

Solve ME/CFS Initiative

Audited Financial Statements

As of and for the Year Ended June 30, 2022

(With Comparative Summarized Financial Information as
of and for the Year Ended June 30, 2021)



Solve ME/CFS Initiative

Solve ME/CFS Initiative

Financial Statements
For the Year Ended June 30, 2022

Solve ME/CFS Initiative

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Independent Auditor's Report

To the Board of Directors
Solve ME/CFS Initiative
Glendale, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Solve ME/CFS Initiative (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Solve ME/CFS Initiative as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Solve ME/CFS Initiative and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Solve ME/CFS Initiative's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and

Independent Auditor's Report - continued

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 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 Solve ME/CFS Initiative'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 Solve ME/CFS Initiative'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.

Report on Summarized Comparative Information

We have previously audited Solve ME/CFS Initiative's June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 12, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Lewis Sharpstone & Co.

Woodland Hills, California
March 22, 2024

Financial Statements

Solve ME/CFS Initiative
Statement of Financial Position
June 30, 2022
(With Comparative Totals as of June 30, 2021)

	2022	2021
Assets		
Cash and cash equivalents	\$ 3,663,853	\$ 1,295,849
Investments	35,897	23,023
Contributions and grants receivable	194,184	394,576
Prepaid expenses and other assets	50,420	44,459
Property and Equipment, net	-	216
Total Assets	\$ 3,944,354	\$ 1,758,123
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 473,438	\$ 291,944
Total Liabilities	473,438	291,944
 Net Assets		
Without donor restrictions	3,362,611	1,325,903
With donor restrictions	108,305	140,276
Total Net Assets	3,470,916	1,466,179
Total Liabilities and Net Assets	\$ 3,944,354	\$ 1,758,123

See accompanying notes to financial statements

Solve ME/CFS Initiative

Statement of Activities Year Ended June 30, 2022 (With Comparative Totals for the Year Ended June 30, 2021)

	2022			2021
	Without donor Restrictions	With Donor Restrictions	Total	Total
Revenue and Support:				
Contributions and grants	\$ 5,118,406	\$ 355,705	\$ 5,474,111	\$ 2,093,982
In-kind contributions	212,690	-	212,690	184,144
Investment and other income	2,939	(2,718)	221	4,993
Net assets released from restrictions	384,958	(384,958)	-	-
Total Revenue and Support	5,718,993	(31,971)	5,687,022	2,283,119
Expenses:				
Program services				
Research	1,788,823	-	1,788,823	1,009,680
Advocacy and communication	1,109,023	-	1,109,023	945,535
Total program services	2,897,846	-	2,897,846	1,955,215
Management and general	479,704	-	479,704	326,941
Fundraising	304,735	-	304,735	699,419
Total Expenses	3,682,285	-	3,682,285	2,981,575
Change in Net Assets	2,036,708	(31,971)	2,004,737	(698,456)
Net Assets, beginning of year	1,325,903	140,276	1,466,179	2,164,635
Net Assets, end of year	\$ 3,362,611	\$ 108,305	\$ 3,470,916	\$ 1,466,179

See accompanying notes to financial statements

Solve ME/CFS Initiative
Statement of Functional Expenses
Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	2022						2021
	Research	Advocacy, Communication, Long Covid Initiative	Total Program Services	Management and General	Fundraising	Total	Total
Salaries and wages	\$ 390,775	\$ 279,330	\$ 670,105	\$ 172,205	\$ 209,878	\$ 1,052,188	\$ 1,246,575
Employee benefits	16,800	25,200	42,000	14,000	14,000	70,000	143,011
Payroll taxes	19,452	29,178	48,630	16,210	16,210	81,050	92,739
Bank fees	1,801	2,702	4,503	4,335	5,613	14,551	15,966
Communication	16,646	24,969	41,615	-	-	41,615	44,410
Contracted services	160,321	263,869	424,190	136,026	17,042	577,258	497,330
Grants and fellowships	177,556	-	177,556	-	-	177,556	50,000
Insurance	16,122	24,183	40,305	13,435	13,435	67,175	11,987
Occupancy	8,468	12,702	21,170	15,877	15,877	52,924	51,904
Office	24,511	16,980	41,491	57,253	12,680	111,424	62,205
Patient registry and biobank	406,656	-	406,656	-	-	406,656	263,383
Printing and postage	75,689	106,017	181,706	831	-	182,537	175,315
Professional fees	466,322	271,303	737,625	47,712	-	785,337	286,420
Travel and conferences	7,704	52,590	60,294	1,604	-	61,898	39,704
Depreciation	-	-	-	216	-	216	626
Total expenses	\$ 1,788,823	\$ 1,109,023	\$ 2,897,846	\$ 479,704	\$ 304,735	\$ 3,682,285	\$ 2,981,575

