

**FINANCIAL STATEMENTS**

**THE MYOSITIS ASSOCIATION**

**FOR THE YEAR ENDED DECEMBER 31, 2023  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2022**

# THE MYOSITIS ASSOCIATION

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## CPAs & ADVISORS

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The Myositis Association  
Columbia, Maryland

#### Opinion

We have audited the accompanying financial statements of The Myositis Association (TMA), which comprise the statement of financial position as of December 31, 2023, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TMA as of December 31, 2023, 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.

#### Basis for Opinion

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

#### Responsibilities of Management for the Financial Statements

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

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

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The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TMA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TMA's ability to continue as a going concern for a reasonable period of time.

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

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

We have previously audited TMA's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 11, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



November 11, 2024

**THE MYOSITIS ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2023**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

<b>ASSETS</b>		<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$	64,518	\$ 265,457
Investments		1,237,590	1,429,455
Grants and contributions receivable		43,000	143,427
Prepaid expenses and other		<u>34,101</u>	<u>28,893</u>
Total current assets		<u>1,379,209</u>	<u>1,867,232</u>
<b>FIXED ASSETS</b>			
Fixed assets, net		<u>23,211</u>	<u>31,825</u>
<b>NONCURRENT ASSETS</b>			
Security deposit		21,128	6,728
Right-of-use asset, net		<u>355,976</u>	<u>422,157</u>
Total noncurrent assets		<u>377,104</u>	<u>428,885</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>1,779,524</u></b>	<b>\$ <u>2,327,942</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	\$	98,484	\$ 116,293
Operating lease liability		<u>72,191</u>	<u>67,306</u>
Total current liabilities		<u>170,675</u>	<u>183,599</u>
<b>NONCURRENT LIABILITIES</b>			
Operating lease liability, net		<u>318,745</u>	<u>390,936</u>
Total liabilities		<u>489,420</u>	<u>574,535</u>
<b>NET ASSETS</b>			
Without donor restrictions		1,100,057	1,549,641
With donor restrictions		<u>190,047</u>	<u>203,766</u>
Total net assets		<u>1,290,104</u>	<u>1,753,407</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b><u>1,779,524</u></b>	<b>\$ <u>2,327,942</u></b>

See accompanying notes to financial statements.

## THE MYOSITIS ASSOCIATION

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>SUPPORT AND REVENUE</b>				
Grants and contributions	\$ 714,313	\$ 126,440	\$ 840,753	\$ 1,097,229
Sponsorships	291,750	-	291,750	196,799
Investment return, net	153,593	-	153,593	(334,926)
Conference and event income	141,433	-	141,433	104,549
Other revenue	15,319	-	15,319	8,791
Contributed services and materials	3,055	-	3,055	1,463
Federal grant	-	-	-	99,087
Net assets released from donor restrictions	<u>140,159</u>	<u>(140,159)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>1,459,622</u>	<u>(13,719)</u>	<u>1,445,903</u>	<u>1,172,992</u>
<b>EXPENSES</b>				
Program Services:				
Patient and Education Support	195,312	-	195,312	241,403
Advocacy	135,607	-	135,607	247,939
Physician Education	106,105	-	106,105	139,916
Research Funding	377,670	-	377,670	353,735
Annual Patient Conference	<u>412,888</u>	<u>-</u>	<u>412,888</u>	<u>210,247</u>
Total program services	<u>1,227,582</u>	<u>-</u>	<u>1,227,582</u>	<u>1,193,240</u>
Supporting Services:				
General and Administrative	533,052	-	533,052	254,335
Fundraising	<u>148,572</u>	<u>-</u>	<u>148,572</u>	<u>206,894</u>
Total supporting services	<u>681,624</u>	<u>-</u>	<u>681,624</u>	<u>461,229</u>
Total expenses	<u>1,909,206</u>	<u>-</u>	<u>1,909,206</u>	<u>1,654,469</u>
Change in net assets before other item	(449,584)	(13,719)	(463,303)	(481,477)
<b>OTHER ITEM</b>				
Fee for early termination on lease	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,669</u>
Change in net assets after other item	(449,584)	(13,719)	(463,303)	(571,146)
Net assets at beginning of year	<u>1,549,641</u>	<u>203,766</u>	<u>1,753,407</u>	<u>2,324,553</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 1,100,057</u></b>	<b><u>\$ 190,047</u></b>	<b><u>\$ 1,290,104</u></b>	<b><u>\$ 1,753,407</u></b>

