

Audited Financial Statements



Solve ME/CFS Initiative

June 30, 2019

Quigley & Miron

Solve ME/CFS Initiative
Audited Financial Statements
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Independent Auditor's Report

Board of Directors
Solve ME/CFS Initiative
Los Angeles, California

We have audited the accompanying financial statements of Solve ME/CFS Initiative (SMCI), a nonprofit organization, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 auditor's 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 auditor considers internal control relevant to the entity'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 entity'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 Solve ME/CFS Initiative as of June 30, 2019, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.



Los Angeles, California
November 2, 2019

Solve ME/CFS Initiative
Statement of Activities
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Support and Revenues			
Contributions and grants	\$ 2,243,525	\$ 351,183	\$ 2,594,708
Interest and other income	1,620		1,620
In-kind contributions—Note 10	66,511		66,511
Total Support and Revenue Before Reclassifications	2,311,656	351,183	2,662,839
Reclassifications			
Net assets released from restrictions	263,189	(263,189)	
Total Support and Revenue After Reclassifications	2,574,845	87,994	2,662,839
Expenses			
Program Services			
Research	852,262		852,262
Advocacy and communication	689,088		689,088
Total Program Services	1,541,350		1,541,350
Supporting Services			
Management and general	149,842		149,842
Fundraising and development	296,808		296,808
Total Supporting Services	446,650		446,650
Total Expenses	1,988,000		1,988,000
Change in Net Assets from Operating Activities	586,845	87,994	674,839
Nonoperating Activities			
Investment return, net—Note 4		800	800
Loss on disposal of equipment	(834)		(834)
Total Nonoperating Activities	(834)	800	(34)
Change in Net Assets	586,011	88,794	674,805
Net Assets at Beginning of Year	607,413	66,857	674,270
Net Assets at End of Year	\$ 1,193,424	\$ 155,651	\$ 1,349,075

See notes to financial statements.

Solve ME/CFS Initiative
Statement of Functional Expenses
Year Ended June 30, 2019

Expenses	Program Services		Supporting Services		Total
	Research	Advocacy and Communication	Management and General	Fundraising and Development	
Salaries	\$ 329,545	\$ 307,373	\$ 52,443	\$ 123,322	\$ 812,683
Other employee benefits	15,619	27,020	11,777	14,835	69,251
Payroll taxes	22,059	22,368	5,464	16,233	66,124
Total Personnel Expenses	367,223	356,761	69,684	154,390	948,058
Contracted services	85,346	79,712	33,390	68,296	266,744
Grants and fellowships	223,500				223,500
Advocacy and communication	12,748	83,524	12,748	10,198	119,218
Printing and postage	11,954	74,101	238	23,623	109,916
Research and meetings	100,445				100,445
Travel, conference	19,263	20,746	9,510	8,466	57,985
Occupancy	14,139	16,967	14,139	11,311	56,556
Information technology		38,009			38,009
Development events	5,758	5,758		11,516	23,032
Office	5,215	6,257	5,714	4,172	21,358
Bank fees	3,756	3,756	1,504	2,504	11,520
Insurance	2,414	2,896	2,414	1,931	9,655
Depreciation	501	601	501	401	2,004
Total Expenses	\$ 852,262	\$ 689,088	\$ 149,842	\$ 296,808	\$ 1,988,000

See notes to financial statements.

Solve ME/CFS Initiative
Statement of Cash Flows
Year Ended June 30, 2019

Cash Flows from Operations

Change in net assets	\$ 674,805
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	2,004
Donated securities	(4,624)
Gain on investments	(1,637)
Loss on sale of equipment	834
Changes in operating assets and liabilities:	
Contracts receivable	(125,421)
Other receivable	(14,617)
Prepaid expenses and other assets	(11,350)
Accounts payable	(46,942)
Accrued liabilities	(31,463)

Cash Provided by Operating Activities 441,589

Cash Flows from Investing Activities

Proceeds from sale of equipment	500
Proceeds from sales of investments	500

Cash Provided by Investing Activities 1,000

Net Increase in Cash 442,589

Cash at Beginning of Year

799,194

Cash at End of Year \$ 1,241,783

Supplementary Disclosures

Income taxes paid	\$ <u> </u>
Interest paid	\$ <u> </u>

Note 1—Organization and Key Accomplishments

Organization—Solve ME/CFS Initiative (SMCI) is a non-profit corporation whose purpose is to conquer Myalgic Encephalomyelitis/Chronic Fatigue Syndrome (ME/CFS). SMCI works toward its mission for ME/CFS to be widely understood, diagnosable, curable and preventable by using strategies to stimulate research aimed at the early detection, objective diagnosis and effective treatment of ME/CFS through expanded public, private and commercial investment. Substantially all of SMCI's revenue is derived from contributions from donors and other interested parties and grants from foundations. On May 6, 2014, SMCI changed its name from CFIDS Associations of America, Inc. to Solve ME/CFS Initiative. SMCI relocated from Charlotte, North Carolina to Los Angeles, California in August 2014.

