MFA COMPANIES

SCLERODERMA FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Engineering Growth for More Than 30 Years

Business Consulting | Financial Advisory | Strategic Intelligence

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, 2020 and 2019, 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, 2020 and 2019, 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 11, 2020

June 30	2020	2019
Assets		
Current Assets:		
Cash and Cash Equivalents	**$ 2,376,163**	$ 2,783,163
Contributions Receivable	**58,410**	166,944
Due from Affiliates	**271,287**	202,107
Prepaid Expenses and Other Current Assets	**135,016**	149,214
Total Current Assets	**2,840,876**	3,301,428
Investments	**8,726,153**	8,864,083
Property and Equipment, Net of Accumulated Depreciation	**28,142**	17,485
Security Deposits	**16,842**	17,142
Total Assets	**$ 11,612,013**	$ 12,200,138
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	**$ 55,848**	$ 66,035
Accrued Expenses	**129,661**	102,655
Due to Affiliates	**74,663**	66,784
Current Portion of Grants Payable	**1,012,500**	900,000
Deferred Revenue	**-**	128,542
Total Current Liabilities	**1,272,672**	1,264,016
Paycheck Protection Program Loan	**249,962**	-
Grants Payable, Net of Current Portion	**575,000**	517,500
Total Liabilities	**2,097,634**	1,781,516
Net Assets:		
Net Assets without Donor Restrictions	**7,711,504**	8,618,498
Net Assets with Donor Restrictions	**1,802,875**	1,800,124
Total Net Assets	**9,514,379**	10,418,622
Total Liabilities and Net Assets	**$ 11,612,013**	$ 12,200,138

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

For the Years Ended June 30			2020			2019
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities:						
Revenue and Other Support:						
Contributions	**$ 2,312,438**	**$ 314,877**	**$ 2,627,315**	$ 2,240,358	$ 414,708	$ 2,655,066
Contributions Received from Affiliates	**373,144**	**-**	**373,144**	1,313,026	-	1,313,026
Voluntary Research Contributions	**-**	**190,000**	**190,000**	-	133,057	133,057
Bequests	**172,010**	**-**	**172,010**	38,679	-	38,679
Registration Fees	**128,846**	**-**	**128,846**	114,876	-	114,876
Investment Income Designated for Operations	**-**	**101,713**	**101,713**	-	115,953	115,953
Special Events, Net of Direct Benefit to Donor Costs of $157,686 and $235,114, Respectively	**42,981**	**-**	**42,981**	186,620	-	186,620
Returned Grant Awards	**29,435**	**-**	**29,435**	70,121	-	70,121
Net Assets Released from Restriction	**620,623**	**(620,623)**	**-**	699,737	(699,737)	-
Total Revenue and Other Support	**3,679,477**	**(14,033)**	**3,665,444**	4,663,417	(36,019)	4,627,398
Operating Expenses:						
Program Services:						
Education and Support	**2,803,960**	**-**	**2,803,960**	2,620,038	-	2,620,038
Research	**1,280,376**	**-**	**1,280,376**	1,282,868	-	1,282,868
Total Program Services	**4,084,336**	**-**	**4,084,336**	3,902,906	-	3,902,906
General and Administrative	**672,226**	**-**	**672,226**	652,878	-	652,878
Fundraising	**207,761**	**-**	**207,761**	195,794	-	195,794
Total Operating Expenses	**4,964,323**	**-**	**4,964,323**	4,751,578	-	4,751,578
Decrease in Net Assets from Operations	**(1,284,846)**	**(14,033)**	**(1,298,879)**	(88,161)	(36,019)	(124,180)
Nonoperating Activities:						
Investment Income, Net	**377,852**	**118,497**	**496,349**	452,865	134,218	587,083
Appropriation of Investment Income Designated for Operations	**-**	**(101,713)**	**(101,713)**	-	(115,953)	(115,953)
(Decrease) Increase in Net Assets	**(906,994)**	**2,751**	**(904,243)**	364,704	(17,754)	346,950
Net Assets, Beginning of Year	**8,618,498**	**1,800,124**	**10,418,622**	8,253,794	1,817,878	10,071,672
Net Assets, End of Year	**$ 7,711,504**	**$ 1,802,875**	**$ 9,514,379**	$ 8,618,498	$ 1,800,124	$ 10,418,622

