

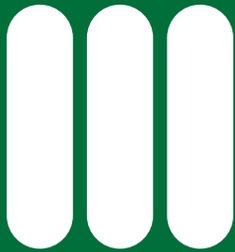
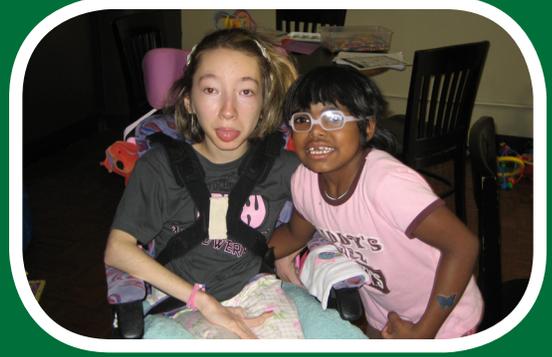
Mitochondria exist in nearly every cell in the human body. In a person with mitochondrial disease, the mitochondria are failing and cannot convert food and oxygen into life sustaining energy.



The severity of symptoms and how the disease manifests itself can vary. One person may have difficulty breathing or digestive problems while another may not be able to walk, talk, see or hear.



Because the disease is complicated and difficult to diagnose, most patients suffer symptoms for years before they are accurately diagnosed with a mitochondrial disease.



UNITED MITOCHONDRIAL DISEASE FOUNDATION®

2007-2008 ANNUAL REPORT

HOPE. ENERGY. LIFE.

