MFA COMPANIES

SCLERODERMA FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Engineering Growth for More Than 30 Years

Accounting | Business Consulting | Financial Advisory

To the Board of Directors
Scleroderma Foundation, Inc.
Danvers, Massachusetts

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Scleroderma Foundation, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 auditors consider internal control relevant to the Organization'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 Organization'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 Scleroderma Foundation, Inc. as of June 30, 2021 and 2020, 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.

Moody, Famiglietti & Andronico, LLP

Moody, Famiglietti & Andronico, LLP
Tewksbury, Massachusetts
November 29, 2021

June 30	2021	2020
Assets		
Current Assets:		
Cash and Cash Equivalents	**$ 2,690,378**	$ 2,376,163
Contributions Receivable	**406,750**	58,410
Due from Affiliates	**36,685**	271,287
Prepaid Expenses and Other Current Assets	**215,013**	135,016
Total Current Assets	**3,348,826**	2,840,876
Investments	**10,105,147**	8,726,153
Property and Equipment, Net of Accumulated Depreciation	**21,456**	28,142
Security Deposits	**16,842**	16,842
Total Assets	**$ 13,492,271**	$ 11,612,013
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	**$ 38,007**	$ 55,848
Accrued Expenses	**197,299**	129,661
Due to Affiliates	**72,264**	74,663
Current Portion of Grants Payable	**925,000**	1,012,500
Deferred Revenue	**11,051**	-
Total Current Liabilities	**1,243,621**	1,272,672
Long-Term Debt - Paycheck Protection Program	**249,960**	249,962
Grants Payable, Net of Current Portion	**600,000**	575,000
Total Liabilities	**2,093,581**	2,097,634
Net Assets:		
Net Assets without Donor Restrictions	**9,600,665**	7,711,504
Net Assets with Donor Restrictions	**1,798,025**	1,802,875
Total Net Assets	**11,398,690**	9,514,379
Total Liabilities and Net Assets	**$ 13,492,271**	$ 11,612,013

For the Years Ended June 30			**2021**			2020
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities:						
Revenue and Other Support:						
Contributions	**$ 2,597,117**	**$ 428,543**	**$ 3,025,660**	$ 2,312,438	$ 314,877	$ 2,627,315
Bequests	**366,941**	**-**	**366,941**	172,010	-	172,010
Investment Income Designated for Operations	**-**	**293,349**	**293,349**	-	101,713	101,713
Voluntary Research Contributions	**-**	**157,725**	**157,725**	-	190,000	190,000
Contributions Received from Affiliates	**102,138**	**-**	**102,138**	373,144	-	373,144
Special Events, Net of Direct Benefit to Donor Costs of $78,598 and $157,686, Respectively	**73,619**	**-**	**73,619**	42,981	-	42,981
Returned Grant Awards	**1,340**	**-**	**1,340**	29,435	-	29,435
Registration Fees	**-**	**-**	**-**	128,846	-	128,846
Net Assets Released from Restriction	**912,517**	**(912,517)**	**-**	620,623	(620,623)	-
Total Revenue and Other Support	**4,053,672**	**(32,900)**	**4,020,772**	3,679,477	(14,033)	3,665,444
Operating Expenses:						
Program Services:						
Education and Support	**2,210,880**	**-**	**2,210,880**	2,803,960	-	2,803,960
Research	**1,267,100**	**-**	**1,267,100**	1,280,376	-	1,280,376
Total Program Services	**3,477,980**	**-**	**3,477,980**	4,084,336	-	4,084,336
General and Administrative	**712,554**	**-**	**712,554**	672,226	-	672,226
Fundraising	**226,189**	**-**	**226,189**	207,761	-	207,761
Total Operating Expenses	**4,416,723**	**-**	**4,416,723**	4,964,323	-	4,964,323
Decrease in Net Assets from Operations	**(363,051)**	**(32,900)**	**(395,951)**	(1,284,846)	(14,033)	(1,298,879)
Nonoperating Activities:						
Investment Income, Net	**2,002,250**	**321,399**	**2,323,649**	377,852	118,497	496,349
Appropriation of Investment Income Designated for Operations	**-**	**(293,349)**	**(293,349)**	-	(101,713)	(101,713)
Gain on Extinguishment of Long-Term Debt - Paycheck Protection Program	**249,962**	**-**	**249,962**	-	-	-
Total Nonoperating Activities	**2,252,212**	**28,050**	**2,280,262**	377,852	16,784	394,636
Increase (Decrease) in Net Assets	**1,889,161**	**(4,850)**	**1,884,311**	(906,994)	2,751	(904,243)
Net Assets, Beginning of Year	**7,711,504**	**1,802,875**	**9,514,379**	8,618,498	1,800,124	10,418,622
Net Assets, End of Year	**$ 9,600,665**	**$ 1,798,025**	**$ 11,398,690**	$ 7,711,504	$ 1,802,875	$ 9,514,379