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

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
Meetings and Conferences	604,290	37,889	642,179	16,611	281	659,071
Grants to Affiliates	479,589	-	479,589	-	-	479,589
Professional Fees	210,397	5,163	215,560	74,465	22,676	312,701
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
Special Event Expenses	-	-	-	-	157,686	157,686
Printing and Copying	80,074	-	80,074	13,617	18,166	111,857
Advocacy	86,130	-	86,130	-	-	86,130
Travel	45,510	-	45,510	22,717	-	68,227
Fees and Licenses	37,711	1,420	39,131	20,476	6,235	65,842
Insurance	36,666	1,419	38,085	20,465	6,233	64,783
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
Miscellaneous	5,779	163	5,942	2,339	712	8,993
Promotion	5,668	-	5,668	1,725	-	7,393
Depreciation and Amortization	4,397	128	4,525	1,853	565	6,943
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 Year Ended June 30 2019

	Program Services					
	Education and Support	Research	Total Program Services	General and Administrative	Fundraising	Total
Salaries, Wages and Taxes	$ 809,851	$ 22,094	$ 831,945	$ 318,701	$ 97,053	$ 1,247,699
Fringe Benefits	66,225	2,446	68,671	35,284	10,745	114,700
Total Salaries and Related Expenses	876,076	24,540	900,616	353,985	107,798	1,362,399
Research Grants	-	1,200,000	1,200,000	-	-	1,200,000
Meetings and Conferences	678,545	42,545	721,090	18,652	316	740,058
Grants to Affiliates	331,718	-	331,718	-	-	331,718
Professional Fees	103,796	2,547	106,343	36,736	11,187	154,266
Information Technology	160,026	6,192	166,218	89,316	27,199	282,733
Occupancy and Office	141,011	3,092	144,103	44,588	13,578	202,269
Special Event Expenses	-	-	-	-	235,114	235,114
Printing and Copying	66,037	-	66,037	11,230	14,982	92,249
Advocacy	57,864	-	57,864	-	-	57,864
Travel	60,090	-	60,090	29,995	-	90,085
Fees and Licenses	38,089	1,434	39,523	20,682	6,298	66,503
Insurance	39,437	1,526	40,963	22,012	6,704	69,679
Telephone	22,965	509	23,474	7,349	2,238	33,061
Postage and Delivery	9,672	-	9,672	5,917	3,373	18,962
Miscellaneous	12,583	387	12,970	5,575	1,697	20,242
Promotion	17,915	-	17,915	5,451	-	23,366
Depreciation and Amortization	3,297	96	3,393	1,390	424	5,207
Outreach	917	-	917	-	-	917
Total Expenses	2,620,038	1,282,868	3,902,906	652,878	430,908	4,986,692
Less: Expenses Included with Revenue on the Statements of Activities	-	-	-	-	235,114	235,114
	$ 2,620,038	$ 1,282,868	$ 3,902,906	$ 652,878	$ 195,794	$ 4,751,578

