

MOEBIUS SYNDROME FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020



Certified Public Accountants

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Certified Public Accountants

Independent Accountant's Review Report

To the Board of Directors
Moebius Syndrome Foundation

We have reviewed the accompanying financial statements of the **Moebius Syndrome Foundation** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 the financial statements that are free from material misstatement, whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of **Moebius Syndrome Foundation** and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2021 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on 2020 Financial Statements

The 2020 financial statements were audited by us, and we expressed an unmodified opinion on them in our report thereon, dated September 15, 2021. We have not performed any auditing procedures since that date.

Kositzka, Wicks and Company

Alexandria, Virginia
March 31, 2022

Moebius Syndrome Foundation

Statements of Financial Position December 31,

(Reviewed)
2021

(Audited)
2020

Assets

Current assets

Cash and cash equivalents	\$ 128,954	\$ 34,712
Investments	2,195,388	1,553,870
Prepaid expenses	69,492	423
Total assets	<u>\$ 2,393,834</u>	<u>\$ 1,589,005</u>

Liabilities and net assets

Current liabilities

Accounts payable and accrued expenses	\$ -	\$ 2,388
Grants payable, current portion	71,000	60,000
	<u>71,000</u>	<u>62,388</u>

Long-term liabilities

Grants payable	-	111,000
Total liabilities	<u>71,000</u>	<u>173,388</u>

Net assets

Without donor restrictions	2,180,398	1,413,617
With donor restrictions	142,436	2,000
Total net assets	<u>2,322,834</u>	<u>1,415,617</u>
Total liabilities and net assets	<u>\$ 2,393,834</u>	<u>\$ 1,589,005</u>

The accompanying independent accountant's review report and notes are an integral part of the financial statements.

Moebius Syndrome Foundation

Statement of Activities for the year ended December 31, 2021 (Reviewed)

	Without donor restrictions	With donor restrictions	Total
Revenue			
Contributions	\$ 848,452	\$ 140,436	\$ 988,888
Investment income, net	102,071	-	102,071
	<u>950,523</u>	<u>140,436</u>	<u>1,090,959</u>
Expenses			
Program services			
Conference expenses	60,875	-	60,875
Research and support	71,219	-	71,219
Administrative expenses	45,365	-	45,365
Fundraising	6,283	-	6,283
	<u>183,742</u>	<u>-</u>	<u>183,742</u>
Change in net assets	766,781	140,436	907,217
Net assets, beginning of year	1,413,617	2,000	1,415,617
Net assets, end of year	<u>\$ 2,180,398</u>	<u>\$ 142,436</u>	<u>\$ 2,322,834</u>

The accompanying independent accountant's review report and notes are an integral part of the financial statements.

Moebius Syndrome Foundation

Statement of Activities for the year ended December 31, 2020 (Audited)

	Without donor restrictions	With donor restrictions	Total
Revenue			
Contributions	64,075	2,150	66,225
Investment income, net	125,550	-	125,550
Other income	100	-	100
Net assets released	1,150	(1,150)	-
	<u>190,875</u>	<u>1,000</u>	<u>191,875</u>
Expenses			
Program services			
Conference expenses	52,357	-	52,357
Research and support	324,070	-	324,070
Administrative expenses	46,165	-	46,165
Fundraising	4,915	-	4,915
	<u>427,507</u>	<u>-</u>	<u>427,507</u>
Change in net assets	(236,632)	1,000	(235,632)
Net assets, beginning of year	<u>1,650,249</u>	<u>1,000</u>	<u>1,651,249</u>
Net assets, end of year	<u>\$ 1,413,617</u>	<u>\$ 2,000</u>	<u>\$ 1,415,617</u>

The accompanying independent accountant's review report and notes are an integral part of the financial statements.