**THE MYOSITIS ASSOCIATION**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	2023										2022
	Program Services					Supporting Services					Total Expenses
	Patient Education and Support	Advocacy	Physician Education with Clinician Education	Research Funding	Annual Patient Conference	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses	
Professional fees	\$ 20,248	\$ 54,208	\$ 1,570	\$ 24,034	\$ 65,909	\$ 165,969	\$ 457,098	\$ 112,800	\$ 569,898	\$ 735,867	\$ 104,535
Conference	13,780	-	24,451	-	289,687	327,918	-	-	-	327,918	248,830
Salaries and benefits	91,457	41,556	51,278	71,216	19,717	275,224	22,046	23,394	45,440	320,664	615,074
Grants	495	-	-	227,443	598	228,536	-	-	-	228,536	332,573
Lease	24,731	11,237	13,866	19,257	5,332	74,423	6,365	6,326	12,691	87,114	84,025
Telecommunications	13,580	6,685	6,937	12,656	2,667	42,525	3,185	3,165	6,350	48,875	44,706
Postage and shipping	134	14,924	-	7,462	-	22,520	11,807	559	12,366	34,886	26,006
Printing and publications	17,411	-	-	7,462	-	24,873	4,307	-	4,307	29,180	49,444
Travel	613	359	3,021	-	20,372	24,365	1,770	126	1,896	26,261	23,836
Equipment and supplies	3,680	1,374	1,851	2,355	5,143	14,403	778	774	1,552	15,955	73,188
Other	516	235	289	402	1,620	3,062	12,374	132	12,506	15,568	17,256
Registration and filing fees	-	-	-	-	-	-	11,990	-	11,990	11,990	-
Depreciation and amortization	2,873	1,305	1,611	2,237	619	8,645	740	735	1,475	10,120	9,810
Advertising and promotion	3,318	2,447	-	1,437	750	7,952	27	-	27	7,979	-
Dues and subscriptions	1,434	804	647	898	249	4,032	297	295	592	4,624	19,914
Insurance	1,042	473	584	811	225	3,135	268	266	534	3,669	5,272
<b>TOTAL</b>	<b>\$ 195,312</b>	<b>\$ 135,607</b>	<b>\$ 106,105</b>	<b>\$ 377,670</b>	<b>\$ 412,888</b>	<b>\$ 1,227,582</b>	<b>\$ 533,052</b>	<b>\$ 148,572</b>	<b>\$ 681,624</b>	<b>\$ 1,909,206</b>	<b>\$ 1,654,469</b>

See accompanying notes to financial statements.

**THE MYOSITIS ASSOCIATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (463,303)	\$ (571,146)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	10,120	9,810
Unrealized (gain) loss	(175,274)	353,864
Realized loss	43,505	-
Amortization of right-of-use asset	66,181	63,583
Donated securities	20,014	-
Loss on disposal of assets	1,953	-
Decrease (increase) in:		
Grants and contributions receivable	100,427	(143,427)
Accounts receivable	-	325
Prepaid expenses and other	(5,208)	(4,364)
Security deposit	(14,400)	24,669
(Decrease) increase in:		
Accounts payable and accrued liabilities	(17,809)	4,199
Operating lease liability	<u>(67,306)</u>	<u>(62,658)</u>
Net cash used by operating activities	<u>(501,100)</u>	<u>(325,145)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	(3,459)	(4,660)
Net sales of investments	<u>303,620</u>	<u>79,881</u>
Net cash provided by investing activities	<u>300,161</u>	<u>75,221</u>
Net decrease in cash and cash equivalents	(200,939)	(249,924)
Cash and cash equivalents at beginning of year	<u>265,457</u>	<u>515,381</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ <u>64,518</u></b>	<b>\$ <u>265,457</u></b>



**THE MYOSITIS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**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 Maryland. 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.