For the Years Ended June 30		**2020**		2019
Cash Flows from Operating Activities:				
(Decrease) Increase in Net Assets	**$**	**(904,243)**	$	346,950
Adjustments to Reconcile (Decrease) Increase in Net Assets to Net Cash Used in Operating Activities:				
Depreciation		**6,943**		5,208
Net Unrealized Gains on Investments		**(296,111)**		(415,947)
Net Realized Gains on Investments		**(67,569)**		(42,846)
Decrease in Contributions Receivable		**108,534**		100,805
(Increase) Decrease in Due from Affiliates		**(69,180)**		18,671
Decrease in Prepaid Expenses and Other Current Assets		**14,198**		16,216
Decrease (Increase) in Security Deposits		**300**		(550)
Decrease in Accounts Payable		**(10,187)**		(35,066)
Increase in Accrued Expenses		**27,006**		5,028
Increase (Decrease) in Grants Payable		**170,000**		(124,880)
(Decrease) Increase in Deferred Revenue		**(128,542)**		44,486
Increase (Decrease) in Due to Affiliates		**7,879**		(19,874)
Net Cash Used in Operating Activities		**(1,140,972)**		(101,799)
Cash Flows from Investing Activities:				
Proceeds from Sales of Investments		**2,531,309**		3,575,621
Purchases of Investments		**(2,029,699)**		(3,302,700)
Acquisition of Property and Equipment		**(17,600)**		(16,966)
Net Cash Provided by Investing Activities		**484,010**		255,955
Net Cash Provided by Financing Activities:				
Proceeds from Borrowings of Paycheck Protection Program Loan		**249,962**		-
Net (Decrease) Increase in Cash and Cash Equivalents		**(407,000)**		154,156
Cash and Cash Equivalents, Beginning of Year		**2,783,163**		2,629,007
Cash and Cash Equivalents, End of Year	**$**	**2,376,163**	$	2,783,163

Supplemental Disclosure of Noncash Investing Activities:

During the year ended June 30, 2019, the Organization disposed of fully amortized website development costs with an original cost of $80,730.

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). 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 and special events.

Revenue is recognized when control of the 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 services using the following

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

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.

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.

Contract balances from contracts with customers for the year ended June 30, 2020 consist of the following:

	End of Year	Beginning of Year
Deferred Revenue	$ -	$ 128,542

Contributions: 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 receives contributions from affiliate organizations based on an arrangement to coordinate and unify fundraising efforts with standard terms, conditions and allocation percentages for revenue sharing. Contributions from affiliates are recognized, based on the existence of this arrangement, when the amounts are fixed or determinable and collection is probable.

The voluntary research contribution revenue is a voluntarily contribution determined by each affiliate based on their individual capacity to give. Revenue from voluntary research contributions is treated as contributions revenue and recognized when the promise is received.

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 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.

Contributions Receivable: 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

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

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.

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, 2020 and 2019, 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

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

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

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, 2020 and 2019, 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, 2020 and 2019, the Organization incurred advertising expense in the amounts of $47,368 and $58,510, 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 activities are charged directly to program services 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, 2020 and 2019, 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):

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 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, 2020 through November 11, 2020, the latter representing the issuance date of these financial statements.

Recently Adopted Accounting Policies: In June 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions. The Organization adopted the provision of this ASU beginning July 1, 2019 and has applied such provisions on a modified prospective basis. The impact of the adoption of this ASU was immaterial to the financial statements.

In 2014, the FASB issued ASU 2014-09, *Revenue: Revenue from Contracts with Customers* (ASC 606), which replaces the existing revenue recognition standards and significantly expands the disclosure requirements for revenue arrangements.

Effective July 1, 2019, the Organization adopted the guidance under ASC 606 using the modified retrospective approach. Under ASC 606, revenue is recognized when the Organization satisfies a performance obligation by transferring goods or services promised in a contract to a customer, in an amount that reflects the consideration that the Organization expects to receive in exchange for those goods or services. Performance obligations in contracts represent distinct or separate service streams that the Organization provides to customers.

The Organization has chosen to elect a practical expedient available under ASC 606 that allows the Organization to only evaluate contracts which are not completed when determining the cumulative effect adjustment under the modified retrospective approach as of July 1, 2019, in connection with the adoption of ASC 606. As such, contracts that are “completed contracts” as of June 30, 2019, will not be required to be reviewed. Completed contracts represent contracts where all or substantially all of the revenue have been recognized under ASC 605 prior to the ASC 606 adoption date.

The impact of the adoption of the new revenue recognition guidance was determined to not be material to the Organization’s financial statements.