Moebius Syndrome Foundation

Statement of Functional Expenses for the year ended December 31, 2021 (Reviewed)

	Program expenses			Administrative	Fundraising	Total expenses
	Conference	Research and support	Total			
Administrative expenses	\$ 10,918	\$ 12,903	\$ 23,821	\$ 13,801	\$ -	\$ 37,622
Insurance	-	99	99	1,217	-	1,316
Professional fees	-	-	-	14,050	-	14,050
Promotional marketing and newsletter	6,379	10,288	16,667	126	-	16,793
Scholarships	-	8,000	8,000	-	-	8,000
Salaries	42,330	39,929	82,259	16,171	6,283	104,713
Travel	1,248	-	1,248	-	-	1,248
Total functional expenses	\$ 60,875	\$ 71,219	\$ 132,094	\$ 45,365	\$ 6,283	\$ 183,742

The accompanying independent accountant's review report and notes are an integral part of the financial statements.

Moebius Syndrome Foundation

Statement of Functional Expenses for the year ended December 31, 2020 (Audited)

	Program expenses			Administrative	Fundraising	Total expenses
	Conference	Research and support	Total			
Administrative expenses	\$ 10,529	\$ 8,930	\$ 19,459	\$ 14,532	\$ -	\$ 33,991
Board expenses	328	1,073	1,401	3,000	-	4,401
Conference expenses	3,844	1,751	5,595	-	-	5,595
Insurance	-	-	-	1,407	-	1,407
Moebius Awareness Day	-	1,000	1,000	-	-	1,000
Computer expenses	200	5,900	6,100	-	-	6,100
Professional fees	-	-	-	14,500	-	14,500
Promotional marketing and newsletter	10,810	21,765	32,575	-	-	32,575
Research awards	-	234,344	234,344	-	-	234,344
Scholarships	-	10,000	10,000	-	-	10,000
Salaries	24,962	39,307	64,269	12,726	4,915	81,910
Travel	1,684	-	1,684	-	-	1,684
Total functional expenses	\$ 52,357	\$ 324,070	\$ 376,427	\$ 46,165	\$ 4,915	\$ 427,507

The accompanying independent accountant's review report and notes are an integral part of the financial statements.

Moebius Syndrome Foundation

Statements of Cash Flows for the years ended December 31,

(Reviewed)
2021

(Audited)
2020

Cash flows from operating activities

Change in net assets	\$ 907,217	\$ (235,632)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Unrealized gains on investments	(64,420)	(109,839)
(Increase) decrease in operating assets		
Prepaid expenses	(69,069)	17,844
Increase (decrease) in operating liabilities		
Accrued expenses	(2,388)	2,023
Grants payable	(100,000)	(20,000)
Net cash provided by (used in) operating activities	<u>671,340</u>	<u>(345,604)</u>

Cash flows from investing activities

Purchases of investments and reinvestments	(1,137,098)	-
Proceeds from investments	560,000	5,037
Net cash (used in) provided by investing activities	<u>(577,098)</u>	<u>5,037</u>

Net change in cash and cash equivalents

Cash and cash equivalents, beginning of year

Cash and cash equivalents, end of year

	94,242	(340,567)
	34,712	375,279
	<u>\$ 128,954</u>	<u>\$ 34,712</u>

Supplemental disclosure of cash flow information

Cash paid for interest	\$ -	\$ -
Income taxes paid	\$ -	\$ -

The accompanying independent accountant's review report and notes are an integral part of the financial statements.

Moebius Syndrome Foundation

Notes to Financial Statements December 31, 2021 (Reviewed) and 2020 (Audited)

1. Organization

The Moebius Syndrome Foundation (the Foundation) is a 501(c)(3) nonprofit organization, founded in 1994. The Foundation strives to provide information and support to individuals with Moebius syndrome and their families, promote greater awareness and understanding of Moebius syndrome, and to advocate for scientific research to advance the diagnosis and treatment of Moebius syndrome and its associated conditions. The Foundation's revenue is generated from contributions and conferences. In 2021, the conferences were postponed due to the COVID-19 pandemic.

