



*Report of Independent Auditors and  
Financial Statements*

**The Myalgic Encephalomyelitis  
Action Network**

*September 30, 2020*



## **Table of Contents**

---

<b>REPORT OF INDEPENDENT AUDITORS</b> .....	1
---	---

### **FINANCIAL STATEMENTS**

Statement of Financial Position .....	4
Statement of Activities and Changes in Net Assets.....	5
Statement of Functional Expenses .....	6
Statement of Cash Flows .....	7
Notes to Financial Statements .....	8

## **Report of Independent Auditors**

To the Board of Directors  
The Myalgic Encephalomyelitis Action Network

### **Report on Financial Statements**

We have audited the accompanying financial statements of The Myalgic Encephalomyelitis Action Network (“MEAction”), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities and changes in net assets, 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 from 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 The Myalgic Encephalomyelitis Action Network as of September 30, 2020, 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.

Moss Adams LLP

Sacramento, California  
May 21, 2021

## **Financial Statements**

---

**The Myalgic Encephalomyelitis Action Network**  
**Statement of Financial Position**  
**September 30, 2020**

---

**ASSETS**

CURRENT ASSETS

Cash	\$	112,434
Other assets		<u>2,604</u>
Total current assets		<u>115,038</u>
Total assets	\$	<u><u>115,038</u></u>

**LIABILITIES AND NET ASSETS**

CURRENT LIABILITIES

Accounts payable	\$	16,193
Accrued liabilities		12,093
Long-term debt, current portion		<u>46,933</u>
Total current liabilities		<u>75,219</u>

NONCURRENT LIABILITIES

Long-term debt, net of current portion		<u>23,464</u>
Total noncurrent liabilities		<u>23,464</u>
Total liabilities		<u>98,683</u>

NET ASSETS

Without donor restrictions		<u>16,355</u>
Total net assets		<u>16,355</u>
Total liabilities and net assets	\$	<u><u>115,038</u></u>

**The Myalgic Encephalomyelitis Action Network**  
**Statement of Activities and Changes in Net Assets**  
**Year Ended September 30, 2020**

---

REVENUES WITHOUT DONOR RESTRICTIONS	
Contributions	\$ 652,581
Other revenue	8,421
	8,421
Total revenues	661,002
EXPENSES	
Personnel	418,800
Contract services	181,212
Equipment and digital services	73,446
Facilities and travel	22,360
Office expenses	11,264
Other operating expenses	16,244
	16,244
Total expenses	723,326
CHANGES IN NET ASSETS	(62,324)
NET ASSETS WITHOUT DONOR RESTRICTIONS, beginning of year	78,679
NET ASSETS WITHOUT DONOR RESTRICTIONS, end of year	\$ 16,355

**The Myalgic Encephalomyelitis Action Network**  
**Statement of Functional Expenses**  
**Year Ended September 30, 2020**

	Program services				Supporting services			Total all services	
	#MissionsMissing	Digital advocacy and awareness	Research and medical	Other programs	Total program services	Management and general services	Fundraising and marketing		Total supporting services
Personnel	\$ 80,704	\$ 80,704	\$ 113,954	\$ 1,186	\$ 276,548	\$ 93,952	\$ 48,300	\$ 142,252	\$ 418,800
Contract services	18,060	36,778	18,237	-	73,075	94,852	13,285	108,137	181,212
Equipment and digital services	48	10,000	182	276	10,506	38,795	24,145	62,940	73,446
Facilities and travel	250	501	1,000	-	1,751	20,609	-	20,609	22,360
Office expenses	970	970	970	-	2,910	8,354	-	8,354	11,264
Other operating expenses	-	30	-	-	30	12,155	4,059	16,214	16,244
	<u>\$ 100,032</u>	<u>\$ 128,983</u>	<u>\$ 134,343</u>	<u>\$ 1,462</u>	<u>\$ 364,820</u>	<u>\$ 268,717</u>	<u>\$ 89,789</u>	<u>\$ 358,506</u>	<u>\$ 723,326</u>

**The Myalgic Encephalomyelitis Action Network**  
**Statement of Cash Flows**  
**Year Ended December 31, 2020**

---

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in net assets	\$ (62,324)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Changes in assets and liabilities:	
Other assets	6,302
Accounts payable	9,785
Accrued liabilities	<u>12,093</u>
Net cash used in operating activities	<u>(34,144)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of debt	<u>70,397</u>
Net cash provided by financing activities	<u>70,397</u>
NET CHANGES IN CASH	36,253
CASH, beginning of year	<u>76,181</u>
CASH, end of year	<u><u>\$ 112,434</u></u>

# The Myalgic Encephalomyelitis Action Network

## Notes to Financial Statements

---

### NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Myalgic Encephalomyelitis Action Network (“MEAction”) is an international network of patients fighting for health equality for Myalgic Encephalomyelitis (“ME”) and Chronic Fatigue Syndrome (“CFS”) incorporated in the State of New Jersey on July 20, 2015. MEAction builds community and mobilizes patients, family, and allies to make ME/CFS visible and fight for health equality. MEAction works with eight state chapters and manages partner agencies in the United Kingdom and Scotland (MEAction UK and MEAction Scotland). The Mission of MEAction is to build a global movement of patients, families and allies that leverages the power of technology and community to fight for research funding, medical education, and public awareness for ME/CFS. These activities are within the meaning of Section 501(c)(3) of the Internal Revenue Code.