See accompanying notes to financial statements

Solve ME/CFS Initiative

Statement of Cash Flows Year Ended June 30, 2022

(With Comparative Totals for the Year Ended June 30, 2021)

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ 2,004,737	\$ (698,456)
Adjustments to reconcile change in net assets to net assets provided by operating activities		
Depreciation	216	626
Gains and losses on investments	(221)	(4,993)
Changes in operating assets and liabilities		
Contributions and grants receivables	200,392	1,202,187
Prepaid expenses and other assets	(5,961)	(6,703)
Accounts payable and accrued expenses	<u>181,494</u>	<u>(3,905)</u>
Net cash (used in) provided by operating activities	<u>2,380,657</u>	<u>488,756</u>
Cash flows from investing activities		
Purchase of investments	<u>(12,653)</u>	<u>-</u>
Net cash (used in) investing activities	<u>(12,653)</u>	<u>-</u>
Change in cash	2,368,004	488,756
Cash - beginning of year	<u>1,295,849</u>	<u>807,093</u>
Cash - end of year	\$ <u>3,663,853</u>	\$ <u>1,295,849</u>

See accompanying notes to financial statements

Solve ME/CFS Initiative

Notes to Financial Statements June 30, 2022 (Comparative Totals - June 30, 2021)

NOTE 1: ORGANIZATION PROFILE

Solve ME/CFS Initiative ("Solve M.E." or "Organization") is a non-profit corporation whose purpose is to conquer Myalgic Encephalomyelitis/Chronic Fatigue Syndrome (ME/CFS). SOLVE M.E. 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 SOLVE M.E.'s revenue is derived from contributions from donors and other interested parties and grants from foundations. Since 2021, Long Covid has also been a focus of the Organization, as described further below.

Key Accomplishments during the year ended June 30, 2022

A description of the SOLVE M.E.'s program objectives and summary of key accomplishments during the year ended June 30, 2022, follows:

Research Accomplishments

In fiscal year 2022, the Organization has actively engaged with its stakeholders by delivering curated research updates via email, reaching approximately 28,000 constituents. The Organization demonstrated a commitment to advancing medical research by continually expanding the You + ME Registry, now believed to be the world's largest longitudinal database for ME/CFS and Long Covid, with 5,000 participants contributing 2.4 million datapoints. This comprehensive dataset serves as a robust foundation for researchers seeking effective diagnostics and treatments.

During the year the Organization also awarded "Ramsay Research Grants" to seven scientists from the United States, Australia, the United Kingdom, and Canada. Selected through a blinded peer review process, the grant recipients inject fresh perspectives and innovative ideas into our ongoing efforts.

Also, in collaboration with Hyperion Biotechnology, the Organization initiated an innovative research study on a saliva biomarker, utilizing the expansive reach of the You+ME Registry platform to recruit participants.

