

**MULTIPLE SCLEROSIS FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

Year Ended December 31, 2020



## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Multiple Sclerosis Foundation, Inc.

We have audited the accompanying financial statements of Multiple Sclerosis Foundation, Inc. (the "Organization"), 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Multiple Sclerosis Foundation, Inc. as of December 31, 2020, and the changes 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.

**Emphasis of Matter – COVID-19**

We draw your attention to Note 10 of the financial statements which discusses the risks and uncertainties associated with the COVID-19 pandemic. The financial statements contain no adjustments related to the pandemic. Our opinion is not modified with respect to this matter.

*Mayer Hoffman McCann P.C.*

Boca Raton, Florida  
May 6, 2021

**MULTIPLE SCLEROSIS FOUNDATION, INC.**

**STATEMENT OF FINANCIAL POSITION**

December 31, 2020

**ASSETS**

Cash and cash equivalents	\$ 4,873,398
Unconditional promises to give and other receivables	109,570
Investments	3,506,295
Beneficial interest in perpetual trusts	911,207
Prepaid expenses	64,919
Property and equipment, net	35,531
Other assets	<u>28,948</u>
 TOTAL ASSETS	 <u>\$ 9,529,868</u>

**LIABILITIES AND NET ASSETS**

LIABILITIES	
Accounts payable and accrued expenses	\$ 151,035
Deferred rent expense	41,514
PPP loan	<u>707,822</u>
 TOTAL LIABILITIES	 <u>900,371</u>
 NET ASSETS	
Without donor restrictions	7,288,290
With donor restrictions	<u>1,341,207</u>
 TOTAL NET ASSETS	 <u>8,629,497</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 9,529,868</u>

See Notes to Financial Statements

**MULTIPLE SCLEROSIS FOUNDATION, INC.**

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**

Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUES</b>			
Contributions	\$ 4,136,263	\$ 430,000	\$ 4,566,263
Other revenue	499,290	-	499,290
Net investment return	99,186	76,076	175,262
Net assets released from restrictions	<u>172,000</u>	<u>(172,000)</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUES</b>	<u>4,906,739</u>	<u>334,076</u>	<u>5,240,815</u>
<b>EXPENSES</b>			
Program services	3,297,923	-	3,297,923
Fund-raising	1,480,602	-	1,480,602
Management and general	<u>790,846</u>	<u>-</u>	<u>790,846</u>
<b>TOTAL EXPENSES</b>	<u>5,569,371</u>	<u>-</u>	<u>5,569,371</u>
<b>CHANGE IN NET ASSETS</b>	(662,632)	334,076	(328,556)
NET ASSETS, January 1, 2020	<u>7,950,922</u>	<u>1,007,131</u>	<u>8,958,053</u>
NET ASSETS, December 31, 2020	<u>\$ 7,288,290</u>	<u>\$ 1,341,207</u>	<u>\$ 8,629,497</u>

See Notes to Financial Statements

**MULTIPLE SCLEROSIS FOUNDATION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended December 31, 2020

	<b>Program Services</b>	<b>Support Services</b>		<b>Total</b>
		<b>Fund-raising</b>	<b>Management and General</b>	
Salaries and related costs	\$ 1,669,419	\$ 922,972	\$ 336,009	\$ 2,928,400
Grants and donations	567,841	-	-	567,841
Printing and postage	389,301	103,813	25,953	519,067
Awareness and education	217,501	-	-	217,501
Professional services	24,763	1,235	-	25,998
Executive's salary and related costs	83,178	35,648	118,825	237,651
Rent	96,343	96,342	96,342	289,027
Utilities	22,364	103,220	53,710	179,294
Professional fees	143,683	159,321	55,497	358,501
Miscellaneous	3,397	9,488	7,223	20,108
Advertising	110	506	-	616
Supplies	12,007	2,724	30,362	45,093
Equipment and furniture	32,318	18,335	8,709	59,362
Building repairs and maintenance	11,079	11,079	11,079	33,237
Depreciation	5,424	5,424	5,424	16,272
Bank charges	-	-	36,158	36,158
Insurance	19,195	10,495	4,982	34,672
Federal and state fees	-	-	60	60
Transportation	-	-	513	513
<b>TOTAL EXPENSES</b>	<b>\$ 3,297,923</b>	<b>\$ 1,480,602</b>	<b>\$ 790,846</b>	<b>\$ 5,569,371</b>

