

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

**AUDITED FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2009**

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**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying statement of financial position of National Headquarters of the Myasthenia Gravis Foundation of America, Inc., as of December 31, 2009, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of National Headquarters of the Myasthenia Gravis Foundation of America, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Foundation for the year ended December 31, 2008, were audited by other auditors whose report dated April 6, 2009 expressed an unqualified opinion on those statements. The 2008 summarized comparative information on the statement of activities and functional expenses has been derived from the Foundation's 2008 audited financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Headquarters of the Myasthenia Gravis Foundation of America, Inc., as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Mueller & Co., LLP*

Elgin, Illinois  
April 29, 2010

NATIONAL HEADQUARTERS OF MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2009

ASSETS

	<u>2009</u>	<u>2008</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 1,413,394	1,058,618
Investments	3,777,269	3,390,392
Accrued interest receivable	7,838	16,367
Bequests receivable	-	42,000
Assessments receivable from affiliated chapters	26,862	31,952
Inventory	3,643	12,565
Prepaid expenses	16,870	9,513
	<u>\$ 5,245,876</u>	<u>4,561,407</u>

LIABILITIES AND NET ASSETS

<b>Liabilities:</b>		
Accounts payable	\$ 29,377	21,849
Due to former chapter affiliate	-	48,465
Fellowships payable	311,575	12,500
Deferred revenue	-	5,000
	<u>340,952</u>	<u>87,814</u>
<b>Net assets:</b>		
Unrestricted	830,446	263,484
Temporarily restricted	240,031	375,662
Permanently restricted	3,834,447	3,834,447
	<u>4,904,924</u>	<u>4,473,593</u>
	<u>\$ 5,245,876</u>	<u>4,561,407</u>

; 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, 2009  
WITH COMPARATIVE TOTALS FOR 2008

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	2009 TOTAL ALL FUNDS	2008 ALL FUNDS
<b>Public Support and Revenue:</b>					
Public support:					
Individuals	\$ 124,337	-	-	124,337	128,472
Corporations	24,420	-	-	24,420	27,445
Foundations	60,209	-	-	60,209	21,735
Boards	8,327	-	-	8,327	5,580
Legacies	115,646	6,050	-	121,696	211,696
Chapters	7,937	109,929	-	117,866	93,770
Public agencies	52,837	-	-	52,837	53,088
	<u>393,713</u>	<u>115,979</u>	<u>-</u>	<u>509,692</u>	<u>541,786</u>
Revenue:					
Chapter assessments	64,281	-	-	64,281	94,454
Merchandise sales	4,364	-	-	4,364	3,461
Meeting and convention fees	55,246	-	-	55,246	62,445
Other	440	-	-	440	1,595
Investment income (loss)	90,190	-	635,695	725,885	(992,162)
	<u>214,521</u>	<u>-</u>	<u>635,695</u>	<u>850,216</u>	<u>(830,207)</u>
Net assets released from restrictions - Restrictions satisfied by payments	<u>251,610</u>	<u>(251,610)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>859,844</u>	<u>(135,631)</u>	<u>635,695</u>	<u>1,359,908</u>	<u>(288,421)</u>
<b>Expenses:</b>					
Program expenses:					
Patient services	86,572	-	-	86,572	61,715
Annual meeting	61,566	-	-	61,566	77,901
Scientific session	3,755	-	-	3,755	6,320
Chapter development	138,562	-	-	138,562	79,679
Public information	50,429	-	-	50,429	27,879
Medical and nurse advisory boards	11,104	-	-	11,104	14,133
Research	383,251	-	-	383,251	171,176
	<u>735,239</u>	<u>-</u>	<u>-</u>	<u>735,239</u>	<u>438,803</u>
Supporting services:					
Management and general	154,350	-	-	154,350	153,572
Fund raising	38,988	-	-	38,988	36,422
	<u>193,338</u>	<u>-</u>	<u>-</u>	<u>193,338</u>	<u>189,994</u>
Total expenses	<u>928,577</u>	<u>-</u>	<u>-</u>	<u>928,577</u>	<u>628,797</u>
Change in obligation to replenish endowment corpus	<u>635,695</u>	<u>-</u>	<u>(635,695)</u>	<u>-</u>	<u>-</u>
Change in net assets	566,962	(135,631)	-	431,331	(917,218)
Net assets, beginning of year	<u>263,484</u>	<u>375,662</u>	<u>3,834,447</u>	<u>4,473,593</u>	<u>5,390,811</u>
Net assets, end of year	\$ <u>830,446</u>	<u>240,031</u>	<u>3,834,447</u>	<u>4,904,924</u>	<u>4,473,593</u>

