

MULTIPLE SCLEROSIS ASSOCIATION OF AMERICA, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

MULTIPLE SCLEROSIS ASSOCIATION OF AMERICA, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Multiple Sclerosis Association of America, Inc.

Opinion

We have audited the financial statements of Multiple Sclerosis Association of America, Inc. ("MSAA") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of MSAA as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 MSAA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 GAAS, 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 MSAA'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 MSAA'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 audits.

Marcum LLP

Philadelphia, PA
September 30, 2024

MULTIPLE SCLEROSIS ASSOCIATION OF AMERICA, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 737,366	\$ 1,393,532
Investments	4,909,040	5,525,200
Grants receivable	947,695	101,000
Accounts receivable	55,495	63,892
Prepaid expenses and other current assets	570,866	167,215
Total Current Assets	7,220,462	7,250,839
Property and Equipment, Net	133,929	1,073,235
Other Assets		
Operating Right-of-Use Asset, net	67,369	--
Other assets	3,666	--
Total Other Assets	71,035	--
Total Assets	\$ 7,425,426	\$ 8,324,074
Liabilities and Net Assets		
Current Liabilities		
Note payable	\$ --	\$ 849,906
Accounts payable and accrued expenses	506,056	683,844
Operating lease liability, current portion	27,794	--
Refundable advances	53,551	66,461
Total Current Liabilities	587,401	1,600,211
Long-Term Liabilities		
Security deposit	--	25,181
Operating lease liability, net of current portion	40,168	--
Total Liabilities	627,569	1,625,392
Commitments and Contingencies		
Net Assets		
Without donor restrictions	5,389,324	4,554,069
With donor restrictions	1,408,533	2,144,613
Total Net Assets	6,797,857	6,698,682
Total Liabilities and Net Assets	\$ 7,425,426	\$ 8,324,074

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

MULTIPLE SCLEROSIS ASSOCIATION OF AMERICA, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Contributions	\$ 4,051,143	\$ --	\$ 4,051,143
Grants and bequests	355,107	2,254,542	2,609,649
Special events	832,329	--	832,329
Investment gain, net	622,697	--	622,697
Gain from sale of building, net	295,582	--	295,582
Rental income	67,150	--	67,150
Miscellaneous income	172,154	--	172,154
Net assets released from restrictions	<u>2,990,622</u>	<u>(2,990,622)</u>	<u>--</u>
Total Revenues and Support	<u>9,386,784</u>	<u>(736,080)</u>	<u>8,650,704</u>
Expenses			
Program Services			
Public education and patient services	<u>4,461,041</u>	<u>--</u>	<u>4,461,041</u>
Total Program Services	<u>4,461,041</u>	<u>--</u>	<u>4,461,041</u>
Supporting Services			
Fundraising	3,115,565	--	3,115,565
General and administrative	<u>974,923</u>	<u>--</u>	<u>974,923</u>
Total Supporting Services	<u>4,090,488</u>	<u>--</u>	<u>4,090,488</u>
Total Expenses	<u>8,551,529</u>	<u>--</u>	<u>8,551,529</u>
Change in Net Assets From Operations	835,255	(736,080)	99,175
Donated media revenue	120,036	--	120,036
Donated media expenses	<u>(120,036)</u>	<u>--</u>	<u>(120,036)</u>
Change in Net Assets	835,255	(736,080)	99,175
Net Assets, Beginning of Year	<u>4,554,069</u>	<u>2,144,613</u>	<u>6,698,682</u>
Net Assets, End of Year	<u>\$ 5,389,324</u>	<u>\$ 1,408,533</u>	<u>\$ 6,797,857</u>