See Notes to Financial Statements

**MULTIPLE SCLEROSIS FOUNDATION, INC.**

**STATEMENT OF CASH FLOWS**

Year Ended December 31, 2020

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ (328,556)
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	16,272
Realized and unrealized (gains) on investments	(144,775)
Change in operating assets and liabilities:	
Unconditional promises to give and other receivables	1,167,984
Prepaid expenses	632
Other assets	(13,948)
Accounts payable and accrued expenses	(65,485)
Deferred rent expense	(14,756)
	<hr/>
NET CASH FLOWS FROM OPERATING ACTIVITIES	617,368
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<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	(2,477,635)
Proceeds from sales of investments	2,254,919
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NET CASH FLOWS FROM INVESTING ACTIVITIES	(222,716)
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<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Cash proceeds under the Paycheck Protection Program	707,822
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NET INCREASE IN CASH AND CASH EQUIVALENTS	1,102,474
CASH AND CASH EQUIVALENTS, January 1	3,770,924
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CASH AND CASH EQUIVALENTS, December 31	<u>\$ 4,873,398</u>

See Notes to Financial Statements

# MULTIPLE SCLEROSIS FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### (1) Summary of significant accounting policies

**Nature of operations** - The Multiple Sclerosis Foundation, Inc. ("MS Focus" or "Organization") is a national nonprofit organization headquartered in Fort Lauderdale, Florida which benefits all individuals whose lives are touched by this chronic neurological disorder. Since 1986, MS Focus' mission has been to provide programs and support services to those persons affected by Multiple Sclerosis ("MS") that help them maintain their health, safety, self-sufficiency, and personal well-being and to heighten public awareness of MS in order to elicit financial support for MS Focus' programs and services and promote understanding for those diagnosed with the illness. MS Focus' programs are supported nationally, primarily by contributions from individuals and corporations.

**Financial statement presentation** - The accompanying financial statements have been prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which require that the Organization reports information regarding its financial position and activities 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 general use and not subject to donor restrictions.

*Net assets with donor restrictions* - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by the passage of time or the events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

**Income tax status** - MS Focus is currently exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)(3).

MS Focus believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. Interest accrued related to material unrecognized tax benefits is recognized in the statement of functional expenses.

MS Focus files tax returns in the U.S. federal jurisdiction, and various state jurisdictions. MS Focus is no longer subject to U.S. federal, state and local tax examinations by tax authorities for years before 2017.

**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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**MULTIPLE SCLEROSIS FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**( 1 ) Summary of significant accounting policies (continued)**

**Cash and cash equivalents** - MS Focus considers all highly liquid investments, except for those held for long-term investment, with maturities of three months or less when purchased to be cash equivalents. Cash equivalents totaled approximately \$499,000 at December 31, 2020.

**Property and equipment** - Property and equipment are recorded at cost if purchased and at their estimated fair value if donated. Property and equipment donations are reported as support without donor restrictions unless the donor has restricted the use of the asset for a specific purpose. Contributions of cash, other assets and unconditional promises to give that are restricted for the purpose of acquiring property and equipment are reported as support with donor restrictions. When there are no explicit donor stipulations about how long those long-lived assets must be maintained, MS Focus reports expirations of donor restrictions when the acquired long-lived assets are placed in service. These expirations of donor restrictions are reported as reclassifications to net assets without donor restrictions. MS Focus' policy is to capitalize all assets with a cost greater than \$2,500.

**Depreciation** - Depreciation is computed using accelerated methods over the following estimated useful lives:

<u>Assets</u>	<u>Useful Lives</u>
Leasehold improvements	Shorter of lease term or 39 years
Furniture and equipment	7 years
Signs	7 years
Computer hardware	5 years
Software	3 years

**Fair value measurements** - Assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that MS Focus has the ability to access.
- Level 2 - Valuations based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Valuations derived from inputs that are unobservable.