Advocacy and Engagement Accomplishments

During April's Advocacy Month, 325 advocates engaged in 250 virtual meetings with Congress, sending 2,969 messages in support of our requests. The Organization focused on four key Long Covid-related legislations, securing co-sponsorship for each:

- H.R.7482 - TREAT Long COVID Act: 40 Cosponsors
- S. 4015 - TREAT Long COVID Act: 5 Cosponsors
- H.R.2754 - COVID-19 Long Haulers Act: 4 cosponsors
- S. 3726 - CARE for Long COVID Act: 11 Cosponsors

The Organization's advocacy efforts ensured continued funding for ME/CFS research at NIH and CDC, and inclusion in the Department of Defense \$360M Peer Reviewed Medical Research Program. Solve M.E. co-authored a pivotal whitepaper, "Long COVID Impact on Adult Americans," published by the Milken Institute Review. This report, the only one with state-based data at the time, empowered advocates to educate Congress about Long Covid's impact and economic costs. Also, as a leader of the Long Covid Alliance, the Organization hosted monthly meetings for a global coalition of over 650 organizations across advocacy, education, federal policy, and science.

Solve ME/CFS Initiative

Notes to Financial Statements June 30, 2022 (Comparative Totals - June 30, 2021)

In its Solve Long Covid Initiative, a partnership with the Global Interdependence Center, The Organization conducted a year-long series exploring the pandemic's long-term impact, educating hundreds in healthcare and finance. Its collaboration with YouTube star Jessica Kellgren-Fozard for Severe ME Day resulted in a video, "The Most Prevalent Illness You've Never Heard Of! // Severe ME/CFS," garnering over 85,000 views, raising crucial awareness.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the organization have been prepared on the accrual basis which recognizes income when earned and expenses when incurred, in accordance with accounting principles generally accepted in the United States of America ("GAAP")

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net Assets without Donor Restrictions: - Net assets without donor restrictions are available for use as the discretion of the Board of Directors and management for general operating purposes. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. As of June 30, 2022, no such designations existed

Net Assets with Donor Restrictions: - Net assets with donor restrictions consists of assets whose use is limited by donor imposed, time and/or purpose restrictions. The Organization reports cash or other assets received as revenues with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restriction. See Note 5 for more information on the composition of net assets with donor restrictions.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements as of and for the year ended June 30, 2021, from which the summarized information was derived. Certain 2021 information has been reformatted to better align with the 2022 presentation.

Use of Estimates

The preparation of financial statements in conformity with generally excepted accounting principles requires management to make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues, and expenses as well as disclosure of any contingent assets and liabilities. Actual results could differ from those estimates.

Contributions and grants

Contributions and grants 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. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction

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Notes to Financial Statements June 30, 2022 (Comparative Totals - June 30, 2021)

expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of 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 statement of activities as net assets released from restrictions.

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decrease of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise has become unconditional.

Promises to give are recorded as contributions and grants receivable in the year the promise to give is made. A discount is recorded to account for the time value of the receivable, and a reserve for uncollectible pledges is also recorded based on an analysis of promises to pay and uncollectible amounts. As of June 30, 2022, and 2021, all pledges were expected to be received within one year, and were received. Accordingly, no discount or reserve was recorded.

Donated assets and services

Donations of assets are recorded as contributions at their estimated fair value at the date of the donation. Donated services that require specialized skills are performed by people with those skills and would otherwise be purchased if not provided by the donation. Such services are recorded at fair value in the period received. More information as to the methodologies utilized to value such donations is included in Note 7.

Investments

Investments in securities are initially recorded at cost, if purchased, or fair market value, if received as a contribution. Subsequent to acquisition, investments in securities are reported at fair value. Investment income, gains and losses are reported as unrestricted income unless use of the earnings is restricted by the donor.

Investment transactions are recorded on the trade date. Investment income and realized and unrealized gains and losses, net of investment management fees, are reported as increases or decreases in the appropriate net asset category.

The beneficial interest in the Foundation For The Carolinas ("FFTC") is stated at fair value. The Organization's primary input to determine this is the fair value as reported to it by FFTC.

Property and Equipment

Property and equipment items are stated at cost or at fair value at the date of donation, if contributed. Expenditures for acquisitions, renewals and betterments above \$2,000 are capitalized, whereas maintenance and repair costs are expensed as incurred. Depreciation is charged to expense over the estimated useful lives of the assets principally using accelerated methods. Estimated useful lives range as follows:

Furniture and fixtures	5 – 7 years
Computers and equipment	3 – 5 years

Long-Lived Assets

The organization reviews for the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of any asset may not be recoverable. An impairment loss is recognized when the estimated discounted future cash flows expected to result from the use of the asset and its eventual

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disposition is less than the carrying amount. If impairment is indicated, the amount of the loss to be recorded is based on an estimate of the difference between the carrying amount and the fair value of the asset. Fair value is based upon discounted estimated cash flows expected to result from the use of the asset and its eventual disposition and other valuation methods. There were no impairment charges during the years ended June 30, 2022, or 2021.