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

MULTIPLE SCLEROSIS ASSOCIATION OF AMERICA, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Contributions	\$ 4,503,376	\$ --	\$ 4,503,376
Grants and bequests	354,533	2,549,042	2,903,575
Special events	969,849	--	969,849
Investment gain, net	345,591	--	345,591
Miscellaneous income	168,825	--	168,825
Net assets released from restrictions	<u>1,655,053</u>	<u>(1,655,053)</u>	<u>--</u>
Total Revenues and Support	<u>7,997,227</u>	<u>893,989</u>	<u>8,891,216</u>
Expenses			
Program Services			
Public education and patient services	<u>4,793,258</u>	<u>--</u>	<u>4,793,258</u>
Total Program Services	<u>4,793,258</u>	<u>--</u>	<u>4,793,258</u>
Supporting Services			
Fundraising	2,717,822	--	2,717,822
General and administrative	<u>1,175,953</u>	<u>--</u>	<u>1,175,953</u>
Total Supporting Services	<u>3,893,775</u>	<u>--</u>	<u>3,893,775</u>
Total Expenses	<u>8,687,033</u>	<u>--</u>	<u>8,687,033</u>
Change in Net Assets From Operations	(689,806)	893,989	204,183
Donated media revenue	129,940	--	129,940
Donated media expenses	<u>(129,940)</u>	<u>--</u>	<u>(129,940)</u>
Change in Net Assets	(689,806)	893,989	204,183
Net Assets, Beginning of Year	<u>5,243,875</u>	<u>1,250,624</u>	<u>6,494,499</u>
Net Assets, End of Year	<u>\$ 4,554,069</u>	<u>\$ 2,144,613</u>	<u>\$ 6,698,682</u>

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

MULTIPLE SCLEROSIS ASSOCIATION OF AMERICA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2024

	Program Services		Supporting Services		
	Public Education and Patient Services	Fundraising	General and Administrative	Total Supporting Services	Total
Salaries and wages	\$ 1,305,863	\$ 314,141	\$ 569,109	\$ 883,250	\$ 2,189,113
Patient assistance	1,956,255	--	--	--	1,956,255
Postage, printing and mailing costs	257,860	1,440,891	40,681	1,481,572	1,739,432
Contract services	66,899	637,799	10,619	648,418	715,317
Payroll taxes and fringe benefits	246,970	185,878	199,540	385,418	632,388
Special events	--	408,775	--	408,775	408,775
Professional fees and counseling	274,142	38,972	47,701	86,673	360,815
Travel	86,555	13,391	16,391	29,782	116,337
Computer expense and list costs	74,410	16,517	20,217	36,734	111,144
Depreciation and amortization	53,282	17,862	28,933	46,795	100,077
Bank fees	39,845	11,072	13,552	24,624	64,469
Licenses and fees	37,523	14,919	3,235	18,154	55,677
Occupancy	23,353	5,879	8,913	14,792	38,145
Office supplies and expenses	20,975	5,569	7,259	12,828	33,803
Miscellaneous	11,534	2,351	2,878	5,229	16,763
Interest	5,575	1,549	1,895	3,444	9,019
Credit loss expense	--	--	4,000	4,000	4,000
Total Expenses Excluding Donated Media	<u>4,461,041</u>	<u>3,115,565</u>	<u>974,923</u>	<u>4,090,488</u>	<u>8,551,529</u>
Donated media expenses	<u>120,036</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>120,036</u>
Total Expenses	<u>\$ 4,581,077</u>	<u>\$ 3,115,565</u>	<u>\$ 974,923</u>	<u>\$ 4,090,488</u>	<u>\$ 8,671,565</u>

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

MULTIPLE SCLEROSIS ASSOCIATION OF AMERICA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

	Program Services		Supporting Services		
	Public Education and Patient Services	Fundraising	General and Administrative	Total Supporting Services	Total
Salaries and wages	\$ 1,329,532	\$ 213,995	\$ 721,722	\$ 935,717	\$ 2,265,249
Postage, printing and mailing costs	453,581	1,383,197	70,801	1,453,998	1,907,579
Patient assistance	1,757,240	--	--	--	1,757,240
Contract services	116,754	597,195	18,892	616,087	732,841
Payroll taxes and fringe benefits	367,567	49,731	216,775	266,506	634,073
Special events	--	403,561	--	403,561	403,561
Professional fees and counseling	324,887	13,119	30,000	43,119	368,006
Travel	133,023	6,640	15,186	21,826	154,849
Computer expense and list costs	89,917	11,953	27,334	39,287	129,204
Depreciation and amortization	46,267	6,482	23,026	29,508	75,775
Bank fees	47,691	7,399	16,922	24,321	72,012
Office supplies and expenses	34,379	5,138	11,750	16,888	51,267
Licenses and fees	27,100	10,562	1,877	12,439	39,539
Interest	24,359	3,779	8,643	12,422	36,781
Occupancy	23,751	2,967	8,212	11,179	34,930
Miscellaneous	17,210	2,104	4,813	6,917	24,127
Total Expenses Excluding Donated Media	<u>4,793,258</u>	<u>2,717,822</u>	<u>1,175,953</u>	<u>3,893,775</u>	<u>8,687,033</u>
Donated media expenses	129,940	--	--	--	129,940
Total Expenses	<u>\$ 4,923,198</u>	<u>\$ 2,717,822</u>	<u>\$ 1,175,953</u>	<u>\$ 3,893,775</u>	<u>\$ 8,816,973</u>