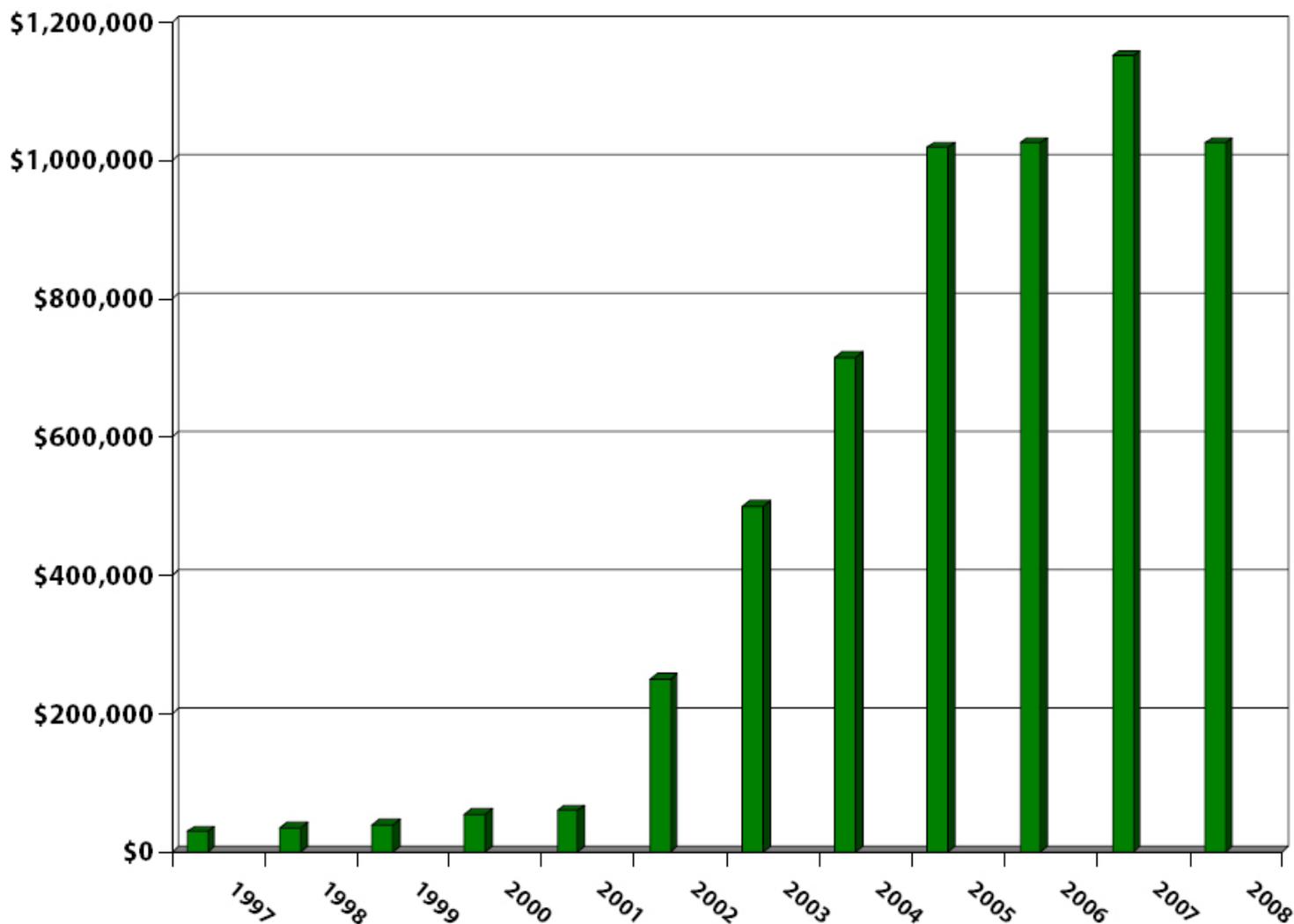


Mitochondrial dysfunction is implicated in Alzheimer's Dementia, Parkinson's disease, diabetes, hypertension, heart disease, cancer and the aging process. Research can lead to a better understanding of and treatment of those illnesses.



Every 30 minutes, a child is born with a mitochondrial disease. We need increased funding for research now to provide better diagnostics, treatment and **hope**.

Since 1997, the UMDF has provided more than \$6 million towards research



Since 1997, The United Mitochondrial Disease Foundation has awarded nearly \$6 million in scientific research grants. In FY 2008, the UMDF provided \$1,025,080 in scientific and medical research aimed at investigating better treatment options, easier diagnosis and ultimately a cure. For a complete list of projects funded between 1997 and 2008, visit http://www.umdf.org/site/c.dnJEKLNqFoG/b.3790285/k.6CE6/Research_Grant_Program.htm.

2008 UMDF RESEARCH GRANT RECIPIENTS

In fiscal year 2008, the United Mitochondrial Disease Foundation awarded \$1,119,846 in research grants towards a cure. Below is a complete list of the projects funded and their descriptions.

Since 1996, the UMDF has provided more than \$6 million in research grants towards a cure making it the largest, non-governmental funder of primary mitochondrial disease research.

- \$150,000 **Brendan James Battersby, PhD, University of Helsinki**
Project Title: *"Identifying genetic modifiers of tissue-specific mitochondrial DNA segregation."*
Dr. Battersby's project will identify factors that regulate the expression of mitochondrial DNA, especially mutated DNA that leads to impaired ATP synthesis. This will provide fundamental information about the genetics of mitochondrial disease.
- \$128,563 **Stuart Smith, PhD,DSc, Children's Hospital & Research Institute at Oakland**
Project Title: *"Utilization of knockout mouse models to elucidate the importance of the de novo mitochondrial fatty acid synthesis pathway in mitochondrial function."*
Dr. Smith will develop an animal model to investigate mitochondrial synthesis of fatty acids. This is important because fatty acids are crucial structural components of mitochondria and defects in their synthesis could be linked to specific mitochondrial diseases.
- \$125,000 **Leo Joseph Pallanck, PhD, University of Washington**
Project Title: *"The role of the PINK1/Parkin pathway in mitochondrial integrity."*
He will investigate the regulation of splitting and combining of mitochondria in cells. This is important because specific diseases are linked to defects in mitochondrial processing, especially an inability to eliminate abnormal mitochondria.
- \$116,428 **Bridget Elizabeth Bax, PhD, St. George's University of London**
Project Title: *"Evaluation of the efficacy and safety of erythrocyte encapsulated thymidine phosphorylase therapy in two patients with mitochondrial neurogastrointestinal encephalomyopathy."*
She will investigate the effectiveness of providing red blood cells that supply a missing enzyme to patients with a severe form of mitochondrial disease. This is significant because there is currently no means of ridding patients of toxic metabolites that accumulate because of the absence of this enzyme.
- \$101,569 **Beverly A. Rzigalinski, PhD, Virginia College of Osteopathic Medicine**
Project Title: *"Cerium oxide nanoparticles in the treatment of mitochondrial diseases."*
She will investigate the effectiveness of providing red blood cells that supply a missing enzyme to patients with a severe form of mitochondrial disease. This is significant because there is currently no means of ridding patients of toxic metabolites that accumulate because of the absence of this enzyme.