Research Grants

SOLVE M.E. awards grants for medical research projects in the field of ME/CFS. To ensure that the most worthy and promising research projects are funded, SOLVE M.E. periodically convenes a scientific advisory board that advises SOLVE M.E.'s executive committee of its board of directors. SOLVE M.E.'s executive committee, heavily weighing the recommendations of this advisory committee, makes all funding decisions. Members of the scientific advisory board include internationally respected researchers and clinicians. Awards are booked as payables upon completion of required documentation by research investigators and their sponsoring organizations and are not recorded until the stipulations of the contracts are met.

Fair value

In determining the fair value of assets and liabilities, SOLVE M.E. utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. SOLVE M.E. determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets that the entity has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other observable inputs that can be corroborated by observable market data.

Level 3 inputs are unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liability.

Functional Expense Allocations

The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program services and supporting services benefited. Grants and fellowships, research and meetings, and information technology are directly allocated to the function benefited. All other functional expenses are allocated on the basis of time and effort.

Income taxes

SOLVE M.E. is incorporated as a nonprofit voluntary health agency under the laws of the State of North Carolina and qualified to transact intrastate business in the State of California. Further, SOLVE M.E. is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and qualifies as a public charity under Code Sections 509(a)(1) and 170(b)(1)(A)(vi).

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Notes to Financial Statements

June 30, 2022

(Comparative Totals - June 30, 2021)

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered 'more likely than not' to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for tax liability is not necessary at June 30, 2022. Generally, SOLVE M.E.'s information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Credit Risk

SOLVE M.E. places its cash and cash equivalents with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At times, in the normal course of business, such cash balances are in excess of the FDIC coverage limits, but management deems the risk of loss due to these concentrations to be minimal.

Funds held in investment accounts at securities brokerage firms are insured by the Securities Investors Protection Corporation (SIPC), cash up to \$250,000 and the investments in securities up to \$500,000. SIPC insurance protects the custody function of the investment custodian; it does not provide protection against fluctuations in market value. Conservative investment guidelines established by the Board of Directors govern SOLVE M.E.'s investments in securities to achieve diversification of the portfolio.

The Organization's beneficial interest in the Foundation For The Carolinas are uninsured.

Credit risk associated with receivables is considered to be limited due to high historic collection rates and because of the strong long-term relationships the Organization has with donors.

Significant Concentrations

Contributions and grants receivable: As of June 30, 2022, two donors accounted for approximately 63% of contributions receivable and as of June 30, 2021, two donors accounted for approximately 64% of contributions receivable.

Support and revenue: For the year ended of June 30, 2022, one donor accounted for approximately 60% of the Organization's total revenue and support. No such concentration existed for the year ended June 30, 2021.

Recent Accounting Pronouncements

In September 2020, the Financial Accounting Standards Board (FASB) issued *ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to provide additional guidance to nonprofit organizations on how to record and disclose in-kind contributions. The overall purpose of the update is to provide more transparency into how organizations are receiving and valuing in-kind contributions. The ASU is effective for annual periods beginning after December 31, 2020. The Organization adopted this in these financial statements. See Note 7.

On February 2016, the FASB issued ASU No. 2016-02, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for the Organization in its year ended June 30, 2023. The Organization is in the process of evaluating the impact of adoption on its financial statements.

Solve ME/CFS Initiative

Notes to Financial Statements June 30, 2022 (Comparative Totals - June 30, 2021)

NOTE 3: INVESTMENTS

Investments consist of a) money market funds and b) a beneficial interest in a pooled investment fund with the Foundation For The Carolinas (FFTC).