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

MULTIPLE SCLEROSIS ASSOCIATION OF AMERICA, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash Flows From Operating Activities		
Changes in net assets	\$ 99,175	\$ 204,183
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation and amortization	81,945	75,775
Gain from sale of building	(453,850)	--
Amortization of operating lease right-of-use asset	18,132	--
Accretion of operating lease liability	2,011	--
Contributed securities	(6,365)	(250)
Net realized and unrealized gain on investments	(485,108)	(235,140)
Changes in operating assets and liabilities		
Grants receivable	(846,695)	(51,000)
Accounts receivable	8,397	(10,531)
Prepaid expenses and other current assets	(403,651)	35,544
Other assets	(3,666)	--
Accounts payable and accrued expenses	(177,788)	153,126
Operating lease liability	(19,550)	--
Refundable advances	(12,910)	19,318
Security deposit	(25,181)	25,181
Net Cash (Used in) Provided by Operating Activities	(2,225,104)	216,206
Cash Flows From Investing Activities		
Purchase of investments	(6,085,031)	(6,134,104)
Proceeds from sales of investments	7,191,706	5,092,858
Proceeds from sale of building	1,507,000	--
Purchases of property and equipment	(200,917)	--
Net Cash Provided by (Used in) Investing Activities	2,412,758	(1,041,246)
Cash Flows From Financing Activities		
Repayments on note payable	\$ (843,820)	\$ (37,539)

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

MULTIPLE SCLEROSIS ASSOCIATION OF AMERICA, INC.

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Net Decrease in Cash and Cash Equivalents	\$ (656,166)	\$ (862,579)
Cash and Cash Equivalents, Beginning of Year	<u>1,393,532</u>	<u>2,256,111</u>
Cash and Cash Equivalents, End of Year	<u>\$ 737,366</u>	<u>\$ 1,393,532</u>
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	\$ 9,019	\$ 36,781
Noncash Operating Activities		
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 85,501	\$ --

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

MULTIPLE SCLEROSIS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 1 - NATURE OF ORGANIZATION

ORGANIZATION AND NATURE OF ACTIVITIES

The Multiple Sclerosis Association of America, Inc. (“MSAA” or the “Organization”) was incorporated as a nonprofit organization in 1970. MSAA is a leading resource for the entire multiple sclerosis (“MSK”) community, improving lives today through vital services and support. MSAA is dedicated to improving lives today through ongoing support and direct services to individuals with MS, their families, and their care partners. These activities are funded primarily through contributions from individuals and corporate grants.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements of MSAA have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

REVENUES AND SUPPORT

Contributions and Grants

MSAA recognizes revenue from contributions in accordance with *Not-for-Profit Entities - Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). Grants awarded to MSAA which are generally considered nonreciprocal transactions restricted by funders/supporters for certain purposes, are recognized as revenue when conditions under the grant agreements are met. Unconditional promises to give cash and other assets to MSAA are reported as contributions and grants and recorded at fair value on the date the promise is received. All contributions are considered to be available for use without restriction unless specifically restricted by the donor. Contributions received for specific purposes or with donor stipulations are reported as increases in net assets with donor restrictions.

MULTIPLE SCLEROSIS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUES AND SUPPORT (CONTINUED)

Contributions and Grants (continued)

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net asset as net assets released from restrictions.

