National Scleroderma Foundation, Inc. f/k/a Scleroderma Foundation, Inc.

Financial Statements

June 30, 2022 and 2021

Independent Auditors' Report

To the Board of Directors
National Scleroderma Foundation, Inc. f/k/a Scleroderma Foundation, Inc.

Opinion

We have audited the accompanying financial statements of National Scleroderma Foundation, Inc. f/k/a Scleroderma Foundation, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Baker Tilly US, LLP

Baker Tilly US, LLP
Tewksbury, Massachusetts
November 28, 2022

June 30	2022	2021
Assets		
Current Assets:		
Cash and Cash Equivalents	**$ 2,683,332**	$ 2,690,378
Contributions Receivable	**635,411**	406,750
Due from Affiliates	**24,813**	36,685
Prepaid Expenses and Other Current Assets	**185,646**	215,013
Total Current Assets	**3,529,202**	3,348,826
Investments	**7,887,043**	10,105,147
Property and Equipment, Net of Accumulated Depreciation	**29,987**	21,456
Security Deposits	**16,842**	16,842
Total Assets	**$ 11,463,074**	$ 13,492,271
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	**$ 54,019**	$ 38,007
Accrued Expenses	**154,656**	197,299
Due to Affiliates	**79,414**	72,264
Current Portion of Grants Payable	**1,504,167**	925,000
Deferred Revenue	**4,529**	11,051
Total Current Liabilities	**1,796,785**	1,243,621
Long-Term Debt - Paycheck Protection Program	**-**	249,960
Grants Payable, Net of Current Portion	**1,116,668**	600,000
Total Liabilities	**2,913,453**	2,093,581
Net Assets:		
Net Assets without Donor Restrictions	**6,893,709**	9,261,793
Net Assets with Donor Restrictions	**1,655,912**	2,136,897
Total Net Assets	**8,549,621**	11,398,690
Total Liabilities and Net Assets	**$ 11,463,074**	$ 13,492,271

For the Years Ended June 30			2022			2021
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities:						
Revenue and Other Support:						
Contributions	**$ 1,112,619**	**$ 1,285,747**	**$ 2,398,366**	$ 2,597,117	$ 428,543	$ 3,025,660
Bequests	**1,140,911**	**-**	**1,140,911**	366,941	-	366,941
Special Events, Net of Direct Benefit to Donor Costs of $85,687 and $78,598, Respectively	**443,271**	**-**	**443,271**	73,619	-	73,619
Voluntary Research Contributions	**-**	**173,415**	**173,415**	-	157,725	157,725
Investment Income Designated for Operations	**-**	**69,985**	**69,985**	-	70,865	70,865
Contributions Received from Affiliates	**56,507**	**-**	**56,507**	102,138	-	102,138
Returned Grant Awards	**-**	**-**	**-**	1,340	-	1,340
Net Assets Released from Restriction	**1,784,797**	**(1,784,797)**	**-**	689,990	(689,990)	-
Total Revenue and Other Support	**4,538,105**	**(255,650)**	**4,282,455**	3,831,145	(32,857)	3,798,288
Operating Expenses:						
Program Services:						
Education and Support	**2,074,271**	**-**	**2,074,271**	2,211,218	-	2,211,218
Research	**2,747,437**	**-**	**2,747,437**	1,267,085	-	1,267,085
Total Program Services	**4,821,708**	**-**	**4,821,708**	3,478,303	-	3,478,303
General and Administrative	**810,881**	**-**	**810,881**	712,305	-	712,305
Fundraising	**552,920**	**-**	**552,920**	226,115	-	226,115
Total Operating Expenses	**6,185,509**	**-**	**6,185,509**	4,416,723	-	4,416,723
Decrease in Net Assets from Operations	**(1,647,404)**	**(255,650)**	**(1,903,054)**	(585,578)	(32,857)	(618,435)
Nonoperating Activities:						
Investment (Loss) Income, Net	**(970,640)**	**(155,350)**	**(1,125,990)**	2,002,250	321,399	2,323,649
Gain on Extinguishment of Long-Term Debt - Paycheck Protection Program	**249,960**	**-**	**249,960**	249,962	-	249,962
Appropriation of Investment Income Designated for Operations	**-**	**(69,985)**	**(69,985)**	-	(70,865)	(70,865)
Total Nonoperating Activities	**(720,680)**	**(225,335)**	**(946,015)**	2,252,212	250,534	2,502,746
(Decrease) Increase in Net Assets	**(2,368,084)**	**(480,985)**	**(2,849,069)**	1,666,634	217,677	1,884,311
Net Assets, Beginning of Year	**9,261,793**	**2,136,897**	**11,398,690**	7,595,159	1,919,220	9,514,379
Net Assets, End of Year	**$ 6,893,709**	**$ 1,655,912**	**$ 8,549,621**	$ 9,261,793	$ 2,136,897	$ 11,398,690

