

FINANCIAL STATEMENTS



THE MYOSITIS ASSOCIATION

**FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2019**

THE MYOSITIS ASSOCIATION

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Statement of Financial Position, as of December 31, 2020, with Summarized Financial Information for 2019	4
EXHIBIT B - Statement of Activities and Change in Net Assets, for the Year Ended December 31, 2020, with Summarized Financial Information for 2019	5
EXHIBIT C - Statement of Functional Expenses, for the Year Ended December 31, 2020, with Summarized Financial Information for 2019	6
EXHIBIT D - Statement of Cash Flows, for the Year Ended December 31, 2020, with Summarized Financial Information for 2019	7
NOTES TO FINANCIAL STATEMENTS	8 - 15



CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Myositis Association
Alexandria, Virginia

We have audited the accompanying financial statements of The Myositis Association (TMA), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TMA as of December 31, 2020, and the change 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.

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Report on Summarized Comparative Information

We have previously audited TMA's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gelman Rosenberg & Friedman

September 30, 2021

THE MYOSITIS ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 119,379	\$ 157,055
Investments	1,991,607	1,831,869
Grant and accounts receivable	65,127	167,751
Prepaid expenses and other	30,111	14,946
Fixed assets, net	11,347	29,764
Security deposit	<u>24,669</u>	<u>24,669</u>
TOTAL ASSETS	\$ <u>2,242,240</u>	\$ <u>2,226,054</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued liabilities	\$ 97,076	\$ 73,766
Refundable advance	<u>100,000</u>	<u>263,557</u>
Total liabilities	<u>197,076</u>	<u>337,323</u>

NET ASSETS

Without donor restrictions	1,918,143	1,702,163
With donor restrictions	<u>127,021</u>	<u>186,568</u>
Total net assets	<u>2,045,164</u>	<u>1,888,731</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>2,242,240</u>	\$ <u>2,226,054</u>

THE MYOSITIS ASSOCIATION

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Grants and contributions	\$ 604,093	\$ 73,005	\$ 677,098	\$ 498,072
Conference and event income	101,846	-	101,846	234,858
Sponsorships	150,000	-	150,000	176,970
Investment income	194,180	-	194,180	207,713
Contributed services and materials	3,554	-	3,554	33,534
Federal grant	133,395	-	133,395	-
Other revenue	82,919	-	82,919	6,407
Net assets released from donor restrictions	<u>132,552</u>	<u>(132,552)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>1,402,539</u>	<u>(59,547)</u>	<u>1,342,992</u>	<u>1,157,554</u>
EXPENSES				
Program Services	<u>826,227</u>	<u>-</u>	<u>826,227</u>	<u>1,347,502</u>
Supporting Services:				
General and Administrative	281,382	-	281,382	198,149
Fundraising	<u>78,950</u>	<u>-</u>	<u>78,950</u>	<u>140,765</u>
Total supporting services	<u>360,332</u>	<u>-</u>	<u>360,332</u>	<u>338,914</u>
Total expenses	<u>1,186,559</u>	<u>-</u>	<u>1,186,559</u>	<u>1,686,416</u>
Change in net assets	215,980	(59,547)	156,433	(528,862)
Net assets at beginning of year	<u>1,702,163</u>	<u>186,568</u>	<u>1,888,731</u>	<u>2,417,593</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,918,143</u>	<u>\$ 127,021</u>	<u>\$ 2,045,164</u>	<u>\$ 1,888,731</u>

