

MULTIPLE SCLEROSIS FOUNDATION, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2023

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Multiple Sclerosis Foundation, Inc.

Opinion

We have audited the financial statements of Multiple Sclerosis Foundation, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, 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.

Basis for Opinion

We conducted our audit 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 the Organization 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 the Organization's ability to continue as a going concern for 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 the Organization'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 the Organization'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.

CBIZ CPAs P.C.¹

Boca Raton, Florida
September 10, 2024

¹ In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.

MULTIPLE SCLEROSIS FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2023

ASSETS

Cash and cash equivalents	\$ 2,156,079
Unconditional promises to give and other receivables	645,091
Investments	3,337,043
Operating lease right-of-use assets	814,433
Finance lease right-of-use assets	163,212
Beneficial interest in perpetual trusts	861,841
Prepaid expenses	13,314
Property and equipment, net	20,857
Other assets	<u>19,805</u>
TOTAL ASSETS	<u>\$ 8,031,675</u>

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts payable and accrued expenses	\$ 114,154
Operating lease liabilities	840,410
Finance lease liabilities	<u>164,761</u>
TOTAL LIABILITIES	<u>1,119,325</u>
NET ASSETS	
Without donor restrictions	5,322,518
With donor restrictions	<u>1,589,832</u>
TOTAL NET ASSETS	<u>6,912,350</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,031,675</u>

See Notes to Financial Statements

MULTIPLE SCLEROSIS FOUNDATION, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions	\$ 3,688,681	\$ 727,991	\$ 4,416,672
Other revenue	360,554	-	360,554
Net investment return	182,302	66,812	249,114
Net assets released from restrictions	110,000	(110,000)	-
TOTAL SUPPORT AND REVENUES	4,341,537	684,803	5,026,340
EXPENSES			
Program services	2,846,781	-	2,846,781
Fund-raising	1,430,844	-	1,430,844
Management and general	972,318	-	972,318
TOTAL EXPENSES	5,249,943	-	5,249,943
CHANGE IN NET ASSETS	(908,406)	684,803	(223,603)
NET ASSETS, January 1, 2023	6,230,924	905,029	7,135,953
NET ASSETS, December 31, 2023	\$ 5,322,518	\$ 1,589,832	\$ 6,912,350

See Notes to Financial Statements

MULTIPLE SCLEROSIS FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2023

	Program Services	Support Services		Total
		Fund-raising	Management and General	
Salaries and related costs	\$ 1,376,949	\$ 1,077,628	\$ 387,539	\$ 2,842,116
Grants and donations	506,011	-	-	506,011
Printing and postage	449,296	67,341	10,660	527,297
Awareness and education	99,599	1,599	-	101,198
Executive's salary and related costs	50,380	75,570	125,950	251,900
Lease costs	130,149	-	130,149	260,298
Rent related costs	43,913	-	43,912	87,825
Utilities	36,371	8,222	28,150	72,743
Professional fees	90,035	173,443	131,158	394,636
Miscellaneous	15,067	10,244	16,495	41,806
Advertising	-	2,081	116	2,197
Supplies	506	-	21,179	21,685
Equipment and furniture	2,669	-	7,120	9,789
Building repairs and maintenance	21,815	-	21,815	43,630
Depreciation	7,814	-	7,813	15,627
Bank charges	-	-	29,481	29,481
Insurance	16,207	14,716	6,332	37,255
Federal and state fees	-	-	3,282	3,282
Transportation	-	-	1,167	1,167
TOTAL EXPENSES	\$ 2,846,781	\$ 1,430,844	\$ 972,318	\$ 5,249,943

See Notes to Financial Statements

MULTIPLE SCLEROSIS FOUNDATION, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (223,603)
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	15,627
Realized and unrealized gain on investments	(162,467)
Amortization of operating lease right-of-use assets	212,506
Amortization of finance lease right-of-use assets	47,792
Gain on disposal of finance lease right-of-use assets	(150)
Change in operating assets and liabilities:	
Unconditional promises to give and other receivables	(475,118)
Employee retention credit receivable	473,856
Prepaid expenses	34,952
Payments on operating leases	(210,000)
Accounts payable and accrued expenses	<u>35,631</u>

NET CASH FLOWS FROM OPERATING ACTIVITIES (250,974)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(1,629,685)
Proceeds from sales of investments	<u>1,790,776</u>

NET CASH FLOWS FROM INVESTING ACTIVITIES 161,091

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on finance leases	<u>(44,513)</u>
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NET DECREASE IN CASH AND CASH EQUIVALENTS (134,396)

CASH AND CASH EQUIVALENTS, January 1 2,290,475

CASH AND CASH EQUIVALENTS, December 31 \$ 2,156,079

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

Obtaining a finance lease right-of-use asset in exchange for an finance lease liability	<u>\$ 180,404</u>
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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 the chronic neurological disorder, multiple sclerosis ("MS"). Since 1986, MS Focus' mission has been to provide programs and support services to those persons affected by 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 2020.

