17,552
Office supplies	-	421	-	-	-	421
Telephone	1,024	75	448	-	-	1,547
Registrations and licenses	-	-	-	125	-	125
Website fees	-	-	5,661	-	-	5,661
Amortization	34,055	-	12,862	-	-	46,917
	<u>\$ 427,992</u>	<u>120,575</u>	<u>445,496</u>	<u>15,680</u>	<u>328,765</u>	<u>1,338,508</u>