2. Significant accounting policies

Basis of accounting

The accompanying financial statements are prepared on the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported in two categories as described below.

Net assets without donor restrictions are net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue recognition

The Foundation recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

The Foundation records conference revenue as an exchange transaction. The benefit is transferred when the conference occurs, at a point in time. Payments received before the event are recorded as deferred revenue.

Cash and cash equivalents

For purposes of the statements of cash flows, Moebius Syndrome Foundation considers all cash and unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. FDIC insurance is \$250,000 per depositor, per insured bank. At December 31, 2021 and 2020, cash did not exceed the FDIC limit.

Investments

The Foundation records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment income is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, and external and direct internal investment expenses.

See independent accountant's review report.

Moebius Syndrome Foundation

Notes to Financial Statements December 31, 2021 (Reviewed) and 2020 (Audited)

Income tax status

Moebius Syndrome Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Income from certain activities not directly related to the Organization's exempt purpose is subject to taxation as unrelated business income. The Foundation had no unrelated business income for the years ended December 31, 2021 and 2020.

The material jurisdictions subject to potential examination by taxing authorities are the United States and Missouri. The Board does not believe that the ultimate outcome of any future examinations of open tax years will have a material impact on Moebius Syndrome Foundation's results of operations. Tax years that remain subject to examination by the IRS are fiscal years 2018 through 2021.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities and the reported amounts of revenues and expenses. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Contributions

The Foundation receives contributions, with and without restrictions, as a main source of revenue. Contributions are considered an exchange transaction based on the value of benefits provided. For the year ended December 31, 2021, one member's contribution accounted for 51 percent of total contributions received.

Other financial assets and liabilities

Financial assets with carrying values approximating fair value include cash and cash equivalents and prepaid expenses. Financial liabilities with carrying values approximating fair value include accounts payable, accrued expenses and grants payable. The carrying value of these financial assets and liabilities approximates fair value due to their short maturities.

Functional classification of expenses

The costs of program and supporting services have been summarized on a functional basis in the statements of activities. The statement of functional expenses present the natural classification detail of expenses by function. Expenses are charged to programs and supporting services based on a combination of specific identification and allocation by management. Certain categories of expenses are attributed to more than one function and have been allocated on a reasonable basis that is consistently applied. Expenses that are allocated on a time-and-effort basis include salaries and administrative expenses.

Grants payable

Grants authorized but unpaid at year-end are reported as liabilities. Grants to be paid over the course of more than one year will be discounted based on the Foundation's borrowing rate determined by the timing of grant payments. Any discount recorded would be amortized and reported with the research awards on the statements of functional expenses. Management assessed the discount to be recorded for the years ended December 31, 2021 and 2020 and determined it was immaterial to the financial statements as a whole and therefore not reported.

Moebius Syndrome Foundation

Notes to Financial Statements December 31, 2021 (Reviewed) and 2020 (Audited)

3. Liquidity and availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, include the following assets at December 31, 2021 and 2020:

	2021	2020
Cash and cash equivalents	\$ 128,954	\$ 33,712
Investments	2,195,388	1,553,870
	<u>2,324,342</u>	<u>1,587,582</u>
Less amounts with restrictions	(142,436)	(2,000)
	<u>\$ 2,181,906</u>	<u>\$ 1,585,582</u>

The Foundation's goal is to maintain financial assets at a level equal to 90-180 days of their operating expenses.

4. Investments and fair value measurements

The Foundation maintains its investments at fair market value, based on quoted prices in active markets, and accordingly, recognizes the gains or losses that result from market fluctuations for the period in which fluctuations occur. Purchased investments are initially recorded at cost and donated investments at fair value on date of receipt. Unrealized gains and losses are included in the statements of activities.