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 \$500,000 at December 31, 2023.

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 and expected useful lives greater than one year.

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

<u>Assets</u>	<u>Useful Lives</u>
Leasehold improvements	Lease term
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, 2023.

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.

Government grants are accounted for as conditional contributions, which requires that all program conditions be substantially met before recognition into income.

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 unless they meet the recognition criteria above.

Other revenue - MS Focus provides certain services to unrelated entities which promote awareness of MS and provide education services to individuals touched by the disease. Revenue in relation to services to unrelated organizations is recognized in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606 *Revenue from Contracts with Customers*, when the performance obligation is satisfied, upon the services being rendered. Revenue for these services totaled approximately \$361,000 for the year ended December 31, 2023. Accounts receivable related to these services totaled approximately \$39,000 as of December 31, 2023.

MULTIPLE SCLEROSIS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

Recently adopted accounting pronouncement and accounts receivable – Effective January 1, 2023, the Organization adopted FASB Accounting Standards Update (“ASU”) 2016-13 *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments* (“Topic 326”), and all related amendments, using the cumulative-effect transition method related to its trade accounts receivable. This new standard changes the way organizations evaluate credit losses for most financial assets and certain other instruments. For trade and other receivables, organizations are required to use a new forward-looking “expected loss” model to evaluate impairment, potentially resulting in earlier recognition of allowance for losses. The new standard also requires enhanced disclosures. Financial instruments held by the Organization that are subject to Topic 326 are accounts receivable. The adoption of this standard did not have a material impact on the Organization’s financial position or changes in net assets. As the impact from adoption was not material, the Organization did not recognize an adjustment to the beginning balance of net assets.

Accounts receivable are non-interest bearing and are stated at the amount management expects to collect from the outstanding balances and are recorded within other receivables on the accompanying statement of financial position. The carrying amount of accounts receivable is reduced by an allowance for expected credit losses that reflects management’s best estimate of the amounts that will not be collected. Management reviews all receivable balances and estimates the portion, if any, that will not be collected periodically. There was no allowance for expected credit losses as of December 31, 2023.

Leases - The Organization determines if an arrangement is a lease at inception. The Organization’s operating and finance leases are included in operating and finance lease right-of-use assets and operating and finance lease liabilities, respectively, on the accompanying statement of financial position. A right-of-use asset represents the Organization’s right to use an underlying asset for the lease term and lease liabilities represent the Organization’s obligation to make lease payments arising from the lease.

The right-of-use assets and lease liabilities are recognized at commencement date at the present value of the future lease payments. The Organization’s leases do not provide an implicit rate and as a result the Organization has elected to use the risk-free rate in determining the present value of the future lease payments. The risk-free rate used is the U.S. Treasury yield curve rate that has a term comparable to that of the lease term. The Organization’s lease agreements contain only lease components. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term and is included in lease costs on the accompanying statement of functional expenses. Amortization expense for finance lease right-of-use assets is recognized on a straight-line basis over the lease term and is included in lease costs on the accompanying statement of functional expenses.

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, 2023 totaled approximately \$2,200.

Joint cost allocation - During 2023, MS Focus incurred joint costs of approximately \$1,351,000, for activities that included fund-raising appeals. MS Focus allocated approximately \$1,064,000 of these costs to fund-raising, and approximately \$287,000 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 changes 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; lease costs, building repairs and maintenance, utilities and depreciation, which are allocated on a square footage basis; and printing and postage are based on usage estimates.

Going concern – On an annual basis, as required by FASB ASC Topic 205, *Financial Statements – Going Concern*, MS Focus performs an evaluation to determine whether there are conditions or events (known and reasonably knowable), considered in the aggregate, that raise substantial doubt about MS Focus' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

(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 the 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.

MULTIPLE SCLEROSIS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(2) Liquidity (continued)

As of December 31, 2023, 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	\$ 2,156,079
Unconditional promises to give and other receivables	645,091
Investments	3,337,043
Anticipated distributions from beneficial interest in perpetual trusts	<u>43,000</u>
	<u>\$ 6,181,213</u>

(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 \$96,000 at December 31, 2023.