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

NATIONAL HEADQUARTERS OF MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<b>Cash provided by (applied to) operating activities:</b>		
Change in net assets	\$ 431,331	(917,218)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Donation of securities	-	(157,257)
Unrealized market gains and losses	(805,574)	1,161,522
Realized market losses	158,987	-
Bad debt	-	(30,000)
Changes in:		
Accrued interest receivable	8,529	(16,367)
Bequests receivable	42,000	(42,000)
Assessments receivable	5,090	124,691
Inventory	8,922	-
Prepaid expenses	(7,357)	152
Accounts payable	7,528	(14,914)
Chapter funds	(48,465)	48,465
Fellowships payable	299,075	(50,000)
Deferred revenue	(5,000)	(500)
	<u>95,066</u>	<u>106,574</u>
<b>Cash applied to (provided by) investing activities:</b>		
Purchases of investments	(866,830)	(2,530,441)
Sales of investments	<u>1,126,540</u>	<u>1,626,800</u>
	<u>259,710</u>	<u>(903,641)</u>
Net increase (decrease) in cash and cash equivalents	354,776	(797,067)
Cash and cash equivalents, beginning of year	<u>1,058,618</u>	<u>1,855,685</u>
Cash and cash equivalents, end of year	\$ <u><u>1,413,394</u></u>	<u><u>1,058,618</u></u>

è 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, 2009  
WITH COMPARATIVE TOTALS FOR 2008

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT</u>	<u>FUND RAISING</u>	<u>2009 TOTAL</u>	<u>2008 TOTAL</u>
Research funding	\$ 364,731	-	-	364,731	167,468
Management fees	198,822	86,566	30,539	315,927	257,708
Meeting expenses	26,528	218	-	26,746	55,427
Printing and copying	56,574	9,937	724	67,235	38,097
Postage and shipping	13,007	1,504	-	14,511	23,955
Audit and accounting	5,494	16,557	-	22,051	14,050
Legal	-	3,232	-	3,232	2,725
Insurance	16,767	2,903	-	19,670	18,303
Supplies	1,225	-	-	1,225	3,197
Professional services	1,381	-	-	1,381	-
Bad debt	-	-	-	-	(2,384)
Contributions to affiliates	40,713	-	-	40,713	8,792
Travel	7,224	16,414	377	24,015	13,312
Subscription and memberships	-	7,475	2,471	9,946	10,500
Office supplies	1,060	1,578	177	2,815	1,211
Telephone	1,426	2,051	-	3,477	5,356
Registrations and licenses	-	-	4,700	4,700	4,641
Other	287	5,915	-	6,202	6,439
	<u>\$ 735,239</u>	<u>154,350</u>	<u>38,988</u>	<u>928,577</u>	<u>628,797</u>

accompanying notes are an integral part of the financial statements.

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

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

The National Headquarters of the Myasthenia Gravis Foundation of America, Inc., (Foundation), is the national headquarters of a non-profit foundation whose purpose is to find a cure for Myasthenia Gravis and related disorders of the neuromuscular junction, and to improve the lives of all people affected, through programs of medical research, patient care, patient services, professional education, and public information. The Foundation was located in St. Paul, Minnesota for the year 2008 and relocated to New York at the beginning of 2009.

**Financial Statement Presentation**

The statements of activities and functional expenses includes certain prior-year summarized comparative information in total but not by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2008, 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.



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

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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.

Cash and Cash Equivalents

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

Investments

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

Inventory

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

Contributions

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

Chapter Affiliates

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

Assessments Receivable

The Foundation carries its assessments receivable at the outstanding principal balance adjusted for the allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on the Foundation's historical bad debt experience, the aging of the receivable and based on management's judgment. Accounts deemed uncollectible are charged to the allowance for doubtful accounts. Management has determined that there are no accounts deemed uncollectable at December 31, 2009 and 2008.

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

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Donated Services

A substantial number of volunteers have donated services to the Foundation's program services and fund-raising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills as defined by generally accepted accounting principles. There were \$3,232 and \$2,725 of donated legal services as of December 31, 2009 and 2008, respectively.