Fundraising Events

Revenue earned from sponsorships or attendance at fundraising events is recognized at the time of the event. Revenue from sponsorships is considered contribution revenue as they are generally nonreciprocal transactions. Revenue from ticket sales are considered an exchange transaction for the value received. Ticket sales and contributions received in advance of the event are recorded as deferred revenue (contract liability) and refundable advances, respectively, until the event is held. Contribution and exchange revenue from fundraising events was approximately \$546,000 and \$286,000, respectively, for the year ended June 30, 2024 and \$623,000 and \$346,000 for the year ended June 30, 2023. Deferred revenue and refundable advances amounted to \$53,551, \$66,461 and \$47,143 as of June 30, 2024, June 30, 2023 and July 1, 2022, respectively. Expenses incurred in connection with an event that provide direct benefit to the donors are charged against the revenue earned from the event.

Miscellaneous Income

MSAA recognizes revenue from contracts with customers in accordance with *Revenue from Contracts with Customers* (Topic 606) (“ASC 606”). MSAA recognizes contract revenue when the following criteria are met: 1) Contract with the customer has been identified; 2) Performance obligations in the contract have been identified; 3) Transaction price has been determined; 4) The transaction price has been allocated to the performance obligations; and 5) When (or as) performance obligations are satisfied.

MSAA has contracts with customers for which it provides advertising and referral services. MSAA recognizes the revenue when the advertising is published or the referral is made. Amounts received in advance on these contracts are recorded as deferred revenue (contract liability). The services are billed monthly. The contract performance obligation is recognized at the point in time the advertising is published or the referral is made. MSAA has contracts with customers for which it provides consulting services.

MULTIPLE SCLEROSIS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUES AND SUPPORT (CONTINUED)

Miscellaneous Income (continued)

MSAA recognizes the revenue as the services are performed as outlined in the contract during the contract year. Amounts received in advance on these contracts are recorded as deferred revenue (contract liability). These services are billed at various points in time based on the contract agreement. The contract performance obligations are met over the contract period and therefore, revenue from contracts is recognized over time.

Revenue from contracts recognized over time was \$43,585 and \$79,464 for the years ended June 30, 2024 and 2023, respectively. Revenue from contracts (exchange transactions) recognized at a point in time was \$128,569 and \$89,361 for the years ended June 30, 2024 and 2023, respectively. Revenue from contracts recognized at a point in time for the fundraising events was \$286,000 and \$346,000 for the years ended June 30, 2024 and 2023, respectively.

MEASURE OF OPERATIONS

MSAA includes in its measure of operations all revenues and expenses from contributions, grants and bequests, special events, investment income, and other revenue generated from MSAA's programs. The measure of operations excludes donated media, as these revenue and expense amounts are not part of MSAA's annual budgeting process.

CASH AND CASH EQUIVALENTS

MSAA considers all money market funds to be cash equivalents.

INVESTMENTS

Investments in fixed income instruments, mutual funds and equity securities with readily determinable fair values are measured at fair value in the statements of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is reported as increases or decreases in net assets in the reporting period. Investment fees are netted against investment returns.

MULTIPLE SCLEROSIS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GRANTS RECEIVABLE

Grants receivable are reported at the amount management expects to collect from outstanding balances at year-end. Grants receivables was \$947,695, \$101,000 and \$50,000 as of June 30, 2024, June 30, 2023 and July 1, 2022, respectively. MSAA's management has determined that these receivables are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at June 30, 2024 and 2023.

ACCOUNTS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2016-13, "*Financial Instruments-Credit Losses*" (Topic 326): *Measurement of Credit Losses on Financial Instruments* which changes the methodology for measuring credit losses on financial instruments and the timing of when such losses are recorded. This update replaces the incurred loss impairment model with an expected loss model, known as the Current Expected Credit Loss model ("CECL"). CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities, and some off-balance sheet credit exposures such as unfunded commitments to extend credit. The model does not have a minimum threshold for recognition of impairment losses. The Organization adopted this guidance as of July 1, 2023 using a loss rate methodology approach, with the cumulative impact being immaterial to the financial statements. The cumulative effect upon adoption has not had a significant impact on the Organization's financial position, results of operations and related disclosures.