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

For the Year Ended June 30 **2021**

	Program Services					
	Education and Support	Research	Total Program Services	General and Administrative	Fundraising	Total
Salaries, Wages and Taxes	$ 891,561	$ 24,323	$ 915,884	$ 350,856	$ 106,845	$ 1,373,585
Fringe Benefits	91,387	3,375	94,762	48,690	14,828	158,280
Total Salaries and Related Expenses	982,948	27,698	1,010,646	399,546	121,673	1,531,865
Research Grants	-	1,216,546	1,216,546	-	-	1,216,546
Professional Fees	277,948	6,820	284,768	98,373	29,957	413,098
Grants to Affiliates	366,743	-	366,743	-	-	366,743
Information Technology	170,786	6,608	177,394	95,321	29,028	301,743
Occupancy and Office	120,739	2,647	123,386	38,178	11,626	173,190
Fees and Licenses	47,136	1,775	48,911	25,594	7,794	82,299
Special Event Expenses	-	-	-	-	78,598	78,598
Printing and Copying	53,168	-	53,168	9,042	12,062	74,272
Insurance	36,929	1,429	38,358	20,612	6,277	65,247
Advocacy	50,468	-	50,468	-	-	50,468
Meetings and Conferences	42,423	2,660	45,083	1,166	20	46,269
Telephone	18,955	420	19,375	6,066	1,847	27,288
Postage and Delivery	10,667	-	10,667	6,525	3,720	20,912
Depreciation and Amortization	8,576	250	8,826	3,615	1,103	13,544
Miscellaneous	8,024	247	8,271	3,555	1,082	12,908
Promotion	7,178	-	7,178	2,184	-	9,362
Travel	5,562	-	5,562	2,777	-	8,339
Outreach	2,630	-	2,630	-	-	2,630
Total Expenses	2,210,880	1,267,100	3,477,980	712,554	304,787	4,495,321
Less: Expenses Included with Revenue on the Statements of Activities	-	-	-	-	78,598	78,598
	$ 2,210,880	$ 1,267,100	$ 3,477,980	$ 712,554	$ 226,189	$ 4,416,723

For the Year Ended June 30 2020

	Program Services					
	Education and Support	Research	Total Program Services	General and Administrative	Fundraising	Total
Salaries, Wages and Taxes	$ 838,193	$ 22,867	$ 861,060	$ 329,854	$ 100,449	$ 1,291,363
Fringe Benefits	71,931	2,657	74,588	38,324	11,671	124,583
Total Salaries and Related Expenses	910,124	25,524	935,648	368,178	112,120	1,415,946
Research Grants	-	1,200,000	1,200,000	-	-	1,200,000
Professional Fees	210,397	5,163	215,560	74,465	22,676	312,701
Grants to Affiliates	479,589	-	479,589	-	-	479,589
Information Technology	141,018	5,456	146,474	78,706	23,968	249,148
Occupancy and Office	123,835	2,715	126,550	39,157	11,924	177,631
Fees and Licenses	37,711	1,420	39,131	20,476	6,235	65,842
Special Event Expenses	-	-	-	-	157,686	157,686
Printing and Copying	80,074	-	80,074	13,617	18,166	111,857
Insurance	36,666	1,419	38,085	20,465	6,233	64,783
Advocacy	86,130	-	86,130	-	-	86,130
Meetings and Conferences	604,290	37,889	642,179	16,611	281	659,071
Telephone	22,509	499	23,008	7,203	2,194	32,405
Postage and Delivery	7,705	-	7,705	4,714	2,687	15,106
Depreciation and Amortization	4,397	128	4,525	1,853	565	6,943
Miscellaneous	5,779	163	5,942	2,339	712	8,993
Promotion	5,668	-	5,668	1,725	-	7,393
Travel	45,510	-	45,510	22,717	-	68,227
Outreach	2,558	-	2,558	-	-	2,558
Total Expenses	2,803,960	1,280,376	4,084,336	672,226	365,447	5,122,009
Less: Expenses Included with Revenue on the Statements of Activities	-	-	-	-	157,686	157,686
	$ 2,803,960	$ 1,280,376	$ 4,084,336	$ 672,226	$ 207,761	$ 4,964,323