Fellowships Payable

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

	<u>FELLOWSHIP PAYABLE</u>	<u>RESEARCH FUNDING EXPENSES</u>
December 31, 2007	\$ 62,500	-
Research funding awarded in 2008	260,000	260,000
Cash disbursements of research funding	( 217,468)	-
Refunded	<u>( 92,532)</u>	<u>( 95,532)</u>
December 31, 2008	12,500	<u>167,468</u>
Research funding awarded in 2009	372,450	372,450
Cash disbursements of research funding	( 73,375)	-
Refunded	<u>-</u>	<u>( 7,719)</u>
December 31, 2009	\$ <u>311,575</u>	<u>364,731</u>

Functional Expenses

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

Concentration of Credit Risk

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

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

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Concentration of Credit Risk, Continued

Management generally does not require collateral for assessments receivable from local chapters. Historically, the Foundation has not experienced significant losses related to receivables from individual chapters.

Subsequent Events

Subsequent events have been evaluated through April 29, 2010, the date that the financial statements were available for issue.

**NOTE 2 - ENDOWMENT**

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

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the Uniform Management of Institutional Funds Act (UMIFA) as adopted by the State of New York as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. 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 UMIFA. In accordance with UMIFA, 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) The investment policies of the Foundation

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

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 2 - ENDOWMENT, CONTINUED**

Composition by Type of Fund

As of December 31, 2009 all of the net assets of the endowment funds were classified as permanently restricted.

Funds with Deficiencies

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the historic dollar value at date of gift. In accordance with professional accounting standards, deficiencies of this nature that are reported in unrestricted net assets were \$212,474 at December 31, 2009 and \$848,169 at December 31, 2008. These deficiencies resulted from unfavorable market fluctuations.

Return Objectives and Risk Parameters

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

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

For Equity Assets:

1. The total rate of return of the various equity allocations within the overall equity allocation is to target returns that are comparable or better than similarly styled equity managers, net of all fees, measured over a complete market cycle (3-8 years).
2. The absolute annualized total rate of return target for the Foundation amounts allocated to equity investments is to capture a 2% to 5% return over the inflation rate for a complete market cycle (3-8 years). This is a desired target and the Board acknowledges that this objective may or may not be met or exceeded.

For Fixed Income Assets:

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

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

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 2 - 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 Limit	Upper Limit
Equities	10%	75%
Long Term Fixed Income Investments	0%	50%
Short Term Fixed Income Investments	0%	100%
Cash and Cash Equivalents	10%	100%

Spending Policy and How the Investment Objectives Relate to Spending Policy

Distributions from the David Cummings Research Endowment (which represents 99.4% of total endowment funds) are restricted for the purpose of funding research relating to the cause and/or cure of myasthenia gravis. Such distributions are limited on an annual basis to 5% of the average net fair market value, however the New York adoption of UMIFA prohibits distributions other than dividends and interest until such time as the historic dollar value of the original gift is restored. Once the historic dollar value is restored, the Board will determine the appropriate level of distributions (not to exceed the 5% stipulated by the donor) which will be consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity.

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

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 2 - ENDOWMENT, CONTINUED**

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

		TEMPORARILY UNRESTRICTED	PERMANENTLY RESTRICTED	RESTRICTED	TOTAL
Endowment net assets, December 31, 2007	\$	-	-	3,875,521	3,876,521
Investment return:					
Investment income		-	-	100,240	100,240
Investment fees		-	-	( 29,965)	( 29,965)
Net depreciation (Realized and unrealized)		( 848,169)	-	( 112,349)	( 960,518)
Total investment return		( 848,169)	-	( 42,074)	( 890,243)
Endowment net assets, December 31, 2008		( 848,169)	-	3,834,447	2,986,278
Investment return:					
Interest and dividends		-	-	87,621	87,621
Investment fees		-	-	( 27,093)	( 27,093)
Realized losses		-	-	( 159,038)	( 159,038)
Unrealized gains		-	-	734,205	734,205
Total investment return		-	-	635,695	635,695
Change in obligation to replenish corpus		635,695	-	( 635,695)	-
Endowment net assets, December 31, 2009	\$	( 212,474)	-	3,834,447	3,621,973

**NOTE 3 - INVESTMENTS**

Investments, reported at market value consist of the following:

		DECEMBER 31, 2009		
		TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	UNRESTRICTED
US Equities	\$	156,325	859,646	-
Mutual funds		-	859,342	-
International Equities		78,483	1,062,340	-
Fixed Income		119,351	641,782	500,000
Total	\$	354,159	3,423,110	500,000