**Basis of presentation** – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Use of estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash** – Cash consists of unrestricted demand deposits.

**Net assets** – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net assets without donor restrictions* – Represent resources available to support MEAction’s operations, and resources with no use or time restrictions that have become available for use by MEAction, in accordance with the intention of the donor. A portion of these net assets may be designated by the Board of Directors for specific purposes. As of September 30, 2020, MEAction had no board designated net assets.

*Net assets with donor restrictions* – Represent those resources the use of which has been restricted by donors to specific use or the passage of time. The release of net assets from restrictions results from the satisfaction of the restricted purposes specified by the donors, or the passage of time, or both. As of September 30, 2020, MEAction had no net assets with donor restrictions.

**Revenue recognition** – Contributions are recorded at fair value at the date of the donation. Contributions subject to donor-imposed stipulations are reported as increases in net assets with donor restrictions until such stipulations have been met. For the year ended September 30, 2020, contributions were considered to be without donor restriction.

**Functional expense allocations** – MEAction summarizes and categorizes expenses based upon their functional classification as either program, fundraising, or general and administrative functions. Expenses that are readily identifiable as attributable to the program are allocated directly to that function. For the year ended September 30, 2020, all expenses were directly allocated on the basis of actual costs incurred for the functions benefited.

# The Myalgic Encephalomyelitis Action Network

## Notes to Financial Statements

---

**Concentration of credit risk** – Financial instruments that potentially subject MEAction to concentrations of credit risk consist primarily of cash deposits in excess of the Federal Deposit Insurance Corporation (“FDIC”). MEAction periodically maintains balances in depository and brokerage accounts in excess of the respective FDIC insurance limits. Management monitors the financial condition of these institutions on a regular basis and does not believe significant credit risk exists at this time.

**Income taxes** – MEAction is a nonprofit public benefit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from State of California income taxes, except on unrelated business income. Therefore, these financial statements contain no provision of such taxes. Informational returns are filed annually with federal and state taxing authorities. MEAction is not aware of any transactions that would affect its tax-exempt status. MEAction had no unrecognized tax benefits as of September 30, 2020.

**Subsequent events** – Subsequent events are events or transactions that occur after the statement of financial position date, but before the financial statements are available to be issued. MEAction recognizes in its financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. MEAction’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date, and before financial statements are available to be issued except as disclosed below. Subsequent events have been evaluated through May 21, 2021, the date the financial statements were available to be issued.

### NOTE 2 – LIQUIDITY AND AVAILABILITY

As of September 30, 2020, MEAction’s financial assets are available for general expenditures within one year of the statement of financial position date as follows:

Cash and cash equivalents	<u>\$ 112,434</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 112,434</u></u>

MEAction manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they come due. Actual performance is monitored monthly in comparison to the budgets and adjustments are made to the plan as needed to ensure adequate liquidity. MEAction had working capital of \$39,819 as of September 30, 2020.

### NOTE 3 – CONTINGENCIES AND UNCERTAINTIES

The ongoing Coronavirus disease (“COVID-19”) pandemic has created significant uncertainty, volatility, and disruption across economies and financial markets. During the COVID-19 pandemic, MEAction’s services have been considered essential in nature and as such, MEAction has not experienced significant interruptions in its operations. As the situation continues to evolve, management is closely monitoring the impact of the COVID-19 pandemic on all aspects of its business, including the impact to its customers, suppliers, vendors, and employees. Although the COVID-19 pandemic is not expected to have a significant impact on MEAction’s operations and financial results, the extent to which the pandemic may impact MEAction’s results will depend on future developments, which are highly uncertain and cannot be predicted.

# The Myalgic Encephalomyelitis Action Network

## Notes to Financial Statements

---

### NOTE 4 – LONG-TERM DEBT

On May 04, 2020, MEAction received loan proceeds in the amount of \$70,397 under the Paycheck Protection Program (“PPP”). The loan matures on May 04, 2022 and bears interest at a rate of 1.00% per annum, payable monthly commencing on November 04, 2020. The loan may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The entirety of the balance was outstanding as of September 30, 2020. MEAction expects to meet the conditions for loan forgiveness and has accounted the loan in accordance with Accounting Standards Codification (ASC) 470 *Debt*, and will account for the extinguishment of the debt in accordance with ASC 405-20 *Liabilities: Extinguishments of Liabilities*.

Aggregate principal maturities on long-term debt over the next five years are as follows:

Years ending September 30,

2021	\$	46,933
2022		23,464
		<hr/>
	\$	70,397
		<hr/> <hr/>