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

For the Years Ended June 30		**2021**		2020
Cash Flows from Operating Activities:				
Increase (Decrease) in Net Assets	**$**	**1,884,311**	$	(904,243)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Used in Operating Activities:				
Depreciation		**13,544**		6,943
Net Unrealized Gains on Investments		**(2,164,356)**		(296,111)
Net Realized Gains on Investments		**(43,495)**		(67,569)
Gain on Extinguishment of Long-Term Debt - Paycheck Protection Program		**(249,962)**		-
(Increase) Decrease in Contributions Receivable		**(348,340)**		108,534
Decrease (Increase) in Due from Affiliates		**234,602**		(69,180)
(Increase) Decrease in Prepaid Expenses and Other Current Assets		**(79,997)**		14,198
Decrease in Security Deposits		**-**		300
Decrease in Accounts Payable		**(17,841)**		(10,187)
Increase in Accrued Expenses		**67,638**		27,006
(Decrease) Increase in Grants Payable		**(62,500)**		170,000
Increase (Decrease) in Deferred Revenue		**11,051**		(128,542)
(Decrease) Increase in Due to Affiliates		**(2,399)**		7,879
Net Cash Used in Operating Activities		**(757,744)**		(1,140,972)
Cash Flows from Investing Activities:				
Proceeds from Sales of Investments		**5,975,548**		2,531,309
Purchases of Investments		**(5,146,691)**		(2,029,699)
Acquisition of Property and Equipment		**(6,858)**		(17,600)
Net Cash Provided by Investing Activities		**821,999**		484,010
Net Cash Provided by Financing Activities:				
Borrowings from Long-Term Debt – Paycheck Protection Program		**249,960**		249,962
Net Increase (Decrease) in Cash and Cash Equivalents		**314,215**		(407,000)
Cash and Cash Equivalents, Beginning of Year		**2,376,163**		2,783,163
Cash and Cash Equivalents, End of Year	**$**	**2,690,378**	$	2,376,163

1. Organization and Summary of Significant Accounting Policies:

Nature of Organization: Scleroderma Foundation, Inc. (the Organization) is a nonprofit organization dedicated to the concerns of people whose lives have been impacted by the autoimmune disease scleroderma, also known as systemic sclerosis, and related conditions. The Organization's threefold mission of support, education, and research guides the Organization's work in providing education programs for patients and their families, peer-to-peer support through its nationwide network of chapters and support groups, and advocacy efforts to increase awareness of the disease among the general public and the medical community. The Organization also has a research program that funds clinical research to find the cause and cure for scleroderma and related conditions.

The Organization operates through a consortium of chapters and affiliates. The chapter offices are controlled and operated by the Organization. All chapter activity is included in the accompanying financial statements. The affiliates are separately incorporated organizations that function as chapters and are contractually obligated to provide dues in exchange for the use of the name "Scleroderma Foundation." Affiliate operations are not reflected in the accompanying financial statements.

Basis of Presentation: The financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Any reference in these notes to applicable guidance is meant to refer to the authoritative United States generally accepted accounting principles as found in the Accounting Standards Codification (ASC) and Accounting Standards Update (ASU) of the Financial Accounting Standards Board (FASB).

The Organization reports information regarding its financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

Net Assets with Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Fair Value Measurements: The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Revenue Recognition: Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Revenue represents amounts derived from registration fees, special events, and contributions.

1. Organization and Summary of Significant Accounting Policies (Continued):

Revenue is recognized when control of the goods and services provided is transferred to the Organization's customers and in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods and services using the following steps: 1) identification of the contract, or contracts with a customer, 2) identification of performance obligations in the contract, 3) determination of the transaction price, 4) allocation of the transaction price to the performance obligations in the contract and 5) recognition of revenue when or as the Organization satisfies the performance obligations.

Registration fees for the Organization's annual conference and revenue related to special events are generally recognized when the conference or event takes place. Special event revenue is shown net of direct costs of benefits to donors.