Accounts receivable are recorded at the amount the Organization expects to collect. The Organization maintains an allowance for credit losses, as necessary, to reserve for potentially uncollectible receivables. An allowance is calculated based on the aging of the Organization's accounts receivable, historical experience, current and expected future business conditions, and management's judgment. Past due balance amounts are reviewed individually for collectability. Based on management's assessment, the Organization provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance.

As of June 30, 2024, June 30, 2023 and July 1, 2022, the allowance for credit losses was \$0. Accounts receivable was \$55,495, \$63,892 and \$53,361 as of June 30, 2024, June 30, 2023 and July 1, 2022, respectively.

MULTIPLE SCLEROSIS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT AND RELATED DEPRECIATION AND AMORTIZATION

Property and equipment with a useful life of more than one year and an acquisition cost greater than \$750 are capitalized at cost. Costs incurred in the development of software and website are expensed during the preliminary and post-implementation operation stages, including data conversion, training and maintenance costs. Costs incurred during the development stage are capitalized. Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance costs are expensed as incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss, if any, is included in revenue or expenses in the accompanying statements of activities and changes in net assets. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets.

The estimated useful lives for property and equipment are as follows:

<u>Categories</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	30-40 years
Furniture, fixtures and equipment	5-7 years
Website and software costs	3-15 years

MSAA reviews long-lived assets to determine if the carrying value exceeds the undiscounted cash flows expected to be derived from the asset. If the carrying value exceeds the cash flows, then the recorded amount of the assets will be reduced to their fair value. There was no impairment loss recognized for the years ended June 30, 2024 and 2023.

DEBT ISSUANCE COSTS AND AMORTIZATION

Deferred debt issuance costs consist of costs associated with the mortgage note payable and include closing costs, legal fees and other related costs, and are subject to amortization. Deferred debt issuance costs are being amortized using the straight-line basis over the life of the related note. Amortization expense related to deferred debt issuance costs totaled \$944 and \$3,775 for the years ended June 30, 2024 and 2023, respectively, and is included in amortization expense on the statements of functional expenses.

MULTIPLE SCLEROSIS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REFUNDABLE ADVANCES

Refundable advances consist of the contribution portion of special event revenues received in advance for events scheduled to take place after year end.

NET ASSETS

Net assets, revenues, and other support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor restrictions. From time to time, the Board of Directors may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

Net Assets With Donor Restrictions

Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events or purposes specified by the donor. Other donor-imposed restrictions are permanent in nature, where the donor stipulates that such resources be maintained in perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

DONATED MEDIA

During the years ended June 30, 2024 and 2023, MSAA received in-kind contributions consisting of donated media. Donated media is reflected as revenue and expense in the accompanying statements of activities and changes in net assets at the estimated fair value as provided by the donor or third party. Donated media primarily consists of digital media spots on the internet and advertisements received through the Google AdWords campaign. For the years ended June 30, 2024 and 2023, in-kind contributions consisted of \$120,036 and \$129,940 of donated media, respectively. There were no donor restrictions related to the in-kind contributions and MSAA does not sell the in-kind contributions.

MULTIPLE SCLEROSIS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES

MSAA classifies leases in accordance with FASB ASC 842, *Leases* (ASC 842). MSAA determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. MSAA elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification. MSAA elected the short-term lease recognition exemption for all leases that qualify. Consequently, for those leases that qualify, MSAA will not recognize right-of-use assets or lease liabilities on the statements of financial position. MSAA generally does not have access to the rate implicit in the lease, and therefore MSAA utilizes a risk-free rate as the discount rate. See Note 13.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of functional expenses. Expenses directly attributed to a specific functional area of MSAA are reported as expenses of those functional areas, while shared costs that benefit multiple functional areas have been allocated among the various functional areas based on estimates determined by management to be equitable. Occupancy and depreciation expenses are allocated by the square footage used by the related department, and costs that are part of the direct mail campaigns are allocated based on the line counts of the direct mail pieces. All other shared costs are allocated based on a time study, which is done twice a year.

INCOME TAXES

The Organization is exempt from federal income taxes under the provisions of the Internal Revenue Code Section 501(c)(3), and is exempt from state income taxes. The Organization is not a private foundation. MSAA is subject to income tax on unrelated business income (see Note 15).