For the Year Ended June 30 **2022**

	Program Services					
	Education and Support	Research	Total Program Services	General and Administrative	Fundraising	Total
Research Grants	$ -	$ 2,425,000	$ 2,425,000	$ -	$ -	$ 2,425,000
Salaries and Related Expenses	1,291,161	36,384	1,327,545	524,828	159,824	2,012,197
Professional Fees	262,183	99,627	361,810	99,627	102,127	563,564
Information Technology	148,707	74,353	223,060	74,353	74,353	371,766
Occupancy and Office	77,716	38,342	116,058	38,342	38,342	192,742
Fees and Licenses	45,520	22,760	68,280	22,760	49,207	140,247
Meetings and Conferences	103,525	3,488	107,013	3,488	3,362	113,863
Printing and Copying	39,924	7,345	47,269	7,345	40,150	94,764
Special Event Expenses	-	-	-	-	85,687	85,687
Insurance	30,845	15,422	46,267	15,422	15,422	77,111
Travel	26,346	13,154	39,500	13,154	13,154	65,808
Postage and Delivery	20,646	2,949	23,595	2,949	33,054	59,598
Promotion	9,846	1,910	11,756	1,910	7,371	21,037
Telephone	7,126	3,563	10,689	3,563	3,563	17,815
Depreciation	6,281	3,140	9,421	3,140	3,140	15,701
Outreach	4,445	-	4,445	-	9,851	14,296
Grants to Affiliates	-	-	-	-	-	-
Total Expenses	2,074,271	2,747,437	4,821,708	810,881	638,607	6,271,196
Less: Expenses Included with Revenue on the Statements of Activities	-	-	-	-	85,687	85,687
	$ 2,074,271	$ 2,747,437	$ 4,821,708	$ 810,881	$ 552,920	$ 6,185,509

For the Year Ended June 30 2021

	Program Services					
	Education and Support	Research	Total Program Services	General and Administrative	Fundraising	Total
Research Grants	$ -	$ 1,216,546	$ 1,216,546	$ -	$ -	$ 1,216,546
Salaries and Related Expenses	982,948	27,699	1,010,647	399,546	121,673	1,531,866
Professional Fees	328,416	6,820	335,236	98,370	29,957	463,563
Information Technology	170,786	6,608	177,394	95,321	29,028	301,743
Occupancy and Office	121,485	2,664	124,149	38,414	11,698	174,261
Fees and Licenses	54,609	2,009	56,618	28,952	8,816	94,386
Meetings and Conferences	43,244	2,660	45,904	1,166	20	47,090
Printing and Copying	53,168	-	53,168	9,042	12,062	74,272
Special Event Expenses	-	-	-	-	78,598	78,598
Insurance	36,929	1,429	38,358	20,612	6,278	65,248
Travel	5,562	-	5,562	2,777	-	8,339
Postage and Delivery	10,667	-	10,667	6,525	3,720	20,912
Promotion	7,178	-	7,178	2,184	-	9,362
Telephone	18,955	420	19,375	6,066	1,847	27,288
Depreciation	7,898	230	8,128	3,330	1,016	12,474
Outreach	2,630	-	2,630	-	-	2,630
Grants to Affiliates	366,743	-	366,743	-	-	366,743
Total Expenses	2,211,218	1,267,085	3,478,303	712,305	304,713	4,495,321
Less: Expenses Included with Revenue on the Statements of Activities	-	-	-	-	78,598	78,598
	$ 2,211,218	$ 1,267,085	$ 3,478,303	$ 712,305	$ 226,115	$ 4,416,723