2. Availability and Liquidity:

The following reflects the Organization's financial assets as of June 30, 2020 and 2019, reduced by amounts not available for general use within one year of June 30, 2020 and 2019 due to contractual or donor-imposed restrictions.

Financial Assets at End of Year:	2020	2019
Cash and Cash Equivalents	$ 2,376,163	$ 2,783,163
Contributions Receivable	58,410	166,944
Due from Affiliates	271,287	202,107
Investments	8,726,153	8,864,083
Total Financial Assets at End of Year	11,432,013	12,016,297
Less: Amounts Unavailable for General Expenditures within One Year:		
Due to Contractual or Donor-Imposed Restriction:		
Restricted by Donor with Time or Purpose Restrictions	260,500	257,749
To Be Held in Perpetuity	1,542,375	1,542,375
Board Designations:		
Board Designated Endowment Fund	116,345	84,663
	1,919,220	1,884,787
Financial Assets Available to Meet Cash Needs for General Expenditures over the Next 12 Months	$ 9,512,793	$ 10,131,510

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, 2020 and 2019 consist of the following:

	2020	2019
Money Market Funds	$ 469,543	$ 473,095
Equity Securities	4,742,603	4,480,885
Corporate Bonds	1,454,250	1,540,403
Mutual Funds	1,286,264	1,375,581
Government Bonds	270,964	785,000
U.S. Treasury Notes	502,529	209,119
	$ 8,726,153	$ 8,864,083

For the years ended June 30, 2020 and 2019, net investment income consists of the following:

	2020	2019
Net Unrealized Gains	$ 296,111	$ 415,947
Interest and Dividends	180,407	175,015
Net Realized Gains	67,569	42,846
Investment Fees	(47,738)	(46,725)
	$ 496,349	$ 587,083

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, 2020 and 2019, the endowment balance, by net asset classification, consists of the following:

	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

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Board Designated Endowment Funds	$ 84,663	$ -	$ 84,663
Donor Restricted Endowment Funds	-	1,542,375	1,542,375
	$ 84,663	$ 1,542,375	$ 1,627,038

4. Endowment (Continued):

The changes in the endowment balance by net asset classification as of June 30, 2020 and 2019 consist of the following:

	Without Donor Restrictions	With Donor Restrictions	Totals
Endowment Balance, June 30, 2018	$ 120,502	$ 1,542,375	$ 1,662,877
Investment Returns:			
Net Realized and Unrealized Gains	-	89,575	89,575
Interest and Dividends, Net of Investment Fees	-	26,378	26,378
Total Investment Returns	-	115,953	115,953
Appropriation of Endowment Assets for Expenditure	(35,839)	(115,953)	(151,792)
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

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.

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, 2020 and 2019 are as follows:

	Fair Value Measurements at June 30, 2020			
	Totals	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (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):

	Fair Value Measurements at June 30, 2019			
	Total	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Funds	$ 473,095	$ 473,095	$ -	$ -
Equity Securities:				
Information Technology	1,309,499	1,309,499	-	-
Consumer Goods	909,118	909,118	-	-
Healthcare Sector	869,702	869,702	-	-
Industrial Sector	514,362	514,362	-	-
Financial Sector	621,914	621,914	-	-
Energy Sector	256,290	256,290	-	-
Total Equity Securities	4,480,885	4,480,885	-	-
Corporate Bonds	1,540,403	-	1,540,403	-
Government Bonds	785,000	-	785,000	-
U.S. Treasury Notes	209,119	-	209,119	-
Mutual Funds:				
Balanced Moderate Allocation Mutual Funds	787,377	787,377	-	-
Bond Funds	588,204	588,204	-	-
Total Mutual Funds	1,375,581	1,375,581	-	-
	$ 8,864,083	$ 6,329,561	$ 2,534,522	$ -

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, 2020 and 2019.