The Organization typically invoices its customers upon attendance of the annual conference and special events. Typical payment terms provide that customers pay at the time of the related event.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a 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 statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long contributed assets must be used are recorded as net assets with donor restrictions. Otherwise, the contributions are recorded as net assets without donor restrictions.

Contributions of services are reported as revenue and expenses without donor restrictions at the fair value of the service received only if the services create or enhance a nonfinancial asset or would typically need to be purchased by the Organization if they had not been provided by contribution, require specialized skills, and are provided by individuals with those skills. Contributions of goods and space to be used in program operations are reported as revenue and expenses without donor restrictions at the time the goods or space is received.

The Organization must determine whether a contribution (or a promise to give) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. The Organization cannot consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Contract Balances: The Organization's contract balances, resulting from contracts with customers include deferred revenue.

- *Deferred Revenue*: Deferred revenue represents payments received for which the aforementioned revenue recognition criteria have not been met.

Cash and Cash Equivalents: The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has a cash management program, which provides for the investment of excess cash balances primarily in a

1. Organization and Summary of Significant Accounting Policies (Continued):

sweep account. The Organization considers such highly liquid investments with original maturities of three months or less when purchased to be cash equivalents, unless designated for long-term purposes. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments and Investment Income: The Organization's investments are reported at fair value as of the date of the statements of financial position. Realized and unrealized gains and losses are reflected in the accompanying statements of activities. Investment income or loss on investments (including realized and unrealized gains and losses on investments, interest and dividends) is included in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Interpretation of Relevant Law: The Organization follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Organization's Board of Trustees has interpreted UPMIFA as considering the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as donor-restricted endowment funds (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) appreciation (depreciation) in the fair value of endowment investments. Therefore, unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate endowment funds:

- Duration and preservation of the fund
- Purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- Possible effect of inflation and deflation
- Expected total return from income and the appreciation of investments
- Other resources of the Organization
- Investment policies of the Organization

Concentrations of Credit Risk: Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash, cash equivalents, investments, and contributions receivable. The Organization maintains its cash, cash equivalents and investments with high-credit quality financial institutions. The Organization believes it is not exposed to any significant losses due to credit risk on cash, cash equivalents and investments. Contributions receivable are carried at the outstanding principal balance, less an estimate for allowance for uncollectible receivables based upon management's judgment of potential defaults. Management determines the allowance for doubtful accounts by identifying troubled receivables balances and by using an assessment of the donor's credit worthiness. As of June 30, 2021 and 2020, management has determined all receivables are collectible and an allowance for doubtful accounts is not necessary.

Other Risks and Uncertainties: Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Property and Equipment: Property and equipment are recorded at cost on the date of acquisition. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, as follows:

Computer Equipment	3 Years
Furniture and Fixtures	5 Years
Leasehold Improvements	Lesser of Useful Life or Lease Term

1. Organization and Summary of Significant Accounting Policies (Continued):

Website Development Costs: The Organization capitalizes certain costs associated with website development. Capitalization of website development costs begins at the start of the application development stage and ceases once testing is complete and the website is placed in operation. Additional costs may also be capitalized subsequent to the date the website is placed in operation if the modifications result in additional functionality. Website development costs are amortized using the straight-line method over the period of five years.

Impairment of Long-Lived Assets: It is required that long-lived assets be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. As of June 30, 2021 and 2020, the Organization has determined that there have been no significant events or changes in circumstances that would trigger impairment testing of the Organization's long-lived assets.

Grants Payable: Grants payable are recorded when awards are approved and committed to the recipients.

Deferred Rent: The Organization records rent expense on a constant periodic rate over the term of the lease agreement. The excess of the cumulative rent expense incurred over the cumulative amounts due under the lease agreement is deferred and recognized over the term of the lease.

Advertising Costs: The Organization expenses advertising costs as incurred. During the years ended June 30, 2021 and 2020, the Organization incurred advertising expense in the amounts of $39,840 and $47,368, respectively.