For the Years Ended June 30	**2022**	2021
Cash Flows from Operating Activities:		
(Decrease) Increase in Net Assets	**$ (2,849,069)**	$ 1,884,311
Adjustments to Reconcile (Decrease) Increase in Net Assets to Net Cash Used in Operating Activities:		
Depreciation	**15,701**	13,544
Net Realized and Unrealized Losses (Gains) on Investments	**1,276,218**	(2,207,851)
Gain on Extinguishment of Long-Term Debt - Paycheck Protection Program	**(249,960)**	(249,962)
Increase in Contributions Receivable	**(228,661)**	(348,340)
Decrease in Due from Affiliates	**11,872**	234,602
Decrease (Increase) in Prepaid Expenses and Other Current Assets	**29,367**	(79,997)
Increase (Decrease) in Accounts Payable	**16,012**	(17,841)
(Decrease) Increase in Accrued Expenses	**(42,643)**	67,638
Increase (Decrease) in Grants Payable	**1,095,835**	(62,500)
(Decrease) Increase in Deferred Revenue	**(6,522)**	11,051
Increase (Decrease) in Due to Affiliates	**7,150**	(2,399)
Net Cash Used in Operating Activities	**(924,700)**	(757,744)
Cash Flows from Investing Activities:		
Proceeds from Sales of Investments	**2,015,843**	5,975,548
Purchases of Investments	**(1,073,957)**	(5,146,691)
Acquisition of Property and Equipment	**(24,232)**	(6,858)
Net Cash Provided by Investing Activities	**917,654**	821,999
Net Cash Provided by Financing Activities:		
Borrowings from Long-Term Debt – Paycheck Protection Program	**-**	249,960
Net (Decrease) Increase in Cash and Cash Equivalents	**(7,046)**	314,215
Cash and Cash Equivalents, Beginning of Year	**2,690,378**	2,376,163
Cash and Cash Equivalents, End of Year	**$ 2,683,332**	$ 2,690,378

1. Organization and Summary of Significant Accounting Policies:

Nature of Organization: National 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. During the year ended June 30, 2022, the Organization changed its legal name from Scleroderma Foundation, Inc. to National Scleroderma Foundation, Inc. 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 Updates (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 without donor restrictions include net assets designated by the board for specific purposes.

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.

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

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. 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.

Revenue from legacies and bequests is recognized upon receipt, unless advance notice of the Organization's unconditional right to receive the legacy or bequest is received and the fair value of the contribution is determinable, in which case the revenue is recognized upon such notice.

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.

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

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 represents payments received for which the aforementioned revenue recognition criteria have not been met.

Opening and closing balances for contract balances from contracts with customers consist of the following:

	June 30, 2022	June 30, 2021	July 1, 2020
Deferred Revenue	$ 4,529	$ 11,051	$ -

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.

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

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

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 amounts based upon management's judgment of potential defaults. Management identifies troubled receivables balances by assessing of the donor's credit worthiness. As of June 30, 2022 and 2021, 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

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, 2022 and 2021, 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. As of June 30, 2022 and 2021, the deferred rent was deemed to be immaterial.

Advertising Costs: The Organization expenses advertising costs as incurred. During the years ended June 30, 2022 and 2021, the Organization incurred advertising expense in the amounts of $21,038 and $39,840, 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.