THE MYOSITIS ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

	2020					2019				
	Program Services				Total Program Services	Supporting Services			Total Expenses	Total Expenses
	Patient Education and Support	Advocacy	Physician Education	Research Funding		General and Administrative	Fundraising	Total Supporting Services		
Salaries and benefits	\$ 149,870	\$ 74,069	\$ 16,583	\$ 36,141	\$ 276,663	\$ 65,443	\$ 30,663	\$ 96,106	\$ 372,769	\$ 611,014
Professional fees	106,257	27,581	12,772	2,774	149,384	146,424	385	146,809	296,193	171,179
Grants	-	-	-	175,258	175,258	-	-	-	175,258	219,974
Rent	54,122	18,316	6,450	37,318	116,206	27,665	13,081	40,746	156,952	131,546
Printing and publications	14,236	2,775	7,300	650	24,961	-	14,830	14,830	39,791	56,012
Telecommunications	8,420	3,192	931	5,385	17,928	6,142	6,483	12,625	30,553	32,758
Conference	24,826	-	-	-	24,826	5,095	-	5,095	29,921	181,829
Postage and shipping	13,938	-	186	-	14,124	4,549	3,802	8,351	22,475	33,133
Depreciation and amortization	7,209	2,440	859	4,971	15,479	3,685	1,743	5,428	20,907	21,471
Other	122	3,486	-	-	3,608	12,715	-	12,715	16,323	16,422
Equipment and supplies	1,162	390	137	795	2,484	1,296	6,148	7,444	9,928	118,612
Dues and subscriptions	572	193	68	394	1,227	3,942	1,090	5,032	6,259	9,022
Travel	545	-	571	-	1,116	3,720	391	4,111	5,227	79,116
Insurance	1,380	467	164	952	2,963	706	334	1,040	4,003	4,328
TOTAL	\$ 382,659	\$ 132,909	\$ 46,021	\$ 264,638	\$ 826,227	\$ 281,382	\$ 78,950	\$ 360,332	\$ 1,186,559	\$ 1,686,416

See accompanying notes to financial statements.

THE MYOSITIS ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 156,433	\$ (528,862)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	20,907	21,471
Unrealized gain	(159,738)	(78,016)
Realized gain	-	(81,767)
Change in discount on receivables	(5,053)	-
Receipt of contributed securities	-	(6,883)
Proceeds from the sale of contributed securities	-	6,883
Decrease (increase) in:		
Grant and accounts receivable	107,677	277,222
Prepaid expenses and other	(15,165)	(2,967)
Security deposit	-	(6,155)
Increase (decrease) in:		
Accounts payable and accrued liabilities	23,310	(59,454)
Deferred revenue	-	(30,000)
Accrued salaries and related benefits	-	6,114
Refundable advance	(163,557)	-
Net cash used by operating activities	<u>(35,186)</u>	<u>(482,414)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(2,490)	-
Net purchases and sales of investments	<u>-</u>	<u>321,252</u>
Net cash (used) provided by investing activities	<u>(2,490)</u>	<u>321,252</u>
Net decrease in cash and cash equivalents	(37,676)	(161,162)
Cash and cash equivalents at beginning of year	<u>157,055</u>	<u>318,217</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 119,379	\$ 157,055

THE MYOSITIS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Myositis Association (TMA) is a non-profit organization, incorporated in the State of Virginia and located in Alexandria. TMA's mission is to improve the lives of those affected by inflammatory myopathies. TMA seeks out persons with inflammatory myopathies, provides a support network, acts as a resource for patients and physicians, acts as an advocate for patients and promotes research into the causes and treatment of the diseases.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions".
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions.

The financial statements include certain prior year summarized comparative information in total but not by net asset class; 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 TMA's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

New accounting pronouncement adopted -

During 2020, TMA adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. Analysis of the various provisions of this standard resulted in no significant changes in the way TMA recognized revenue; however, the presentation and disclosures of revenue have been enhanced. TMA has elected to opt out of all (or certain) disclosures not required for nonpublic entities and also elected a modified retrospective approach for implementation.

Cash and cash equivalents -

TMA considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000.

THE MYOSITIS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Cash and cash equivalents (continued) -

At times during the year, TMA maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment income in the Statement of Activities and Change in Net Assets.

Investments acquired by gift are recorded at their fair value at the date of the gift. TMA's policy is to liquidate all gifts of investments as soon as possible after the gift.