Functional Allocation of Expenses: The costs of providing the Organization's program and other activities have been summarized on a functional basis in the statements of activities. Expenses related directly to program services or supporting activities are charged directly while other expenses that are common to several functions are allocated based on management's estimates, among major classes of programs services and supporting activities.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and Related Expenses	Time and Effort
Fringe Benefits	Time and Effort
Information Technology	Full Time Equivalent
Occupancy and Office	Full Time Equivalent
Professional Fees	Time and Effort
Printing and Copying	Full Time Equivalent
Travel	Full Time Equivalent
Insurance	Full Time Equivalent
Fees and Licenses	Full Time Equivalent
Miscellaneous	Full Time Equivalent
Telephone	Full Time Equivalent
Promotion	Full Time Equivalent
Postage and Delivery	Full Time Equivalent
Depreciation and Amortization	Full Time Equivalent

Income Taxes: The Organization is a nonprofit Organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on trade or business profits generated by activities related to the Organization's exempt function. The Organization may be subject to federal and state income taxes for profits generated from trade or business activities unrelated to the Organization's exempt function. As of June 30, 2021 and 2020, management believes that the Organization has not generated any unrelated business taxable income.

The Organization assesses the recording of uncertain tax positions by evaluating the minimum recognition threshold and measurement requirements a tax position must meet before being recognized as a benefit in the financial statements. The Organization's policy is to recognize interest and penalties accrued on any uncertain tax positions as a component of income tax expense, if any, in its statements of activities.

1. Organization and Summary of Significant Accounting Policies (Continued):

The Organization has not recognized any liabilities for uncertain tax positions or unrecognized benefits as of June 30, 2021 and 2020. The Organization does not expect any material change in uncertain tax benefits within the next 12 months.

Use of Estimates: Management has used estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities in its preparation of the financial statements in accordance with GAAP. Actual results experienced by the Organization may differ from those estimates.

Subsequent Events: Management has evaluated subsequent events spanning the period from June 30, 2021 through November 29, 2021, the latter representing the issuance date of these financial statements.

2. Availability and Liquidity:

The following reflects the Organization's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general use within one year of June 30, 2021 and 2020 due to contractual or donor-imposed restrictions.

Financial Assets at End of Year:	2021	2020
Cash and Cash Equivalents	$ 2,690,378	$ 2,376,163
Contributions Receivable	406,750	58,410
Due from Affiliates	36,685	271,287
Investments	10,105,147	8,726,153
Total Financial Assets at End of Year	13,238,960	11,432,013
Less: Amounts Unavailable for General Expenditures within One Year:		
Due to Contractual or Donor-Imposed Restriction:		
Restricted by Donor with Time or Purpose Restrictions	255,650	260,500
To Be Held in Perpetuity	1,542,375	1,542,375
Board Designations:		
Board Designated Endowment Fund	338,872	116,345
	2,136,897	1,919,220
Financial Assets Available to Meet Cash Needs for General Expenditures over the Next 12 Months	$ 11,102,063	$ 9,512,793

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations may come due.

3. Investments:

Investments as of June 30, 2021 and 2020 consist of the following:

	2021	2020
Money Market Funds	$ 488,213	$ 469,543
Equity Securities	6,326,968	4,742,603
Corporate Bonds	1,424,898	1,454,250
Mutual Funds	1,098,378	1,286,264
Government Bonds	477,299	270,964
U.S. Treasury Notes	289,391	502,529
	$ 10,105,147	$ 8,726,153

For the years ended June 30, 2021 and 2020, net investment income consists of the following:

	2021	2020
Net Unrealized Gains	$ 2,164,356	$ 296,111
Interest and Dividends	167,751	180,407
Investment Fees	(51,953)	(47,738)
Net Realized Gains	43,495	67,569
	$ 2,323,649	$ 496,349

4. Endowment:

The endowment consists of a donor restricted fund established in 2007, which has been restricted as to its use by the donor or by law to support research for the disease scleroderma, and funds without donor restrictions designated by the Organization's Board of Directors to function as endowment. As of June 30, 2021 and 2020, the endowment balance, by net asset classification, consists of the following:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board Designated Endowment Funds	$ 338,872	$ -	$ 338,872
Donor Restricted Endowment Funds	-	1,542,375	1,542,375
	$ 338,872	$ 1,542,375	$ 1,881,247

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board Designated Endowment Funds	$ 116,345	$ -	$ 116,345
Donor Restricted Endowment Funds	-	1,542,375	1,542,375
	$ 116,345	$ 1,542,375	$ 1,658,720

4. Endowment (Continued):

The changes in the endowment balance by net asset classification as of June 30, 2021 and 2020 consist of the following:

	Without Donor Restrictions	With Donor Restrictions	Totals
Endowment Balance, June 30, 2019	$ 84,663	$ 1,542,375	$ 1,627,038
Investment Returns:			
Net Realized and Unrealized Gains	-	73,721	73,721
Interest and Dividends, Net of Investment Fees	-	27,992	27,992
Total Investment Returns	-	101,713	101,713
Transfers In	31,682	-	31,682
Appropriation of Endowment Assets for Expenditure	-	(101,713)	(101,713)
Endowment Balance, June 30, 2020	116,345	1,542,375	1,658,720
Investment Returns:			
Net Realized and Unrealized Gains	-	267,355	267,355
Interest and Dividends, Net of Investment Fees	-	25,994	25,994
Total Investment Returns	-	293,349	293,349
Transfers In (Out)	222,527	-	222,527
Appropriation of Endowment Assets for Expenditure	-	(293,349)	(293,349)
Endowment Balance, June 30, 2021	$ 338,872	$ 1,542,375	$ 1,881,247

Return Objectives and Risk Parameters: The Organization's Board of Directors has established investment policies over the endowment's general investments. The Organization's investment policy is designed, over the long-term, to produce funds for research and to preserve the value of the original gifts. To satisfy the long-term rate of return objectives determined by the Board of Directors, the Organization relies on a total return strategy in which investment returns are achieved through both current yield and capital appreciation. The Organization targets diversified assets allocations, each of which places a greater emphasis on equity-based investments to achieve the long-term return objectives. Over time, the strategy is to have 55% - 70% of the endowment funds invested in equity-based investments to achieve its long-term rate-of-return objectives, and 15% - 75% of the endowment funds invested in fixed income securities and cash reserves to maintain prudent risk constraints.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

4. Endowment (Continued):

Spending Policy and How the Investment Objectives Relate to Spending Policy: The Organization's endowment spending is determined annually at the discretion of the Organization's board of directors through the formal budgeting process. The Organization's approved annual spending program includes a withdrawal rate equal to 4% of the portfolio value of investments and endowments on a rolling five-year average balance of the investments and endowment's market value, in which distributions shall be made quarterly to the Organization. During the implementation period the approved budget calls for an investment and endowment spending rate greater than 4%.

5. Fair Value Measurements:

Investments measured at fair value on a recurring basis as of June 30, 2021 and 2020 are as follows:

	Fair Value Measurements at June 30, 2021			
	Totals	Level 1	Level 2	Level 3
Money Market Funds	$ 488,213	$ 488,213	$ -	$ -
Equity Securities:				
Information Technology	1,675,322	1,675,322	-	-
Consumer Goods	1,397,810	1,397,810	-	-
Healthcare Sector	996,729	996,729	-	-
Communication Service Sector	864,346	864,346	-	-
Industrial Sector	720,048	720,048	-	-
Financial Sector	672,713	672,713	-	-
Total Equity Securities	6,326,968	6,326,968	-	-
Corporate Bonds	1,424,898	-	1,424,898	-
Government Bonds	477,299	477,299	-	-
U.S. Treasury Notes	289,391	289,391	-	-
Mutual Funds:				
Bond Funds	1,098,378	1,098,378	-	-
Total Mutual Funds	1,098,378	1,098,378	-	-
	$ 10,105,147	$ 8,680,249	$ 1,424,898	$ -

5. Fair Value Measurements (Continued):

	Fair Value Measurements at June 30, 2020			
	Total	Level 1	Level 2	Level 3
Money Market Funds	$ 469,543	$ 469,543	$ -	$ -
Equity Securities:				
Information Technology	1,839,168	1,839,168	-	-
Consumer Goods	944,643	944,643	-	-
Healthcare Sector	881,654	881,654	-	-
Industrial Sector	512,695	512,695	-	-
Financial Sector	489,494	489,494	-	-
Energy Sector	74,949	74,949	-	-
Total Equity Securities	4,742,603	4,742,603	-	-
Corporate Bonds	1,454,250	-	1,454,250	-
Government Bonds	270,964	-	270,964	-
U.S. Treasury Notes	502,529	-	502,529	-
Mutual Funds:				
Balanced Moderate Allocation Mutual Funds	740,546	740,546	-	-
Bond Funds	545,718	545,718	-	-
Total Mutual Funds	1,286,264	1,286,264	-	-
	$ 8,726,153	$ 6,498,410	$ 2,227,743	$ -

5. Fair Value Measurements (Continued):

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used for the years ended June 30, 2021 and 2020.

Money Market Funds: Valued at the daily closing price as reported by the fund from an active market.