# MULTIPLE SCLEROSIS FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### ( 1 ) Summary of significant accounting policies (continued)

#### **Fair value measurements (continued)**

There are three general valuation techniques that may be used to measure fair value:

- Market approach - Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sales transactions, market trades or other sources.
- Cost approach - Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).
- Income approach - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized as Level 3.

**Investments** - Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020.

*Common stocks and exchange traded funds:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Corporate bonds:* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

*Treasury bills:* Valued using pricing models maximizing the use of observable inputs for similar securities.

*Donated securities:* Valued at the closing price reported on the active market on which the individual securities are traded on the date of the gift. Donated securities are generally immediately sold.

*Real estate:* Valued at the fair value as of the dates the real estate is donated. Thereafter, such real estate investments are carried at current appraised values.

*Beneficial interest in perpetual trusts:* Valued at the fair value of the underlying investments in the trusts, which consist primarily of marketable debt and equity securities traded in active markets. Classified as Level 3 resulting from the perpetual nature of the trusts.

# MULTIPLE SCLEROSIS FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### ( 1 ) Summary of significant accounting policies (continued)

#### **Investments (continued)**

Net investment return is reported in the accompanying statement of activities and change in net assets and consists of interest and dividend income, realized and unrealized capital gains and losses, less external direct investment expenses.

**Contributions and promises to give** - Contributions of cash, other assets, and unconditional promises to give are recognized when received from the donor. Classification of these contributions as without donor restrictions or with donor restrictions is based upon any donor imposed stipulations that limit the use of the donated assets. When a donor imposed restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restricted contributions whose donor imposed stipulations are met in the same reporting period as the contribution is received are classified as without donor restrictions.

Unconditional promises to give are recognized at their fair value based on the present value of estimated future cash flows using a discount rate commensurate with the risks involved.

Conditional promises to give are recognized as support when the donor imposed conditions have been met. Conditional promises to give depend on the occurrence of a specified and uncertain event.

Cash received with donor imposed restrictions limiting its use to long-term purposes is not considered cash for purposes of the statement of cash flows.

MS Focus uses the allowance method to estimate uncollectible unconditional promises to give. The allowance is based on prior experience and management's analysis of specific promises made.

**Contributed services** - Contributed services are recognized if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. MS Focus regularly utilizes the services of volunteers to support its programs and administrative functions. Volunteer services are not recognized in MS Focus' financial statements.

**Other revenue and new accounting principles** - MS Focus provides certain services to unrelated organizations which promote awareness of MS and provide education services to individuals touched by the disease.

# MULTIPLE SCLEROSIS FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### (1) Summary of significant accounting policies (continued)

#### **Other revenue and new accounting principles (continued)**

In May 2014, the Financial Accounting Standards Board (“FASB”) issued new authoritative guidance related to revenue recognition. This new revenue recognition guidance, as outlined in Accounting Standards Codification (“ASC”) Topic 606 *Revenue from Contracts with Customers* (“Topic 606”), provides a unified model to determine when and how revenue with customers is recognized. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. This guidance allows for either full retrospective adoption or modified retrospective adoption. MS Focus adopted ASC Topic 606 in 2019.

ASC Topic 606 provides that an entity should apply a five-step approach for recognizing revenue, including (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, the entity satisfies a performance obligation.

Revenue in relation to services to unrelated organizations is recognized when the performance obligation is satisfied upon the services being rendered. Revenue for these services totaled approximately \$499,000 for the year ended December 31, 2020. Accounts receivable related to these services totaled approximately \$16,000 as of December 31, 2020.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which affects all nonprofit organizations. The ASU seeks to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of *Topic 958, Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Organization applied the standard using a modified retrospective approach. Adoption of this standard did not have a material impact on the Organization’s financial statements.

**Other receivables** - Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. MS Focus provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances which may affect the ability of unrelated organizations to meet their obligations. It is MS Focus’ policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. The Organization does not recognize interest income on past due accounts. No allowance for doubtful accounts was recognized as of December 31, 2020.

# MULTIPLE SCLEROSIS FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### (1) Summary of significant accounting policies (continued)

**Advertising** - MS Focus uses advertising to promote its programs and services. Advertising costs are expensed as incurred. Advertising expenses for the year ended December 31, 2020 totaled approximately \$600.