Grant and accounts receivable -

Accounts receivable are recorded at their net realizable value, which approximates fair value. Grants receivable that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. All grants and accounts receivable are considered by management to be fully collectible within one year. Accordingly, an allowance for doubtful accounts has not been established as of December 31, 2020.

Fixed assets -

Fixed assets in excess of \$1,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. Website development costs are amortized over three years. The cost of maintenance and repairs is recorded as expenses are incurred.

The capitalization and ongoing assessment of recoverability of website development costs incurred require considerable judgment by management with respect to certain external factors, including, but not limited to, technological and economic feasibility and estimated economic life.

Depreciation and amortization expense for the year ended December 31, 2020 totaled \$20,907.

Income taxes -

TMA is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. TMA is not a private foundation.

Uncertain tax positions -

For the year ended December 31, 2020, TMA has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

THE MYOSITIS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Revenue -

The majority of TMA's activities are supported by grants, contributions, and sponsorships from other private entities. These awards are for various activities performed by TMA. Grants and contributions are recognized in the appropriate category of net assets in the period received. TMA performs an analysis of the individual grant, contribution, or sponsorship to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For grants, contributions, and sponsorships qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Grants, contributions, and sponsorships qualifying as contributions that are unconditional and have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Grants, contributions, and sponsorships qualifying as conditional contributions contain a right of return from obligation provision that limits TMA on how funds transferred should be spent. Additionally, a barrier is present that is related to the purpose of the agreement. Revenue is recognized when the condition or conditions on which they depend are substantially met. Funds received in advance are recorded as refundable advances. For grants, contributions, and sponsorships treated as conditional contributions, TMA had approximately \$100,000 in unrecognized awards as of December 31, 2020.

Transactions classified as exchange transactions follow ASU 2014-09, *Revenue from Contracts With Customers* and are recorded as revenue when the performance obligations are met. TMA has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Funding received in advance of satisfying performance obligations are recorded as deferred revenue.

Revenue received for registration fees for conference and event income is recorded as revenue when the related event has occurred. The transaction price is determined based on sales price.

Contributed services and materials -

Contributed services and materials consist of materials and services from businesses toward the annual charity event and general operations. Contributed services and materials are recorded at their fair value as of the date of the gift. For the year ended December 31, 2020, the fair value of contributed services and materials was \$3,554.

Use of estimates -

The preparation of the 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 the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

THE MYOSITIS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of TMA are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort.

Risks and uncertainties -

TMA invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

TMA adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. TMA accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact TMA's operations. The overall potential impact is unknown at this time.

New accounting pronouncement not yet adopted -

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

TMA plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

THE MYOSITIS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. INVESTMENTS

Investments consisted of the following as of December 31, 2020:

	Fair Value
Exchange-traded funds	\$ 1,980,394
Stocks	11,213
TOTAL INVESTMENTS	\$ <u>1,991,607</u>

Included in investment income are the following:

Interest and dividends	\$ 34,442
Unrealized gain	159,738
TOTAL INVESTMENT INCOME	\$ <u>194,180</u>

In accordance with FASB ASC 820, *Fair Value Measurement*, TMA has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market TMA has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There were no transfers between levels in the fair value hierarchy during the year ended December 31, 2020.

- *Exchange-traded funds* - Valued at the closing price reported on the active market in which the funds are traded.
- *Stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.