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

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 3 - INVESTMENTS, CONTINUED**

		DECEMBER 31, 2008	
		TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED
US Equities	\$	159,323	640,273
Mutual funds		-	654,485
International Equities		53,223	493,010
Fixed Income		110,386	779,692
Total	\$	<u>322,932</u>	<u>2,567,460</u>

Investment income (loss) for the years ending December 31, 2009 and 2008 consists of the following:

		DECEMBER 31, 2009		
		UNRESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Interest and dividends	\$	21,347	87,621	108,968
Investment fees	(	2,526)	27,093)	29,619)
Realized gain (loss)	-	-	158,987)	158,987)
Unrealized gain		71,369	734,205	805,574
Total	\$	<u>90,190</u>	<u>635,746</u>	<u>725,936</u>

		DECEMBER 31, 2008		
		UNRESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Interest and dividends	\$	43,522	158,721	202,243
Investment fees	(	2,918)	29,965)	32,883)
Change in market value	(	142,523)	1,018,999)	1,161,522)
Total	\$	<u>(101,919)</u>	<u>890,243</u>	<u>992,162</u>

**NOTE 4 - MANAGEMENT CONTRACT**

Effective January 1, 2009 the Board entered into a contract for management services which include general administration of the National Headquarters, financial management, staffing, meeting and events management, patient services, fundraising, chapter services and communication services. The management fee is comprised of a fixed fee of \$200,000 and a variable support services fee based upon actual hours and capped at \$125,000. Either party may request amendments at any time.

Fees for services pursuant to this contract were as follows:

		2009	2008
Management fee	\$	200,000	200,000
Support services		115,927	57,708

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

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 5 - TEMPORARILY RESTRICTED FUNDS**

Temporarily restricted funds represent gifts, bequests, chapter assessments 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 of Postdoctoral fellowships. In addition, restricted funds are received for medical student fellowships and nurses' fellowships. The postdoctoral fellowships are \$50,000 each, student fellowships are \$3,000 each and nurse fellowships are generally under \$3,000 each.

The temporarily restricted net assets as of December 31, 2009 and 2008 are restricted for the following purposes:

	<u>2009</u>	<u>2008</u>
Nurses Grant Fund	\$ 2,500	-
Research Funding	-	129,220
Continuing Medical Education	96,222	157,243
Dr. John Newsom-Davis Fund	16,052	16,052
Literature	2,276	10,166
Nurses and Doctors Manual	31,831	31,831
Annual Meeting Scholarship	1,150	1,150
International Conference	<u>90,000</u>	<u>30,000</u>
Total	<u>\$ 240,031</u>	<u>375,662</u>

**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, 2009 and 2008 are restricted for the following purposes:

	<u>2009</u>	<u>2008</u>
Davis Cummings Research		
Endowment	\$ 3,810,166	3,810,166
MGFA Research Endowment	<u>24,281</u>	<u>24,281</u>
Total	<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.



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

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 7 - CONCENTRATION RISKS**

At December 31, 2009 and 2008, cash and investments on deposit at three financial institutions totaled \$3,996,294 and \$5,333,305, respectively. Of that amount, approximately \$4 and \$3 million at one institution exceeded 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.

A single bequest comprised 14% and 37% of total unrestricted support and revenue for the year ended December 31, 2009 and 2008, respectively. A contribution from an affiliated chapter comprised 79% and 77% of restricted support and revenue for the year ended December 31, 2009 and 2008, respectively.

**NOTE 8 - RELATED PARTIES**

Assessments and contributions are received from affiliated chapters. For the years ended December 31, 2009 and 2008, these contributions and assessments totaled \$182,147 and \$188,224, respectively. As of December 31, 2009 and 2008, contributions and assessments totaling \$26,862 and \$31,952 were due to the Foundation and are expected to be paid within one year. In addition, the Foundation paid \$40,713 and \$8,792, respectively, to affiliated chapters, which represents a percentage of funds received from the Combined Federal Campaign as of December 31, 2009 and 2008.

**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 recently issued accounting principles related to uncertain tax positions for the year ended December 31, 2009 and has evaluated its tax positions taken for all open tax years. Currently, the 2006, 2007 and 2008 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, 2009.

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

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 10 - FAIR VALUE MEASUREMENTS**

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

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

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

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

Level 2            Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3            Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2009 and 2008.