MULTIPLE SCLEROSIS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(5) Investments and fair value measurements

Fair values of assets measured on a recurring basis at December 31, 2023 are as follows:

	<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>
Common stock	\$ 931,380	\$ 1,120,667	\$ 1,120,667	\$ -	\$ -
Fixed income securities and similar index funds	<u>2,215,425</u>	<u>2,216,376</u>	<u>-</u>	<u>2,216,376</u>	<u>-</u>
	<u><u>\$ 3,146,805</u></u>	<u>3,337,043</u>	<u>1,120,667</u>	<u>2,216,376</u>	<u>-</u>
Beneficial interest in perpetual trusts		<u>861,841</u>	<u>-</u>	<u>-</u>	<u>861,841</u>
		<u><u>\$ 4,198,884</u></u>	<u><u>\$ 1,120,667</u></u>	<u><u>\$ 2,216,376</u></u>	<u><u>\$ 861,841</u></u>

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, 2023:

Balance, beginning of year	\$ 795,029
Change in estimated fair value	<u>66,812</u>
Balance, end of year	<u><u>\$ 861,841</u></u>

(6) Property and equipment

As of December 31, 2023, property and equipment consisted of the following:

Software	\$ 669,294
Computer hardware	193,617
Leasehold improvements	106,836
Equipment	48,574
Furniture	25,715
Signs	<u>2,515</u>
Total cost	1,046,551
Accumulated depreciation	<u>1,025,694</u>
	<u><u>\$ 20,857</u></u>

Depreciation expense was approximately \$16,000 for the year ended December 31, 2023.

MULTIPLE SCLEROSIS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(7) Concentrations

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, 2023, MS Focus' uninsured cash and cash equivalents and investment balance totaled approximately \$2,048,000 and \$2,840,000, respectively.

(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. The lease commenced in September 2010, expiring on December 31, 2022, and provided for two five-year renewal options at increased monthly rents. In August 2022, the Organization exercised its first option to extend the lease for five years, expiring in December 2027, with monthly rentals of \$17,500 for 2023 and then increasing monthly by \$500 on January 1, 2024 and every two years thereafter.

Additionally, MS Focus also leases office equipment under various financing leases that expire on various dates through July 2028.

The Organization's operating and finance leases are included in operating and finance lease right-of-use assets and operating and finance lease liabilities, respectively, on the accompanying statement of financial position.

The components of lease costs for the year ended December 31, 2023, were as follows:

Operating lease cost	<u>\$ 212,506</u>
Finance lease cost	
Amortization of right-of-use assets	<u>\$ 47,792</u>

MULTIPLE SCLEROSIS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(8) Commitments and contingencies (continued)

Other information related to operating and finance leases as of December 31, 2023 were as follows:

Weighted Average Remaining Lease Term:	
Operating leases	3.92 years
Finance leases	4.37 years
Weighted Average Discount Rate:	
Operating leases	2.05%
Finance leases	3.44%

Future minimum lease payments under operating and finance leases are as follows:

<u>Years Ending December 31,</u>	<u>Operating Leases</u>	<u>Finance Leases</u>
2024	\$ 216,000	\$ 44,419
2025	216,000	37,544
2026	222,000	37,544
2027	222,000	37,544
2028	-	20,769
	876,000	177,820
Less: interest expense	(35,590)	(13,059)
Lease liabilities	\$ 840,410	\$ 164,761

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.

(9) Net assets with donor restrictions

Net assets with donor restrictions as of December 31, 2023 are available for the following purposes:

Perpetual interest in trusts, for which investment earnings are unrestricted	\$ 861,841
Awareness and education	125,000
Research Program	602,991
	\$ 1,589,832

MULTIPLE SCLEROSIS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(9) Net assets with donor restrictions (continued)

Net assets with donor restrictions totaling \$100,000 and \$10,000 were released from restrictions for awareness and education and quality of life, respectively, during the year ended December 31, 2023.

(10) Risks and uncertainties

MS Focus invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risk. Market risks include global events which could impact the value of investment securities, such as a pandemic or international conflicts. 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.

(11) Subsequent events

MS Focus has evaluated subsequent events through September 10, 2024, which is the date the financial statements were available to be issued. Except as noted below, 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.

On January 12, 2024, MS Focus entered into a sublease agreement with an unrelated party for office space in Fort Lauderdale, Florida. The lease commenced on February 1, 2024, expiring on February 1, 2025, with monthly rental payments of \$450.