THE MYOSITIS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. INVESTMENTS (Continued)

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy as of December 31, 2020:

Asset Class:	Investments Measured at				Total
	Level 1	Level 2	Level 3	NAV	
Exchange-traded funds	\$ 1,980,394	\$ -	\$ -	\$ -	\$ 1,980,394
Stocks	<u>11,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,213</u>
TOTAL	<u>\$ 1,991,607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,991,607</u>

3. FIXED ASSETS

Fixed assets consisted of the following at December 31, 2020:

Furniture and equipment	\$ 2,490
Website development	<u>62,557</u>
Total fixed assets	65,047
Less: Accumulated depreciation and amortization	<u>(53,700)</u>
NET FIXED ASSETS	<u>\$ 11,347</u>

4. FUNDING FROM THE PAYCHECK PROTECTION PROGRAM

On May 8, 2020, TMA received loan proceeds in the amount of \$94,467 under the Paycheck Protection Program (PPP). Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note must be used for certain expenditures within a 24-week period to ultimately be forgiven by the Small Business Administration. During the year ended December 31, 2020, TMA expended and tracked the PPP funds for purposes outlined in the CARES Act guidance and believes they have met all conditions set forth for full forgiveness. Accordingly, under guidance found in FASB ASC 958-605, TMA has recognized the PPP funding as a conditional grant by which all conditions have been met. TMA has deemed the forgiveness by the SBA to be highly probable, an administrative task only, and not a barrier to recognition. Grant revenue of \$94,467 is included in Federal grant revenue on the accompanying Statement of Activities and Change in Net Assets. The loan was fully forgiven on April 9, 2021.

5. BOARD DESIGNATED NET ASSETS

As of December 31, 2020, net assets without donor restrictions have been designated by the Board of Directors for the following purposes:

Research	<u>\$ 400,000</u>
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Board designated net assets are amounts designated by the Board of Directors to be used for research.

THE MYOSITIS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2020:

Research	\$ 45,366
Conference scholarships	20,208
Other	4,000
Time restricted	<u>57,447</u>
NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 127,021</u>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Research	\$ 16,564
Other	5,000
Passage of time	<u>110,988</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 132,552</u>

7. LIQUIDITY

Financial assets available for use within one year of the Statement of Financial Position comprise the following at December 31, 2020:

Cash and cash equivalents	\$ 119,379
Investments	1,991,607
Grant and accounts receivable	<u>65,127</u>
Subtotal financial assets available within one year	2,176,113
Less: Donor restricted funds	(69,574)
Less: Board designated funds	<u>(400,000)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 1,706,539</u>

TMA has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2020, TMA has financial assets equal to approximately 17 months of operating expenses.

8. LEASE COMMITMENTS

During 2018, TMA leased office space for three office suites under a two year agreement. Base rent varies for each office space being occupied. On April 22, 2019, TMA amended the lease agreement to occupy five office suites under a three year agreement, which expires June 30, 2022. In March 2021, TMA entered into an agreement for new lease for office space in Columbia, Maryland, that commenced in April 2021 and expires in August 2028. Under the terms of the agreement, base rent is \$6,728 per month and is subject to an escalation rate of 2.5% annually.

THE MYOSITIS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

8. LEASE COMMITMENTS (Continued)

The following is a schedule of the future minimum lease payments:

Year Ending December 31,

2021	\$ 26,912
2022	82,260
2023	84,313
2024	86,415
2025	88,573
Thereafter	<u>223,828</u>
	<u>\$ 592,301</u>

Rent expense for the year ended December 31, 2020 was \$156,952.

9. RETIREMENT PLAN

TMA has a 401(k) plan allowing employees over twenty one years of age to participate following the completion of 1,000 hours of service. TMA will contribute 3% of the employee's salary. Contributions to the Plan during the year ended December 31, 2020 totaled \$9,791.

10. SUBSEQUENT EVENTS

In preparing these financial statements, TMA has evaluated events and transactions for potential recognition or disclosure through September 30, 2021, the date the financial statements were issued.

On April 9, 2021, TMA entered into a five-year promissory note agreement in the amount of \$94,467 with a 1% fixed interest rate under the Paycheck Protection Program. The promissory note calls for monthly principal and interest payments amortized over the term of the promissory note, unless otherwise forgiven. Under the Consolidated Appropriations Act, 2021, the promissory note may be forgiven by the Small Business Administration in whole or in part.