Moebius Syndrome Foundation classifies its investment into Level 1, which refers to securities valued using quoted prices from active markets for identical assets; Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available; and Level 3, which refers to securities valued based on significant unobservable inputs. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Investments consisted of the following on December 31, 2021:

	Level 1	Level 2	Level 3	Total
Cash and money market funds	\$ 123,952	\$ -	\$ -	\$ 123,952
Bond funds	756,684	-	-	756,684
Equity funds	675,025	-	-	675,025
Exchange traded funds	639,727	-	-	639,727
	<u>\$ 2,195,388</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,195,388</u>

See independent accountant's review report.

Moebius Syndrome Foundation

Notes to Financial Statements December 31, 2021 (Reviewed) and 2020 (Audited)

Investments consisted of the following on December 31, 2020:

	Level 1	Level 2	Level 3	Total
Cash and money market funds	\$ 179,351	\$ -	\$ -	\$ 179,351
Bond funds	294,742	-	-	294,742
Equity funds	534,017	-	-	534,017
Exchange traded funds	545,760	-	-	545,760
	<u>\$ 1,553,870</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,553,870</u>

Investment income consisted of the following for the years ended December 31, 2021 and 2020:

	2021	2020
Interest and dividends	\$ 49,048	\$ 26,816
Unrealized gain	64,420	109,839
Fees	(11,397)	(11,105)
	<u>\$ 102,071</u>	<u>\$ 125,550</u>

5. Net assets with donor restrictions

Contributions received are recorded as revenue with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Donor-restricted revenue is reported as an increase in net assets with donor restrictions. 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.

At December 31, 2021 and 2020, the Foundation had net assets with donor restrictions totaling \$140,436 and \$2,000, respectively.

	12/31/2020	Additions	Releases	12/31/2021
Restricted for specific purposes				
Conference	\$ -	\$ 4,691	\$ -	\$ 4,691
Research	-	124,746	-	124,746
Educational	-	6,500	-	6,500
Sponsorship	2,000	2,500	-	4,500
	<u>\$ 2,000</u>	<u>\$ 138,436</u>	<u>\$ -</u>	<u>\$ 140,436</u>
	12/31/2019	Additions	Releases	12/31/2020
Restricted for specific purposes				
Sponsorship	\$ 1,000	\$ 2,150	\$ (1,150)	\$ 2,000

See independent accountant's review report.

Moebius Syndrome Foundation

Notes to Financial Statements December 31, 2021 (Reviewed) and 2020 (Audited)

6. Grants payable

The Moebius Syndrome Foundation is committed to funding research related to Moebius syndrome and its associated conditions, per the mission statement. As of 2020 the Foundation has provided research funding for six Research Symposiums (2007, 2010, 2012, 2014, 2016 and 2018) as well as numerous grants to researchers. Funding priorities of the Moebius Syndrome Foundation include:

- To advance the diagnosis, treatment, and/or quality of life of people with Moebius syndrome and its associated conditions.
- To promote sustainable and comprehensive programs of research focused on Moebius syndrome by providing “seed funds” for larger research programs and grant submissions to larger funding organizations.

Hospital for Sick Children, Toronto, ON

In 2016, Gregory Borschel, MD and Ronald Zuker, MD were awarded \$124,000 to research the long-term outcomes of facial reanimation in young adults with Moebius syndrome. The final installment of \$31,000 was paid in 2021.

Hospital for Sick Children, Toronto, ON

In 2020, Gregory Borschel, MD was awarded \$210,000 to research surgical treatment to enhance dynamic eyelid closure in patients with Moebius syndrome. \$70,000 was paid in 2021 and 2020. Dr. Borschel’s research project was transferred and the final payment will be made to Riley Hospital for Children in Indiana in 2022.

7. Subsequent events

Moebius Syndrome Foundation assessed events occurring subsequent to December 31, 2021 through March 31, 2022, the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements. Due to the ongoing impact of COVID-19, the Foundation postponed all in-person events until 2022. No other events have occurred that would require adjustment to or disclosure in the financial statements.