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

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

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 10 - FAIR VALUE MEASUREMENTS, CONTINUED**

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

Equity securities: Based on 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.

Within the fair value hierarchy, the Foundation assets consist of Level 1 inputs which had fair values of \$3,777,269 and \$3,390,392 as of December 31, 2009 and 2008, respectively.

**NOTE 11 - COMMITMENTS**

The Foundation entered into a commitment with the American Academy of Neurology Foundation during 2009 to co-sponsor the 2010 AANF – MFGA Clinician Scientist Development Award. The Foundation is responsible for providing \$150,000 for the Award plus \$2,500 per year for education expenses. The payments will be as follows:

\$52,500 by July 1, 2010  
\$52,500 by July 1, 2011  
\$52,500 by July 1, 2012

The second and third year payment is contingent upon the approval of the performance report due in spring of 2011.

**NOTE 12 - RECLASSIFICATION**

Certain amounts in the 2008 financial statement have been reclassified to conform with the year 2009 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**



**MUELLER & CO., LLP**  
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**INDEPENDENT AUDITORS' REPORT**

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

Our report on our audits of the basic financial statements of National Headquarters of the Myasthenia Gravis Foundation of America, Inc., for the year ended December 31, 2009 appears on page 1. The audit was made for the purpose of forming an opinion on such financial statements taken as a whole. The 2009 information on pages 19 and 20 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 2009 taken as a whole.

*Mueller & Co., LLP*

Elgin, Illinois  
April 29, 2010

NATIONAL HEADQUARTERS OF MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.

SUPPLEMENTAL STATEMENT OF FINANCIAL POSITION BY FUND

AS OF DECEMBER 31, 2009

ASSETS

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	2009 TOTAL ALL FUNDS
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,184,988	67,768	160,638	1,413,394
Investments	-	354,159	3,423,110	3,777,269
Accrued interest receivable	-	-	7,838	7,838
Bequest receivable	-	-	-	-
Assessment receivable from affiliated chapters	26,862	-	-	26,862
Inventory	3,643	-	-	3,643
Prepaid expenses	16,870	-	-	16,870
	<u>1,232,363</u>	<u>421,927</u>	<u>3,591,586</u>	<u>5,245,876</u>

LIABILITIES AND NET ASSETS

<b>Liabilities:</b>				
Accounts payable	29,377	-	-	29,377
Fellowship payable	-	311,575	-	311,575
Deferred revenue	-	-	-	-
Interfund payable	372,540	(129,679)	(242,861)	-
	401,917	181,896	(242,861)	340,952
<b>Net assets</b>	<u>830,446</u>	<u>240,031</u>	<u>3,834,447</u>	<u>4,904,924</u>
	<u>\$ 1,232,363</u>	<u>421,927</u>	<u>3,591,586</u>	<u>5,245,876</u>

NATIONAL HEADQUARTERS OF MYASTHENIA GRAVIS FOUNDATION OF AMERICA, INC.

SUPPLEMENTAL SCHEDULE OF PROGRAM EXPENSES

YEAR ENDED DECEMBER 31, 2009

	PATIENT SERVICES	ANNUAL MEETING	SCIENTIFIC SESSION AND INTERNATIONAL CONFERENCE	CHAPTER DEVELOPMENT	PUBLIC INFORMATION	MEDICAL AND NURSE ADVISORY BOARDS	RESEARCH	TOTAL PROGRAM EXPENSES
Research funding	\$ -	-	-	-	-	-	364,731	364,731
Management fees	49,558	26,239	-	63,846	40,428	8,592	10,159	198,822
Meeting expenses	-	25,205	-	-	-	1,323	-	26,528
Printing and copying	28,724	1,293	3,755	9,863	9,624	-	3,315	56,574
Postage and shipping	6,857	857	-	218	-	29	5,046	13,007
Audit and accounting	-	-	-	5,494	-	-	-	5,494
Insurance	-	-	-	16,767	-	-	-	16,767
Supplies	-	1,225	-	-	-	-	-	1,225
Professional services	475	-	-	906	-	-	-	1,381
Contributions to affiliates	-	-	-	40,713	-	-	-	40,713
Travel	-	5,687	-	-	377	1,160	-	7,224
Office supplies	-	1,060	-	-	-	-	-	1,060
Telephone	958	-	-	468	-	-	-	1,426
Other	-	-	-	287	-	-	-	287
	\$ 86,572	61,566	3,755	138,562	50,429	11,104	383,251	735,239