RECLASSIFICATIONS

Certain reclassifications were made to the prior year financial statements to conform to the current year presentation. This did not have an impact on the change in net assets.

MULTIPLE SCLEROSIS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

MSAA regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. MSAA's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

	June 30,	
	2024	2023
Cash and cash equivalents	\$ 737,366	\$ 1,393,532
Investments	4,909,040	5,525,200
Receivables	<u>1,003,190</u>	<u>164,892</u>
Total Financial Assets Available Within One Year	6,649,596	7,083,624
Less: Amounts unavailable for general expenditures within one year due to donors' restrictions with purpose restrictions	<u>(1,408,533)</u>	<u>(2,144,613)</u>
Total Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 5,241,063</u>	<u>\$ 4,939,011</u>

MSAA has certain donor-restricted assets limited as to use which are unavailable for general expenditure within one year in the normal course of operations. Accordingly, these assets have been excluded in the above qualitative information for financial assets to meet general expenditures within one year.

LIQUIDITY MANAGEMENT

MSAA has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of MSAA throughout the year. This is done through monitoring and reviewing MSAA's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of MSAA's cash flow related to MSAA's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs or to support organizational initiatives. As part of its liquidity plan, excess cash is invested in publicly traded investment vehicles, including \$230,666 in short-term liquid funds, and approximately 60% equity and 40% fixed income. MSAA can liquidate its investments anytime, and therefore the investments are available to meet current cash flow needs.

MULTIPLE SCLEROSIS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

LIQUIDITY MANAGEMENT (CONTINUED)

To help manage unanticipated liquidity needs, MSAA has a committed line of credit of \$250,000, of which approximately \$250,000 was unused and available to draw upon as of June 30, 2024.

NOTE 4 - INVESTMENTS

Investment gain is summarized as follows for the years ended June 30, 2024 and 2023:

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Realized gain (loss)	\$ 222	\$ (77,598)
Unrealized gain	484,886	312,738
Interest and dividends	171,309	141,630
Investment management fees	<u>(33,720)</u>	<u>(31,179)</u>
Investment Gain, Net	<u>\$ 622,697</u>	<u>\$ 345,591</u>

Included in interest and dividends above, and in investment income in the accompanying statements of activities and changes in net assets is \$6,476 and \$7,146 for the years ended June 30, 2024 and 2023, respectively, of interest income earned on cash and cash equivalents.

NOTE 5 - FAIR VALUE MEASUREMENTS

U.S. GAAP defines fair value, provides guidance for measuring fair value and requires certain disclosures. U.S. GAAP discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). U.S. GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

MULTIPLE SCLEROSIS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 5 - FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs that reflect management's own assumptions.

The following is a description of the valuation methodologies used for the investments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy, as applicable:

EQUITY SECURITIES AND MUTUAL FUNDS

Valued at the quoted net asset value ("NAV") of the shares held by the MSAA. These common stocks and funds are required to publish their daily NAV and to transact at that price. The common stocks and mutual funds held by the MSAA are deemed to be actively traded.

FIXED INCOME SECURITIES

The fair value of these securities is estimated based on models considering the estimated cash flows and expected yield.

The investment portfolio is targeted at approximately 60% equity and 40% fixed income.

MSAA's investments are reported at fair value as follows:

	Investments at Fair Value at June 30, 2024			
	Level 1	Level 2	Level 3	Total
Fixed income securities	\$ --	\$ 1,328,965	\$ --	\$ 1,328,965
Fixed-income mutual funds	361,505	--	--	361,505
Equity securities	1,258,338	--	--	1,258,338
Mutual funds	<u>1,960,232</u>	<u>--</u>	<u>--</u>	<u>1,960,232</u>
Total Investment Assets at Fair Value	<u>\$ 3,580,075</u>	<u>\$ 1,328,965</u>	<u>\$ --</u>	<u>\$ 4,909,040</u>

MULTIPLE SCLEROSIS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 5 - FAIR VALUE MEASUREMENTS (CONTINUED)

FIXED INCOME SECURITIES (CONTINUED)