Key Accomplishments—A description of the SMCI's program objectives and summary of key accomplishments during the year ended June 30, 2019 follows:

Research to understand the fundamentals regarding ME/CFS

- In 2018/2019 Solve M.E. funded seven research projects, as the third class of Ramsay Grants for ME/CFS research. Building on 2018/2019 momentum, in 2019/2020 we approved funding for 7 new studies and welcomed 30 investigators and collaborators, including 6 early career stage scientists, to the Program. Over half of these research teams in the 2019/2020 class include a Principal Investigator (PI) leading an ME/CFS study for the first time. Researchers in the 2019/2020 class represent the University of Massachusetts Medical School, University of Utah, Joint Genome Institute at University of California Berkeley, Stanford University, Harvard University, University of Navarra (Spain), London School of Hygiene and Tropical Medicine (London), and FH Joanneum (Austria).
- With the goal of strengthening the global ME/CFS research infrastructure, we submitted a National Institutes of Health (NIH) grant for a Ramsay Researcher conference to be held in 2020 convening all current and past Ramsay Researchers to share results from their work and brainstorm collaborative research projects that build on Ramsay pilot data.
- As part of a global initiative to create a large and useful database for medical researchers, Solve M.E. continued to develop tools for the YOU + M.E. Registry and Biobank that will enable people living with ME/CFS to contribute health information to a rich repository of data available to researchers around the world. Select members of the ME/CFS community helped us beta test a mobile application to record health information on an ongoing basis, and the tester feedback was incorporated to make the app ready for the YOU + M.E. launch. As part of the beta test we engaged patients and their caregivers to help design the final platform that included features such as a mobile symptom tracking app as well as the ability to input data via an online data entry portal.
- Towards our objective of keeping our ME/CFS community up-to-date on breakthroughs and developments in medical research, we conducted several webinars attracting near 1,000 attendees and open to the ME/CFS community at no cost. Upcoming webinar topics include: *Genetic Predisposition for Immune System, Hormone, and Metabolic Dysfunction in Myalgic Encephalomyelitis/Chronic Fatigue Syndrome: A Pilot Study*; *ME/CFS in the Era of the Human Microbiome: Persistent Pathogens Drive Chronic Symptoms by Interfering with Host Metabolism, Gene Expression, and Immunity*; *Estimating Prevalence, Demographics, and Costs of ME/CFS Using Large Scale Medical Claims Data and Machine Learning*.

Solve ME/CFS Initiative

Notes to Financial Statements—Continued

Note 1—Organization and Key Accomplishments—Continued

- Our Chief Scientific Officer, Dr. Sadie Whittaker presented on the Ramsay Research program to a room full of early career researchers at the “Thinking the Future” breakout session at the 14th Invest in M.E. Research International ME/CFS Conference in London in June 2019.
- Finalized research plan for RNAi research project at Memorial Sloan Kettering Cancer Center.

Advocacy and Engagement Accomplishments

- As part of our ongoing efforts to increase funding for ME/CFS at the federal level, we added five new national coalition and advocacy partnerships designed to accelerate our strategies to appropriate funds for ME/CFS medical research. As part of our expanded advocacy impact, we worked with our ME/CFS constituents to deliver over 15,500 online messages to Congress. And together with our expanded coalitions and communication programs, we worked to influence congressional appropriations actions.;
- We staged the 3rd Annual ME/CFS Advocacy Week and Advocacy Day on Capitol Hill in Washington, DC. The 246 registered ME/CFS patient and advocate attendees attending 185 meetings with members of U.S. Congress and their staffs. Worked with *Unrest* film distributors to enhance screenings and viewings.
- As part of our ME/CFS Advocacy Week activities, we developed and launched “Empower M.E.” in nearby Bethesda, MD, staging the first ever patient education conference dedicated to empowering patients and caregivers in the medical and advocacy environments, and giving our community tools to better communicate with their medical providers. The conference included exercises and ideas for empowering patients, with the theme being: *Empowerment in the Doctor’s Office: Overcoming White Coat Syndrome*. For those unable to attend in person, the conference was livestreamed and is now available on the Solve M.E. YouTube page and for purchase on DVD. The “Empower M.E.” conference featured prominent ME/CFS researchers, including Dr. Nancy Klimas and Dr. Camille Birch, as well as Dr. Birch’s partner and caregiver Dr. Eric Braun. Overall outcomes from the conference included expansion of our support base, as evidenced by increased contributions and e-mail registrations on our Solve M.E. website.
- Expansion of our Advocacy education program continued through creation and staging of 19 in-person and online medical and community education presentations designed to train the ME/CFS community on contacting representatives and effective modes of communicating key ME/CFS issues. One popular advocacy webinar was *Fighting the Good Fight: Navigating the ERISA Disability Process for those with ME/CFS*.