**Joint cost allocation** - During 2020, MS Focus incurred joint costs of approximately \$1,170,000, for informational materials and activities that included fund-raising appeals. MS Focus allocated approximately \$868,000 of these costs to fund-raising, and approximately \$302,000 of these costs to program services.

**Expense allocations** - The costs of providing the various programs and activities and supporting services have been summarized on a functional basis in the statement of activities and change in net assets. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are salaries and related costs, which are allocated on the basis of estimates of time and effort; rent, building repairs and maintenance, utilities and depreciation, which are allocated on a square footage basis; and printing and postage are based on usage estimates.

### (2) Liquidity

The Organization regularly monitors liquidity to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity at its disposal including cash and cash equivalents, unconditional promises to give and other receivables, and investments. For purpose of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures relating to its ongoing activities of the various programs offered by MS Focus as well as the conduct of services undertaken to support those activities to be general expenditures. In addition to the financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the accompanying statement of cash flows which identifies the sources and uses of the MS Focus cash and shows positive cash flow for the year ended December 31, 2020.

**MULTIPLE SCLEROSIS FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**( 2 ) Liquidity (continued)**

As of December 31, 2020, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

Cash and cash equivalents	\$ 4,873,398
Unconditional promises to give and other receivables	109,570
Investments	3,506,295
Anticipated distributions from beneficial interest in perpetual trusts	47,000
	\$ 8,536,263

**( 3 ) Unconditional promises to give and other receivables**

Unconditional promises to give and other receivables consist primarily of amounts due from bequests, pledges and automobile donation programs. Management believes all receivables to be fully collectible and, accordingly, no allowance for doubtful accounts has been provided. All unconditional promises to give and other receivables are expected to be realized in one year or less.

**( 4 ) Bequests**

MS Focus has received indications of gifts in the form of bequests, which are revocable during the donors' lifetime, as well as bequests from deceased donors. Due to the uncertain nature of these intentions from active donors, MS Focus has not recognized an asset or contribution revenue for these gifts. For several bequests from deceased donors, information is not reasonably available to estimate the amount to be received from the estates. The estimated total intentions to give aggregated approximately \$141,000 at December 31, 2020.

**( 5 ) Investments and fair value measurements**

Fair values of assets measured on a recurring basis at December 31, 2020 are as follows:

<u>December 31, 2020:</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using:</u>		
			<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Treasury bills	\$ 400,000	\$ 400,000	\$ 400,000	\$ -	\$ -
Common stock	695,507	793,530	793,530	-	-
Fixed income securities and similar index funds	2,274,963	2,307,960	2,307,960	-	-
Donated land and property	11,892	4,805	-	4,805	-
	\$ 3,382,362	3,506,295	3,501,490	4,805	-
Beneficial interest in perpetual trusts		911,207	-	-	911,207
	\$ 4,417,502	\$ 3,501,490	\$ 4,805	\$ 911,207	

**MULTIPLE SCLEROSIS FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**( 5 ) Investments and fair value measurements (continued)**

The following table sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended December 31, 2020:

Balance, beginning of year	\$ 835,131
Change in estimated fair value	<u>76,076</u>
Balance, end of year	<u><u>\$ 911,207</u></u>

**( 6 ) Property and equipment**

As of December 31, 2020, property and equipment consisted of the following:

Software	\$ 634,784
Computer hardware	193,617
Leasehold improvements	106,836
Equipment	48,574
Furniture	25,715
Signs	<u>2,515</u>
Total cost	1,012,041
Accumulated depreciation	<u>976,510</u>
	<u><u>\$ 35,531</u></u>

Depreciation expense was approximately \$16,000 for the year ended December 31, 2020.

**( 7 ) Concentration**

MS Focus maintains cash and investments in accounts with financial institutions that, at times, may exceed the Federal Deposit Insurance Corporation limit of \$250,000 and Securities Investor Protection Corporation limit of \$500,000. The Organization has not experienced losses related to its cash and investments in excess of the insured limits. As of December 31, 2020, MS Focus' uninsured cash and investments balances totaled approximately \$4,567,000 and \$3,100,000, respectively.