	Investments at Fair Value at June 30, 2023			
	Level 1	Level 2	Level 3	Total
Fixed income securities	\$ --	\$ 2,413,395	\$ --	\$ 2,413,395
Fixed-income mutual funds	70,383	--	--	70,383
Equity securities	1,097,527	--	--	1,097,527
Mutual funds	1,943,895	--	--	1,943,895
Total Investment Assets at Fair Value	\$ 3,111,805	\$ 2,413,395	\$ --	\$ 5,525,200

NOTE 6 - PROPERTY AND EQUIPMENT AND RELATED DEPRECIATION AND AMORTIZATION

MSAA held the following property and equipment, net as of June 30, 2024 and 2023:

	June 30,	
	2024	2023
Land	\$ --	\$ 403,000
Buildings and improvements	--	820,198
Furniture, fixtures and equipment	238,190	238,190
Website and software costs	305,937	105,020
Total Property and Equipment	544,127	1,566,408
Less: Accumulated depreciation and amortization	(410,198)	(493,173)
Property and Equipment, Net	\$ 133,929	\$ 1,073,235

Depreciation and amortization expense related to property and equipment was \$99,133 and \$72,000 for the years ended June 30, 2024 and 2023, respectively.

In October 2023, MSAA sold their office building and land to a buyer for \$1,507,000 with a cost \$1,235,258 and accumulated depreciation of \$182,108 at the date of the sale, less expenses of \$158,268 for a net gain of \$295,582, which is included in the statement of activities and changes in net assets for the year ended June 30, 2024.

MULTIPLE SCLEROSIS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 7 - LINE OF CREDIT

MSAA had a \$500,000 revolving line of credit with a financial institution that was secured by a second mortgage on MSAA's building located in New Jersey (NJ). The line of credit was terminated in October 2023 upon the sale of the land and building.

MSAA has a \$250,000 revolving line of credit with a financial institution. Interest is charged at the prime rate (8.50% at June 30, 2024), and expires on November 1, 2024. Interest expense incurred on the lines of credit during the years ended June 30, 2024 and 2023 was \$-0-. As of June 30, 2024 and 2023, there is no outstanding balance due on the line of credit.

NOTE 8 - NOTE PAYABLE

MSAA had a mortgage loan agreement on its property located in NJ with a financial institution. This loan was collateralized by substantially all of the assets of MSAA, including the property located in NJ, and included a minimum debt charge coverage ratio and minimum liquidity covenants. The mortgage was paid in full during October 2023 upon the sale of the land and building that was pursuant to the mortgage. The total payment of the outstanding principal balance at the date of the sale was \$843,820.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2024 and 2023, net assets with donor restrictions were restricted for the following purposes or period:

	June 30,	
	2024	2023
Subject to expenditure for specified purpose		
Patient services	\$ 1,408,533	\$ 2,144,613

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes by the expiration of a time restriction or by occurrence of other events specified by donors.

	June 30,	
	2024	2023
Purpose restrictions accomplished	\$ 2,990,622	\$ 1,655,053

MULTIPLE SCLEROSIS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 10 - DONATED MEDIA AND SERVICES

During the years ended June 30, 2024 and 2023, MSAA received \$120,036 and \$129,940, respectively, of donated advertisements from the Google AdWords campaign. The Google AdWords campaign consists of advertisements for MSAA's services received from Google free of charge and is recorded as donated media expenses under the public education and patient services program in the accompanying statements of functional expenses.

MSAA's programs are also furthered through the contribution of time by unpaid volunteers. In the years ended June 30, 2024 and 2023, volunteers contributed approximately 439 and 724 hours to MSAA's program services, respectively. These donated services are not reflected in the accompanying statements of activities and changes in net assets because they do not meet the necessary criteria for recognition under U.S. GAAP.

NOTE 11 - ALLOCATION OF JOINT COSTS

For the years ended June 30, 2024 and 2023, MSAA incurred joint costs for direct mail campaigns which included fundraising appeals. These joint costs have been included in contract services, data processing and list costs, and postage, printing and mailing costs in the accompanying statements of functional expenses. These joint costs are allocated as follows:

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Fundraising	\$ 1,812,917	\$ 1,762,772
Public education and patient services	317,698	554,234
General and administrative	<u>51,649</u>	<u>89,680</u>
Total	<u>\$ 2,182,264</u>	<u>\$ 2,406,686</u>

NOTE 12 - CONCENTRATIONS OF CREDIT RISK

MSAA maintains its cash in bank deposit accounts insured by the Federal Deposit Insurance Corporation (FDIC). Each of these accounts is guaranteed by the FDIC up to \$250,000. At times, during the year, these balances may exceed FDIC limits. At June 30, 2024, MSAA had approximately \$90,000 of uninsured balances.