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

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and Related Expenses	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
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, 2022 and 2021, 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. The Organization has not recognized any liabilities for uncertain tax positions or unrecognized benefits as of June 30, 2022 and 2021. 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.

Reclassification: Certain accounts in the June 30, 2021 financial statements have been reclassified for comparative purposes to conform to the presentation in the June 30, 2022 financial statements. Reclassifications consisted of certain amounts in the Organization's endowment reclassified from net assets without donor restrictions to net asset with donor restrictions. These amounts totaled $116,345 and $338,872 as of July 1, 2020 and June 30, 2021, respectively. Additionally, net assets released from restriction for the year ended June 30, 2021 was reduced by $222,527. The Organization also reduced investment income designated for operations and appropriation of investment income designated for operations by $222,484 for the year ended June 30, 2021.

Subsequent Events: Management has evaluated subsequent events spanning the period from June 30, 2022 through November 28, 2022, the date the financial statements were available to be issued.

2. Availability and Liquidity:

The following reflects the Organization's financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general use within one year of June 30, 2022 and 2021 due to contractual or donor-imposed restrictions.

Financial Assets at End of Year:	2022	2021
Cash and Cash Equivalents	$ 2,683,332	$ 2,690,378
Contributions Receivable	635,411	406,750
Due from Affiliates	24,813	36,685
Investments	7,887,043	10,105,147
Total Financial Assets at End of Year	11,230,599	13,238,960
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
To Be Held in Perpetuity - Feeney Fund	1,655,912	1,881,247
	1,655,912	2,136,897
Financial Assets Available to Meet Cash Needs for General Expenditures over the Next 12 Months	$ 9,574,687	$ 11,102,063

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, 2022 and 2021 consist of the following:

	2022	2021
Money Market Funds	$ 390,679	$ 488,213
Equity Securities	4,518,499	6,326,968
Corporate Bonds	1,001,804	1,424,898
Mutual Funds	1,195,763	1,098,378
Government Bonds	431,657	477,299
U.S. Treasury Notes	348,641	289,391
	$ 7,887,043	$ 10,105,147

For the years ended June 30, 2022 and 2021, net investment income consists of the following:

	2022	2021
Net Realized and Unrealized (Losses) Gains	$ (1,276,218)	$ 2,207,851
Interest and Dividends	175,431	167,751
Investment Fees	(25,203)	(51,953)
	$ (1,125,990)	$ 2,323,649

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. As of June 30, 2022 and 2021, the endowment balance, by net asset classification, consists of the following:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted Endowment Funds	$ -	$ 1,655,912	$ 1,655,912

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted Endowment Funds	$ -	$ 1,881,247	$ 1,881,247

The changes in the endowment balance by net asset classification as of June 30, 2022 and 2021 consist of the following:

	Without Donor Restrictions	With Donor Restrictions	Totals
Endowment Balance, June 30, 2020	$ -	$ 1,658,720	$ 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
Appropriation of Endowment Assets for Expenditure	-	(70,865)	(70,865)
Endowment Balance, June 30, 2021	-	1,881,204	1,881,204
Investment Returns:			
Net Realized and Unrealized Losses	-	(180,820)	(180,820)
Interest and Dividends, Net of Investment Fees	-	25,513	25,513
Total Investment Returns	-	(155,307)	(155,307)
Appropriation of Endowment Assets for Expenditure	-	(69,985)	(69,985)
Endowment Balance, June 30, 2022	$ -	$ 1,655,912	$ 1,655,912

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.