Program Services -

**Patient Education and Support**

Support groups offer members the chance to share their feelings and discuss their concerns with individuals and families in similar situations, within an atmosphere of communication and compassion. TMA's website and publications (digital and print) present information on diagnosis, treatments, research news, and other relevant topics that help patients and caregivers learn what they need to address their individual health care concerns. Ongoing education programs like webinars keep the community informed.

**Advocacy**

Public recognition of myositis, increased research funding, greater access to care, and better coverage and reimbursement for treatments are the goals for TMA programs like Myositis Awareness Month and World Myositis Day.

**Clinician Education**

TMA outreach to health care practitioners (physicians, nurses, physical therapists, occupational therapists, mental health professionals, and others) is vital to improving myositis care.

**Research**

TMA provides funding to emerging and established researchers who are seeking answers to the mysteries surrounding myositis. TMA's research initiatives reflect our commitment to increase understanding, find better treatments and, ultimately, a cure.

**Annual Patient Conference**

TMA's International Annual Patient Conference brings together myositis patients with health professionals who specialize in myositis and related fields. This event features a panels with medical experts and sessions on treatments, promising research, coping strategies, exercise techniques, and more.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit 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 set aside solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.

**THE MYOSITIS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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

Basis of presentation (continued) -

- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

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, 2022, from which the summarized information was derived.

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. 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 return, which is presented net of investment expenses paid to external investment advisors, in the accompanying Statement of Activities and Change in Net Assets.

Investments acquired by gift, such as donated securities, 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.

Grants and contributions receivable -

Grants and contributions receivable are recorded at fair value. Conditional promises to give are not included as support until the conditions are substantially met. All the contribution receivables are considered by management to be fully collectable and expected to be collected within one year after the balance sheet date. Accordingly, an allowance for doubtful accounts has not been established.

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. Leasehold improvements are amortized over the lesser of the useful life of the asset or the remaining life term of the lease. The cost of maintenance and repairs is recorded as expenses are incurred.

**THE MYOSITIS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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

Fixed assets (continued) -

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, 2023 totaled \$10,120.

Income taxes -

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

Revenue from contracts with customers -

TMA's conference and event income is the most significant revenue streams that are treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligations are met. TMA has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost and/or sales price. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. TMA's contracts with customers generally have initial terms of one year or less.

Meeting registrations are recognized as revenue during the period of time when the related events are held.

Support from grants and contributions -

TMA receives grants, contributions, and sponsorships from other private entities. Contributions are recognized in the appropriate category of net assets in the period received. 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 contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

For grants, contributions, and sponsorships qualifying under the contribution rules, support is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants and sponsorships qualifying as contributions, that are unconditional but 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. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, TMA had no refundable advances as of December 31, 2023.

**THE MYOSITIS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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

Support from grants and contributions (continued) -

In addition, TMA has obtained funding source agreements related to conditional contributions, such as Federal awards from the U.S. Government, which will be received in future years. However, TMA had no conditional contributions to be received in future years as of December 31, 2023.

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, 2023, the fair value of contributed services and materials was \$3,055.

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.

Functional allocation of expenses -

The costs of providing TMA's programs and supporting services 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 are reported as direct expenses within that functional area and expenses that benefited more than one functional area, such as personnel costs, were allocated based on actual 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.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. The reclassification included is due to the separation of the Annual Conference from Patient and Education Support in the Statement of Functional Expenses expenses. The reclassifications had no effect on the previously reported changes in net assets.

**2. INVESTMENTS AND FAIR VALUE MEASUREMENTS**

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).

**THE MYOSITIS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

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 have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the year ended December 31, 2023. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Common Stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Mutual Funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by TMA are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by TMA are deemed to be actively traded.
- *Exchange-Traded Funds* - Valued at the closing price reported on the active market in which the funds are traded.