The following tables presents investments that are measured at fair value on a recurring basis in the accompanying statement of financial position at June 30, 2022 and 2021:

2022				
Asset Class	Level 1	Level 2	Level 3	Total
Money market funds	\$ 15,592	\$ -	\$ -	\$ 15,592
Beneficial interest in FFTC	<u>-</u>	<u>-</u>	<u>20,305</u>	<u>20,305</u>
Total	<u>\$ 15,592</u>	<u>\$ -</u>	<u>\$ 20,305</u>	<u>\$ 35,897</u>
2021				
Asset Class	Level 1	Level 2	Level 3	Total
Beneficial interest in FFTC	\$ <u>-</u>	\$ <u>-</u>	\$ <u>23,023</u>	\$ <u>23,023</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,023</u>	<u>\$ 23,023</u>

The following is a reconciliation of investments for which significant unobservable inputs (Level 3) were used in determining fair value:

	<u>Beneficial interest in FFTC</u>
Balance June 30, 2020	\$ 18,030
Purchases	-
Fees	(500)
Unrealized gain	<u>5,493</u>
Balance June 30, 2021	23,023
Purchases	-
Fees	(500)
Unrealized loss	<u>(2,218)</u>
Balance June 30, 2022	\$ <u>20,305</u>

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Notes to Financial Statements June 30, 2022 (Comparative Totals - June 30, 2021)

NOTE 4: PROPERTY AND EQUIPMENT

As of June 30, 2022, and 2021, property and equipment consisted of the following:

	<u>2022</u>	<u>2021</u>
Furniture and fixtures	\$ 28,882	\$ 28,882
Computers and equipment	<u>2,670</u>	<u>2,670</u>
	31,552	31,552
Less accumulated depreciation	<u>(31,552)</u>	<u>(31,336)</u>
	\$ <u>-</u>	\$ <u>216</u>

Depreciation expense for the years ended June 30, 2022 and 2021 was \$216 and \$626, respectively.

NOTE 5: NET ASSETS

Net Assets with Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Perpetual in nature	\$ 20,305	\$ 23,023
Research activities	-	5,253
Restricted as to time	<u>88,000</u>	<u>112,000</u>
Total net assets with donor restrictions	\$ <u>108,305</u>	\$ <u>140,276</u>

NOTE 6: ENDOWMENT

The Organization's endowment (the "Fund") is held and managed by the Foundation For The Carolinas ("FFTC") under an agreement dated December 9, 1994. The Organization is the sole beneficiary of the Fund. The Fund is invested in accordance with FFTC's investment policy, makes an annual distribution to the Organization in accordance with its distribution policy and charges SOLVE M.E. administrative fees in accordance with its fees policy. Although this beneficial interest is not technically subject to the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), the Organization has elected to follow the investment and distribution policies currently being followed by FFTC, which are in accordance with UPMIFA.

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Notes to Financial Statements June 30, 2022 (Comparative Totals - June 30, 2021)

Return Objectives and Risk Parameters

It is the purpose of SOLVE M.E.'s endowment fund to secure the future of SOLVE M.E. and to support its programs and operations as designated by the Board. The primary long-term financial objective is to preserve and enhance the real (i.e., inflation-adjusted) purchasing power of the endowment through a prudent long-term investment strategy. An additional objective is to provide a relatively predictable, stable, and (in real terms) constant stream of current income for SOLVE M.E.'s annual operating needs.

The primary investment objective of the endowment is to earn an average annual minimum nominal return of 6% to 8% per year. SOLVE M.E. considers itself a risk-averse investor. That is, among various investment alternatives with comparable expected returns, the preference is for those having the lowest risk.

Strategies Employed for Achieving Objectives

SOLVE M.E. manages its endowment on a total rate of return basis consisting of dividends, interest, and any net increase or decrease in market value of securities for the fiscal year, not favoring returns from one source over another. The funds are invested in the asset allocation strategy for long-term growth as recommended by the Foundation for the Carolina's Investment Committee. This diverse mix of investments seeks to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner that is intended to produce results that provide an average annual real rate of return, net of fees, equal to or greater than spending, administrative fees, and inflation (Consumer Price Index).