Equity Securities: 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 methodology included basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quotes prices are not available for identical or similar bonds, the bond is valued under a discounted cash flow approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote if available.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Government Bonds and U.S. Treasury Notes: Valued using quoted prices reported on the active market on which the individual notes are traded. Government Bonds and U.S. Treasury notes seek to preserve capital while also providing a competitive level of income over time.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

6. Related Party Transactions:

The Organization is associated with separately incorporated nonprofit organizations throughout the United States of America referred to as affiliates. The affiliates share common goals and work in cooperation with the Organization.

The Organization functions as a pass-through funding source for contributions designated for the affiliates. In addition, the affiliates remit a percentage of their contributions to the Organization based on various financial factors and additional voluntary contributions. For the years ended June 30, 2021 and 2020, transactions with affiliates were as follows:

	2021	2020
Grants Passed-Through to Affiliates	$ 366,743	$ 479,589
Contributions Received from Affiliates	$ 102,138	$ 233,838
Voluntary Research Contributions Received from Affiliates	$ 157,725	$ 190,000

As of June 30, 2021 and 2020, the Organization had amounts due from/to affiliates as follows:

	2021	2020
Amounts Due from Affiliates	$ 36,685	$ 271,332
Amounts Due to Affiliates	$ 72,264	$ 74,708

7. Contributions Receivable:

Contributions receivable as of June 30, 2021 and 2020 amounted to $406,750 and $58,410, respectively, and represent amounts due to be received in less than one year.

8. Property and Equipment:

Property and equipment as of June 30, 2021 and 2020 consist of the following:

	2021	2020
Computer Equipment	$ 125,804	$ 118,946
Furniture and Fixtures	78,328	78,328
Leasehold Improvements	8,393	8,393
	212,525	205,667
Less: Accumulated Depreciation	191,069	177,525
	$ 21,456	$ 28,142

Depreciation expense for the years ended June 30, 2021 and 2020 amounted to $13,544 and $6,943, respectively.

9. Grants Payable:

The Organization provides grants to nonaffiliates for research purposes. Grants payable as of June 30, 2021 are due to recipients as follows:

Year Ending June 30,	
2022	$ 925,000
2023	600,000
	$ 1,525,000

The Organization has determined that a discount to long-term grants payable is immaterial to the financial statements taken as a whole.

10. Long-Term Debt - Paycheck Protection Program:

CARES Act: On March 27, 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was enacted and signed into law to provide certain aid and stimulus to the U.S. economy. The Organization qualifies as a small business under the CARES Act and submitted a loan application with a qualified lender for funding under the Paycheck Protection Program (PPP), administered by the Small Business Association (SBA).

On April 28, 2020, the Organization's application with the lender was approved and as a result, the Organization obtained a loan (PPP Loan) in the amount of $249,962.

The PPP Loan bore fixed interest at 1.00% per annum, which began accruing from the date of the loan, and was set to mature on April 28, 2022. The PPP loan was unsecured and guaranteed by the SBA. The PPP Loan was eligible to be forgiven provided the Organization satisfied certain conditions and upon approval by the lender and the SBA. The PPP Loan provided for the deferral of payments until the SBA had determined the forgiveness amount, at which time, any remaining PPP loan amount would have required equal monthly payments of principal plus accrued interest in an amount sufficient to have repaid the remaining PPP Loan balance by the maturity date. On March 22, 2021, the Organization obtained from the SBA notification of forgiveness of the entire PPP loan balance in the amount of $249,962, which was recorded to nonoperating activities as a gain on extinguishment in the accompanying statements of activities. The accrued interest on the PPP Loan was determined to be immaterial to the financial statements.

Consolidated Appropriations Act: On December 27, 2020, the Consolidated Appropriations Act was enacted and signed into law, which in part, was designated to provide certain aid and stimulus to the U.S. economy. The Organization qualifies as a small business under the Consolidated Appropriations Act and submitted a loan application with a qualified lender for funding under the PPP, administered by the SBA.