MULTIPLE SCLEROSIS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 12 - CONCENTRATIONS OF CREDIT RISK (CONTINUED)

A significant portion of MSAA's assets are invested in investment securities. Investment securities are exposed to various risks such as interest rate, 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 investment balances and the amounts reported in the financial statements.

NOTE 13 - LEASES

MSAA leases its office facilities under a long-term operating lease which expires in October 2026.

The following summarizes the line items in the statements of financial position which include amounts for the operating lease at June 30, 2024:

Operating Right-of-Use Asset, Net	<u>\$ 67,369</u>
Operating lease liability, current portion	\$ 27,794
Operating lease liability, net of current portion	<u>40,168</u>
Total Operating Lease Liability	<u>\$ 67,962</u>

The operating lease costs for the year ended June 30, 2024 were comprised of fixed operating lease rent expense of \$20,143.

The following summarizes the cash flow information related to the operating lease for the year ended June 30, 2024:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating lease	\$ 19,550

Weighted average lease term and discount are as follows at June 30, 2024:

Weighted average remaining lease term - operating	2.33 years
Weighted average discount rate - operating	4.00 %

MULTIPLE SCLEROSIS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 13 - LEASES (CONTINUED)

The maturities of the operating lease liability as of June 30, 2024 are as follows:

<u>Year Ending</u> <u>June 30,</u>	
2025	\$ 29,911
2026	30,812
2027	<u>10,372</u>
Total Lease Payments	71,095
Less: Amount representing interest	<u>3,133</u>
Present Value of Future Minimum Lease Payments	67,962
Less: Current maturities	<u>27,794</u>
Long-Term Lease Liability	<u>\$ 40,168</u>

NOTE 14 - PENSION PLAN

MSAA has a voluntary defined contribution retirement plan that is available to all eligible employees as defined in the plan and includes a provision for a safe harbor nonelective employer contribution available to all eligible employees who have completed at least three months of service and attained 21 years of age. An employee is 100% vested in the employer contributions. During each of the years ended June 30, 2024 and 2023, MSAA contributed \$69,101 and \$62,427 to the plan, respectively.

MULTIPLE SCLEROSIS ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 15 - UNCERTAIN TAX POSITIONS AND UNRELATED BUSINESS INCOME AND INCOME TAXES

Management of MSAA considers the likelihood of changes by taxing authorities in its income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur upon examination by tax authorities, including changes to MSAA's status as a not-for-profit entity. Management believes MSAA met the requirements to maintain its tax-exempt status and has not identified any uncertain tax positions in filed income tax returns that require recognition or disclosure in the MSAA's financial statements. There are currently no examinations pending or in process. MSAA engaged in certain activities that did not contribute directly to its exempt purposes. Under the Internal Revenue Code, a corporate income tax is imposed on the net income generated by these unrelated business activities. The tax on unrelated business income was \$0 and \$441 for the years ended June 30, 2024 and 2023, respectively.

NOTE 16 - CONDITIONAL RESEARCH COLLABORATIVE CONTRIBUTION

During the year ended June 30, 2023 and in conjunction with a research collaboration project, MSAA received a conditional contribution agreement in the amount not to exceed \$21,334,881. This contribution will provide funding for the project for up to 3 years. Payments to MSAA are subject to achieving specific milestones as outlined in the agreement, unspent funds are to be returned to the funder and the funder has the right to cancel the agreement after the first year. The contribution is conditional and will be recorded as revenue upon MSAA meeting the required milestones. For each of the years ended June 30, 2024 and 2023, \$1,421,542 of revenue was received and recognized in accordance with the agreement provisions.

NOTE 17 - SUBSEQUENT EVENTS

MSAA has evaluated events and transactions for potential recognition or disclosure in the financial statements through September 30, 2024, the date on which the financial statements were available to be issued.