Spending Policy and How the Investment Objectives Relate to Spending Policy

SOLVE M.E. has a policy governing the amount of endowment earnings that can be released annually for spending, consistent with the restrictions, if any, placed on the endowment by donors until those amounts are appropriated for expenditure under the annual spending policy. Amounts available for distribution from the fund are based upon 4.5% of the fund's average balance for the previous three years and are evaluated on an annual basis for prudence.

In establishing this policy, SOLVE M.E. considered the long-term expected return on its endowment. Accordingly, over the long term, SOLVE M.E. expects the current spending policy to allow its endowment to grow at an amount that will at least keep pace with expected inflation.

Change in endowment net assets for the year ended June 30, 2022 and 2021 consists of the following:

Balance in perpetual trust June 30, 2020	\$	18,030
Earnings - net		4,993
Distributions		<u>-</u>
Balance in perpetual trust June 30, 2021		23,023
Earnings - net		(2,718)
Distributions		<u>-</u>
Balance June 30, 2022	\$	<u>20,305</u>

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Notes to Financial Statements June 30, 2022 (Comparative Totals - June 30, 2021)

NOTE 7: IN-KIND CONTRIBUTIONS

For the years ended June 30, 2022 and 2021, in-kind contributions were as follows:

	<u>2022</u>	<u>2021</u>
Legal services	\$ 145,690	\$ 111,396
Internet advertising	<u>67,000</u>	<u>71,400</u>
Total in-kind contributions	<u>\$ 216,690</u>	<u>\$ 182,796</u>

The fair value of contributed legal services was based on the hours contributed as reported by the contributing law firms and market rates per hour that the Organization would likely have paid for the services received. Such market rates were researched by the Organization using publicly available sources. The fair value of contributed internet advertising received was based on reports provided by the internet search engine and research by the Organization on rates that they would have had to pay for such advertising but for the donation.

NOTE 8: LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization monitors its financial assets available within one year of the balance sheet date for expenditures on a quarterly basis. As of June 30, 2022, the balance available is as follows:

Cash and cash equivalents	\$ 3,663,853
Investments	35,897
Contributions and grants receivable	<u>194,184</u>
Total financial assets available	3,893,394
Less those unavailable for expenditure within one year due to:	
Restricted by donor with time or purpose restrictions	<u>(108,305)</u>
Financial assets available to meet cash needs for expenditures within one year	<u>\$ 3,785,629</u>

As part of the Organization's liquidity management the Organization prepares semi-annual cash requirement projections which are used to ensure that needed balances are liquid and available for payment of grants and general expenses in the near term. In addition, the Organization employs an extensive annual budgeting process and strategic planning process to ensure the Organization will continue to be poised to have funds available to pay grants and general expenses in the long term.

NOTE 9: EMPLOYEE BENEFIT PLAN

SOLVE M.E. sponsors a 403(b)-retirement plan covering substantially all employees meeting certain service and age requirements. This retirement plan is a defined contribution plan with voluntary employee participation. In addition, SOLVE M.E. sponsors a health savings plan.

Solve ME/CFS Initiative

Notes to Financial Statements

June 30, 2022

(Comparative Totals - June 30, 2021)

SOLVE M.E. matches 100% of employee contributions to the retirement and health savings plans, up to a combined total of 10%. For the years ended June 30, 2022 and 2021, SOLVE M.E. contributed \$34,038 and \$45,870 into the retirement plan and \$20,884 and \$41,953 into the health savings plan, respectively. As of June 30, 2022 and 2021, SOLVE M.E. owed the retirement plan \$32,463 and \$45,676 respectively, included in accounts payable and accrued expenses. The health savings plan is self-administered, and the balance held on behalf of employees as of June 30, 2022 and 2021 was \$75,402 and \$52,694 respectively, included in accounts payable and accrued expenses.

NOTE 10: SUBSEQUENT EVENTS

The Organization's management has evaluated subsequent events through March 22, 2024, the date which the financial statements were available to be issued. There were no subsequent events noted that would require adjustments to or disclosures in these financial statements.