**MULTIPLE SCLEROSIS FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**( 8 ) Commitments and contingencies**

On April 22, 2010, MS Focus entered into a non-cancelable operating lease agreement for office facilities in Fort Lauderdale, Florida to provide additional space and to replace the existing leases. The lease commenced in September 2010, expires December 31, 2022, and provides for two five year renewal options at increased monthly rents. Under the terms of the lease, MS Focus received a four month abatement of base rents which increase beginning January 2014 through the end of the lease term. Rent expense includes base rent, which is recognized monthly on the straight-line basis over the initial term of the new lease, plus maintenance, taxes and other allocable costs. Deferred rent expense approximated \$42,000 for the year ended December 31, 2020.

MS Focus also leases office equipment under various non-cancelable operating leases that expire on various dates through June 2024.

Future minimum rentals, considering rental abatement periods, under leases with remaining non-cancelable terms in excess of one year, including the lease executed in 2020, are approximately as follows:

<u>Years Ending December 31,</u>	<u>Minimum Reportable Rental Expense</u>	<u>Required Rental Payments</u>
2021	\$ 237,400	\$ 258,200
2022	216,100	236,900
2023	10,300	10,300
2024	4,600	4,600
	<u>\$ 468,400</u>	<u>\$ 510,000</u>

Rental expense under operating leases was approximately \$347,000 for the year ended December 31, 2020, and is included in equipment and furniture expense and rent expense in the accompanying statement of functional expenses.

From time to time MS Focus is involved in litigation in the normal course of operations. Management believes resolution of any ongoing matters would not have a material impact on the financial statements.

MS Focus invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risk. 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 carrying amount in the statement of financial position.

**MULTIPLE SCLEROSIS FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**( 9 ) Net assets with donor restrictions**

Net assets with donor restrictions as of December 31, 2020 are available for the following purposes:

	<u>2020</u>
Perpetual interest in trusts, for which investment earnings are unrestricted	\$ 911,207
Awareness and education	<u>430,000</u>
	<u>\$ 1,341,207</u>

Net assets with donor restrictions totaling \$172,000 were released from restrictions for awareness and education during the year ended December 31, 2020.

**( 10 ) Risk and uncertainties**

On March 11, 2020 the World Health Organization declared the outbreak of the coronavirus (“COVID-19”) a pandemic. As a result of the spread of the COVID-19 and actions taken to mitigate it, uncertainties have arisen that could have an adverse impact on the activities carried out by the Organization. It is possible that the Organization is vulnerable to the risk of a near-term severe impact and may experience a certain degree of business interruption as well as disruption to carrying out its mission.

While there were no significant suspension of operations, in the Organization’s normal response to cost containment, certain cost saving measures were implemented, including employee layoffs, reduction in spending, and other.

The uncertainties caused by the impact of COVID-19 are significant and management’s judgments could change in the future. No impairments were recorded in the financial statements as of December 31, 2020 as no triggering events or changes in circumstances had occurred as of this date related to the pandemic. The full extent to which the COVID-19 coronavirus outbreak impacts the Organization’s operations will depend on future developments, which are highly uncertain and unpredictable at this time.

**( 11 ) PPP loan**

The Organization applied for and received a forgivable Paycheck Protection Program Loan (“PPP”) of approximately \$708,000 as provided under the Federal Coronavirus Aid, Relief and Economic Security Act and the loan was funded in April 2020. Under the terms of the loan, the balance is forgivable to the extent the proceeds are used for certain qualified costs for a period of time in 2020 and that certain employment levels are maintained. To the extent a portion of the loan does not meet the criteria to be forgiven, such amount is due in April 2022 and carries an interest rate of 1%. The Organization expects the entire loan to be forgiven. A formal request for forgiveness was submitted in November 2020. Upon receipt of a legal release from the obligation, the Organization will record a gain on the extinguishment of debt equal to the amount forgiven.

**MULTIPLE SCLEROSIS FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**( 12 ) Subsequent events**

MS Focus has evaluated subsequent events through May 6, 2021, which is the date the financial statements were available to be issued. Management is not aware of any events that have occurred subsequent to the statement of financial position date that would require adjustment to, or disclosure in, the financial statements.