On February 26, 2021, the Organization's application with the lender was approved and as a result, the Organization obtained a loan (the Second PPP Loan) in the amount of $249,960. The Second PPP Loan bears fixed interest at 1.00% per annum, which begins accruing from the date of the loan, and matures on February 26, 2026. The Second PPP Loan is unsecured and guaranteed by the SBA. The Second PPP Loan is eligible to be forgiven provided the Organization satisfies certain conditions and upon approval by the lender and the SBA. The Second PPP Loan provides for the deferral of payments until the SBA has determined the forgiveness amount, at which time, any remaining Second PPP Loan amount requires equal payments of principal plus accrued interest in an amount sufficient to repay the remaining Second PPP Loan balance by the maturity date. As of June 30, 2021, the outstanding balance of the PPP Loan amounted to $249,960, which is classified as a long-term liability and is included in long-term debt - paycheck protection program in the accompanying statements of financial position.

11. Net Assets with Donor Restrictions:

Net assets with donor restrictions as of June 30, 2021 and 2020 consist of the following:

	2021	2020
Subject to Expenditure for Specified Purpose:		
Research	$ 250,000	$ 250,000
Education	5,150	10,000
Scholarships	500	500
Total Purpose Restrictions	255,650	260,500
Subject to Spending Policy and Appropriation Guidelines:		
Endowment to be Held in Perpetuity - Feeney Fund	1,542,375	1,542,375
Total Net Assets with Donor Restrictions	$ 1,798,025	$ 1,802,875

12. Net Assets Released from Restriction:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors or by the passage of time. Net assets released from restriction during the years ended June 30, 2021 and 2020 consist of the following:

	2021	2020
Research	$ 902,517	$ 612,874
Education	10,000	-
Scholarships	-	7,749
	$ 912,517	$ 620,623

13. Employee Retention Credit:

The CARES Act contains certain provisions which allow for a refundable tax credit (Employee Retention Credit) against certain employment taxes equal to 50% of the first $10,000 in qualified wages paid to each employee after March 12, 2020 and before January 1, 2021 and 70% of the first $10,000, per quarter, in qualified wages paid to each employee between January 1, 2021 and December 31, 2021. The Employee Retention Credit is subject to certain conditions and eligibility requirements, as defined, which are subject to review by the Federal government.

The Organization has determined that it qualifies for and has obtained an Employee Retention Credit in the amount of $254,252 which is included within contributions without donor restrictions in the accompanying statements of activities for the year ended June 30, 2021 with a corresponding receivable which is included in contributions receivable in the accompanying statement of financial position as of June 30, 2021.

14. Operating Leases:

The Organization is party to noncancelable operating leases for office space in Danvers, Massachusetts, Denver, Colorado and Cypress Court, Texas. The operating leases require escalating monthly payments and expire on various dates through April 30, 2025. During the years ended June 30, 2021 and 2020, rent expense incurred under these agreements amounted to $132,432 and $132,849, respectively.

Future minimum lease payments due under these noncancelable lease agreements as of June 30, 2021 are as follows:

Year Ending June 30,	
2022	$ 110,776
2023	105,830
2024	98,246
2025	81,872
	$ 396,724

15. Retirement Plan:

The Organization sponsors a defined contribution plan covering substantially all of its employees who meet certain eligibility requirements. The Organization, at the discretion of the Board of Directors, may make contributions to the plan. During the years ended June 30, 2021 and and 2020, the Organization made contributions to the plan of $20,032 and $16,235, respectively.

16. Economic Dependency:

During the year ended June 30, 2021 the Organization did not generate a substantial portion of its contributions and bequests from any specific donor. During the years ended June 30,2020, the Organization generated a substantial portion of its contributions and bequests from one donor. Contributions and bequests from this donor approximated 19% of the Organization's total contributions and bequests during the years ended June 30, 2021 and 2020, respectively. As of June 30, 2021 and 2020, contributions receivable from three and two donors represented approximately 96% and 92%, respectively, of the Organization's total contributions receivable.

17. Risks and Uncertainties:

On January 30, 2020, the World Health Organization (WHO) announced an international public health emergency related to the COVID-19 outbreak. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The impact of the COVID-19 outbreak has resulted in economic uncertainties. The extent to which the Organization’s financial results will be affected cannot be reasonably estimated at this time.

18. Indemnifications:

In the ordinary course of business, the Organization enters into various agreements containing standard indemnification provisions. The Organization's indemnification obligations under such provisions are typically in effect from the date of execution of the applicable agreement through the end of the applicable statute of limitations. The aggregate maximum potential future liability of the Organization under such indemnification provisions is uncertain. As of June 30, 2021 and 2020, no amounts have been accrued related to such indemnification provisions.

1 Highwood Drive, Tewksbury, MA 01876

www.themfacompanies.com