4. Endowment (Continued):

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, 2022 and 2021 are as follows:

	Fair Value Measurements at June 30, 2022			
	Totals	Level 1	Level 2	Level 3
Money Market Funds	$ 390,679	$ 390,679	$ -	$ -
Equity Securities:				
Information Technology	1,232,001	1,232,001	-	-
Consumer Goods	1,034,177	1,034,177	-	-
Healthcare Sector	924,117	924,117	-	-
Communication Service Sector	459,316	459,316	-	-
Financial Sector	440,177	440,177	-	-
Industrial Sector	428,711	428,711	-	-
Total Equity Securities	4,518,499	4,518,499	-	-
Corporate Bonds	1,001,804	-	1,001,804	-
Government Bonds	431,657	431,657	-	-
U.S. Treasury Notes	348,641	348,641	-	-
Mutual Funds:				
Balanced Moderate Allocation Mutual Funds	1,195,763	1,195,763	-	-
Total Mutual Funds	1,195,763	1,195,763	-	-
	$ 7,887,043	$ 6,885,239	$ 1,001,804	$ -

5. Fair Value Measurements (Continued):

	Fair Value Measurements at June 30, 2021			
	Total	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	-	-
Financial Sector	672,713	672,713	-	-
Industrial Sector	720,048	720,048	-	-
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	$ -

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, 2022 and 2021.

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 quoted 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.

5. Fair Value Measurements (Continued):

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, 2022 and 2021, transactions with affiliates were as follows:

	2022	2021
Grants Passed-Through to Affiliates	$ -	$ 366,743
Contributions Received from Affiliates	$ 56,507	$ 102,138
Voluntary Research Contributions Received from Affiliates	$ 173,415	$ 157,725

As of June 30, 2022 and 2021, the Organization had amounts due from/to affiliates as follows:

	2022	2021
Amounts Due from Affiliates	$ 24,813	$ 36,685
Amounts Due to Affiliates	$ 79,414	$ 72,264

7. Contributions Receivable:

Contributions receivable as of June 30, 2022 and 2021 amounted to $635,411 and $406,750, respectively, and represent amounts due to be received in less than one year.

8. Property and Equipment:

Property and equipment as of June 30, 2022 and 2021 consist of the following:

	2022	2021
Computer Equipment	$ 137,386	$ 125,804
Furniture and Fixtures	87,028	78,328
Leasehold Improvements	12,343	8,393
	236,757	212,525
Less: Accumulated Depreciation	206,770	191,069
	$ 29,987	$ 21,456

8. Property and Equipment (Continued):

Depreciation expense for the years ended June 30, 2022 and 2021 amounted to $15,701 and $13,544, respectively.

9. Grants Payable:

The Organization provides grants to nonaffiliates for research purposes. Grants payable as of June 30, 2022 are due to recipients as follows:

Year Ending June 30,	
2023	$ 1,504,167
2024	1,116,668
	$ 2,620,835

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 of long-term debt - paycheck protection program in the accompanying statements of activities. Accrued interest on the PPP Loan was determined by management 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 Second loan (the Second PPP Loan) in the amount of $249,960. The Second 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 February 26, 2026. The Second PPP loan was unsecured and guaranteed by the SBA. The Second PPP Loan was eligible to be forgiven provided the Organization satisfied certain conditions and upon approval by the lender and the SBA. The Second PPP Loan provided for the deferral of payments until the SBA had determined the forgiveness amount, at which time, any remaining loan amount would have required equal monthly payments of principal plus accrued interest in an amount sufficient to have repaid the remaining Second PPP Loan balance by the maturity date.

10. Long-Term Debt - Paycheck Protection Program (Continued):

On March 9, 2022, the Organization obtained from the SBA notification of forgiveness of the entire Second PPP loan balance in the amount of $249,960, which was recorded to nonoperating activities as a gain on extinguishment of long-term debt - paycheck protection program in the accompanying statements of activities. Accrued interest on the Second PPP Loan was determined by management to be immaterial to the financial statements.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

11. Net Assets with Donor Restrictions:

Net assets with donor restrictions as of June 30, 2022 and 2021 consist of the following:

	2022	2021
Subject to Expenditure for Specified Purpose:		
Research	$ -	$ 250,000
Education	-	5,150
Scholarships	-	500
Total Purpose Restrictions	-	255,650
Subject to Spending Policy and Appropriation Guidelines (Including Amount to be Held in Perpetuity of $1,542,375):		
Feeny Fund Endowment for Research	1,655,912	1,881,247
Total Net Assets with Donor Restrictions	$ 1,655,912	$ 2,136,897