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of December 31, 2023.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments:</b>				
Mutual Funds	\$ 291,320	\$ -	\$ -	\$ 291,320
Exchange-Traded Funds	926,210	-	-	926,210
Common Stocks	<u>20,060</u>	<u>-</u>	<u>-</u>	<u>20,060</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 1,237,590</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,237,590</u></b>

Net investment return consisted of the following for the year ended December 31, 2023:

Interest and dividends	\$ 34,494
Unrealized gain	175,274
Realized loss	(43,505)
Investment expenses provided by external investment advisors	<u>(12,670)</u>
<b>NET INVESTMENT RETURN</b>	<b><u>\$ 153,593</u></b>

**THE MYOSITIS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**3. FIXED ASSETS**

Fixed assets consisted of the following as of December 31, 2023:

Website development	\$ 83,047
Furniture and equipment	11,404
Computer equipment	5,792
Leasehold improvements	<u>8,410</u>
Total fixed assets	108,653
Less: Accumulated depreciation and amortization	<u>(85,442)</u>
<b>NET FIXED ASSETS</b>	<b><u>\$ 23,211</u></b>

**4. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following as of December 31, 2023:

Subject to expenditure for specified purpose:	
Research	\$ 124,314
Conference scholarships	10,448
Patient support groups	12,285
Subject to passage of time	<u>43,000</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b><u>\$ 190,047</u></b>

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the year ended December 31, 2023:

Purpose restrictions accomplished:	
Research	\$ 92,121
Conference scholarships	10,693
Physician Education	1,345
Expiration of time restrictions	<u>36,000</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 140,159</u></b>

**5. LIQUIDITY AND AVAILABILITY**

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following as of December 31, 2023:

Cash and cash equivalents	\$ 64,518
Investments	1,237,590
Grants and contributions receivable	<u>43,000</u>
Subtotal financial assets available within one year	1,345,108
Less: Donor restricted funds	<u>(147,047)</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 1,198,061</u></b>

TMA has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2023, TMA has financial assets equal to approximately 18 months of operating expenses.

**THE MYOSITIS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**6. LEASE COMMITMENTS**

TMA follows FASB ASC 842 for leases. TMA has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. TMA has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

TMA has an operating lease for office space in Columbia, Maryland that commenced on May 1, 2021 and expires on September 1 2028. The office lease includes an escalation of base rentals which is being amortized on a basis to achieve straight-line rent expense over the life of the lease. TMA recorded an operating lease liability by calculating the present value using the discount rate of 4%. Base rent is \$6,728 per month in the initial year and increases annually.

For the year ended December 31, 2023, total lease cost was \$83,015 and total cash paid was \$84,140.

The following is a schedule of the future minimum lease payments due under the operating lease, net of imputed interest, as of December 31, 2023:

<b><u>Year Ending December 31,</u></b>	
2024	\$ 86,236
2025	88,388
2026	90,600
2027	92,864
2028	<u>71,193</u>
Subtotal	429,281
Less: Imputed interest	(38,345)
Less: Current portion	<u>(72,191)</u>
<b>LONG-TERM PORTION</b>	<b><u>\$ 318,745</u></b>

**7. RETIREMENT PLAN**

TMA provides retirement benefits to its employees through a Simple IRA defined contribution plan. In accordance with the provisions of the Plan, TMA contributes three percent of a participant's salary to the Plan. TMA's contributions to the Plan totaled \$3,248 for the year ended December 31, 2023, and have been included benefits in the accompanying Statement of Functional Expenses.

**8. COMMITMENTS**

TMA is committed under agreements for conference space through the fiscal year ending 2024. The total commitments under the agreement is estimated to be \$197,295 and will vary depending upon the actual number of attendance and other unknown factors. There are cancellation penalties that would be due if the agreements were cancelled prior to the event date. The amount of the cancellation penalties will be based upon the percentage of the total anticipated cost mentioned above and it increases through the date of the event.

**9. SUBSEQUENT EVENTS**

In preparing these financial statements, TMA has evaluated events and transactions for potential recognition or disclosure through November 11, 2024, the date the financial statements were issued.