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, 2020 and 2019, transactions with affiliates were as follows:

	2020	2019
Grants Passed-Through to Affiliates	$ 479,589	$ 331,718
Contributions Received from Affiliates	$ 233,838	$ 1,313,026
Voluntary Research Contributions Received from Affiliates	$ 190,000	$ 133,057

As of June 30, 2020 and 2019, the Organization had amounts due from/to affiliates as follows:

	2020	2019
Amounts Due from Affiliates	$ 271,332	$ 202,107
Amounts Due to Affiliates	$ 74,708	$ 66,784

7. Contributions Receivable:

Contributions receivable as of June 30, 2020 and 2019 amounted to $58,410 and $166,944, respectively, and represent amounts due to be received in less than one year.

8. Property and Equipment:

Property and equipment as of June 30, 2020 and 2019 consist of the following:

	2020	2019
Computer Equipment	$ 118,946	$ 99,346
Furniture and Fixtures	78,328	78,328
Leasehold Improvements	8,393	8,393
Land	-	2,000
	205,667	188,067
Less: Accumulated Depreciation	177,525	170,582
	$ 28,142	$ 17,485

Depreciation expense for the years ended June 30, 2020 and 2019 amounted to $6,943 and $5,208, respectively.

9. Website Development Costs:

During the year ended June 30, 2019, the Organization disposed of fully amortized website development costs in the amount of $80,730.

10. Grants Payable:

The Organization provides grants to nonaffiliates for research purposes. Grants payable as of June 30, 2020 are due to recipients as follows:

Year Ending June 30,	
2021	$ 1,012,500
2022	575,000
	$ 1,587,500

11. Long-Term Debt: Paycheck Protection Program:

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 Administration (SBA).

On April 28, 2020, the Organization's application was approved and as a result, the Organization obtained a loan (PPP Loan) in the amount of $249,962. The PPP Loan bears fixed interest at 1.00% per annum, which begins accruing from the date of the loan, and matures on April 28, 2022. The PPP Loan is unsecured and guaranteed by the SBA. The PPP Loan is eligible to be forgiven provided the Organization satisfies certain conditions and upon approval by the lender and SBA. The PPP Loan provides for the deferral of payments until the SBA has determined the forgiveness amount, at which time, any remaining PPP loan amount requires equal payments of principal plus accrued interest in an amount sufficient to repay the remaining PPP Loan balance by the maturity date. The Organization's intent is to apply for full forgiveness. As of June 30, 2020, the outstanding balance of the PPP Loan amounted to $249,962 and is classified as a long-term liability and is included in paycheck protection program loan payable in the accompanying statements of financial position.

12. Net Assets with Donor Restrictions:

Net assets with donor restrictions as of June 30, 2020 and 2019 consist of the following:

	2020	2019
Subject to Expenditure for Specified Purpose:		
Research	$ 250,000	$ 250,000
Scholarships	500	7,749
Education	10,000	-
Total Purpose Restrictions	260,500	257,749
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	$ 1,802,875	$ 1,800,124

13. 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, 2020 and 2019 consist of the following:

	2020	2019
Research	$ 612,874	$ 656,983
Scholarships	7,749	42,754
	$ 620,623	$ 699,737

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, 2020 and 2019, rent expense incurred under these agreements amounted to $132,849 and $146,657, respectively.

Future minimum lease payments due under these noncancelable lease agreements as of June 30, 2020 are as follows:

Year Ending June 30,	
2021	$ 110,446
2022	98,246
2023	98,246
2024	98,246
2025	81,872
	$ 487,056

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, 2020 and and 2019, the Organization made contributions to the plan of $16,235 and $14,490, respectively.

16. Economic Dependency:

During the years ended June 30, 2020 and 2019, the Organization generated a substantial portion of its contributions and bequests from one donor. Contributions and bequests from this donor approximated 19% and 19% of the Organization's total contributions and bequests during the years ended June 30, 2020 and 2019, respectively. As of June 30, 2020 and 2019, contributions receivable from two donors represented approximately 92% and 84%, 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, 2020 and 2019, no amounts have been accrued related to such indemnification provisions.

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