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, 2022 and 2021 consist of the following:

	2022	2021
Research	$ 992,617	$ 679,990
Education	792,180	10,000
	$ 1,784,797	$ 689,990

13. Employee Retention Credit:

The Coronavirus Aid, Relief and Economic Security (CARES Act), as amended by the Consolidated Appropriations Act, the American Rescue Plan Act and the Infrastructure and Jobs Act, includes certain provisions for an employee retention credit (ERC). The ERC incentivizes employers severely impacted by the COVID-19 pandemic to retain their employees through a fully refundable tax credit, which is allowed against the employer's share of employment taxes for qualified wages paid after March 12, 2020 and before October 1, 2021. Credits in excess of the tax amounts paid by an employer are treated as overpayments and are also refunded to the employer.

13. Employee Retention Credit (Continued):

The ERC is calculated as a percentage of qualified wages (as defined in the CARES Act, as amended) paid by an eligible employer. The ERC is equal to (i) 50% of the first $10,000, per calendar quarter, in qualified wages paid to each employee after March 12, 2020 and before January 1, 2021, with a maximum annual credit of $5,000 for each employee; and (ii) 70% of the first $10,000, per calendar quarter, in qualified wages paid to each employee between January 1, 2021 and September 30, 2021, with a maximum annual credit of $21,000 for each employee.

The Organization qualified for the ERC as it experienced a significant decline in gross receipts in 2021 as a result of the effects of the COVID-19 pandemic. A decline in gross receipts is defined as: (i) for 2020, 50% compared to the same calendar quarter in 2019; and (ii) for 2021, 20% compared to the same calendar quarter in 2019.

The Organization averaged fewer than 100 full-time employees (FTEs) during 2019; therefore, it was considered a small employer during 2020 and 2021. As a small employer in 2020 and 2021, all of the Organization's otherwise qualified wages were eligible for the ERC.

The Organization has elected to account for the ERC as a government grant under the FASB's ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*. Accordingly, the Organization has recorded $254,252 as contributions without donor restrictions in the accompanying statement of activities for the year ended June 30, 2021, with a corresponding receivable that 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; Cypress Court, Texas; and Southfield, Michigan. The operating leases require escalating monthly payments and expire on various dates through April 30, 2025. The Organization is also party to a lease for equipment that requires a fixed monthly payment of $587 and expires in April 2023.

During the years ended June 30, 2022 and 2021, rent expense incurred under these agreements amounted to $149,464 and $132,432, respectively.

Future minimum lease payments due under these noncancelable lease agreements as of June 30, 2022 are as follows:

Year Ending June 30,	
2023	$ 111,970
2024	105,830
2025	81,872
	$ 299,672

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, 2022 and 2021, the Organization made contributions to the plan in the amounts of $26,435 and $20,032, respectively.

16. Economic Dependency:

During the years ended June 30, 2022 and 2021, the Organization did not generate a substantial portion of its contributions and bequests from any specific donor.

As of June 30, 2022 and 2021, contributions receivable from two and three donors represented approximately 55% and 96%, each respectively, of the Organization's total contributions receivable.

17. 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, 2022 and 2021, no amounts have been accrued related to such indemnification provisions.

18. Subsequent Events:

Effective July 1, 2022, the Organization merged with two of its affiliates, Scleroderma Foundation of the Delaware Valley and Scleroderma Foundation Minnesota Chapter (the Affiliates). As of the effective date of these mergers, the combined assets of the Affiliates amounted to approximately $420,000. The Affiliates had no liabilities as of the effective date of the mergers.

As of the date these financial statements were available to be issued, the Organization had signed letters of intent to merge with two additional affiliates, Scleroderma Foundation Tri-State, Inc. Chapter and Scleroderma Foundation New England, Inc. These mergers are anticipated to be effective on January 1, 2023.