2008 UMDF RESEARCH GRANT RECIPIENTS

- \$100,000 **Deepa Vinay Dabir, PhD, University of California - Los Angeles**
Project Title: *"Study of redox regulated pathways in the mitochondrion."*
Dr. Dabir's project will study the movement of proteins into mitochondria by investigating and describing a recently discovered import pathway. The importance of this research is two-fold in that it will provide fundamental insights into mitochondrial biogenesis and could also lead to the use of this pathway for introduction of therapeutic agents into mitochondria.
- \$ 99,998 **Timothy E. Shutt, PhD, Yale University School of Medicine**
Project Title: *"Selective alteration of mitochondrial gene expression via modulation of the dual-function h-mtTFB1 and B2 factors as a potential therapy for mitochondrial diseases."*
He will assess the effectiveness of increasing the activity of regulatory factors that would promote synthesis by mitochondria of proteins vital to their function. This is important because it may point to new therapies for enhancing mitochondrial energy metabolism.
- \$ 99,998 **Sion L. Williams, PhD, University of Miami**
Project Title: *"Evaluation of a novel zinc finger nucleases as a means to target m.3243 A>G in vivo."*
He will investigate the effectiveness of enzymes that selectively deactivate mutant DNA in mitochondria. This is important because decreasing the level of abnormal mitochondrial DNA in targeted tissues could significantly diminish the symptoms experienced by mitochondrial disease patients.
- \$ 99,990 **Rebecca Acin-Perez, PhD, Weill Medical College, Cornell University**
Project Title: *"OXPHOS modulation by mitochondrial protein phosphorylation in mtDNA mutant cells."*
Cells with mutated mitochondrial DNA have a diminished ability to produce ATP. Her research project will investigate how these mutations affect the proteins that regulate ATP synthesis. This is significant because it may lead to new drug therapies.
- \$ 98,300 **Elizabeth Anne Amiott, PhD, University of Utah**
Project Title: *"Mitochondrial fusion defects in neurological disease."*
Her project will investigate the relationship between mitochondria losing their ability to fuse with each other and the development of defective nerve function. This is significant because some severe neurological diseases may be helped by treatments that enhance mitochondrial fusion.

2007-2008 IN REVIEW

JULY 2007

The UMDF begins the new fiscal year by welcoming Minneapolis/St. Paul, Central Ohio and Canada as chapters. The UMDF starts the year with 14 U.S. Chapters and 1 International Chapter.

The UMDF forms the Adult Advisory Council Team (AACT). The mission of AACT is to ensure equal representation and service to the affected adult community and to provide guidance to the UMDF on adult-related issues.



Chuck Mohan welcomes Minneapolis/St. Paul as an official chapter of the UMDF.



Kara Strittmatter,
Director of Member Services

Kara Strittmatter is named the Director of Member Services for the UMDF. Kara transitions to her new role after serving as the UMDF's Director of Marketing and Communications. Kara is the UMDF's first employee and has been with the foundation since it began in 1996.

AUGUST 2007

SEPTEMBER 2007

UMDF begins to brand the third week of September as "Mitochondrial Disease Awareness Week" nationwide. Renewable proclamations are signed in Ohio, Pennsylvania, Washington and Massachusetts, Rhode Island, Wisconsin and California. Through the efforts of UMDF Youth Ambassador Jamieson Smith, New Jersey passes a permanent resolution.



New Jersey Governor John Corzine signs a permanent resolution declaring the third week of September "Mitochondrial Disease Awareness Week".

2008 IN REVIEW

OCTOBER 2007

The UMDF receives the prestigious 2007 'Advocacy Award of Merit' from the Child Neurology Foundation.

The award was presented to UMDF Executive Director and CEO Chuck Mohan during the CNS annual meeting in Quebec City, Quebec Canada.



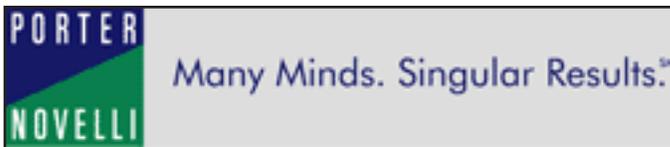
Chuck Mohan accepts the "Advocacy Award of Merit"



NOVEMBER 2007

Chapter leaders from around the nation gather in Pittsburgh for their annual meeting. Among the items discussed, a planned advocacy effort in Washington, D.C. in June of 2009.

DECEMBER 2007



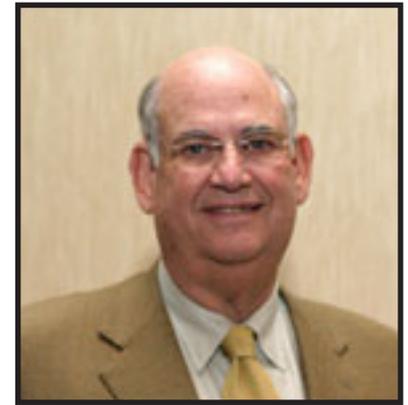
After interviewing five firms, the UMDF Board of Trustees votes to hire Washington, D.C. public relations firm Porter Novelli.

Over the next year, Porter Novelli will help the UMDF design advocacy messages and materials as well as conduct an 'earned media' campaign geared towards raising the awareness of mitochondrial disease. Porter Novelli will work in conjunction with the UMDF towards a planned UMDF "Day on the Hill" in June of 2009.

2007-2008 IN REVIEW

JANUARY 2008

The UMDF mourns the loss of Stanley A. Davis, who died January 19, 2007. Mr. Davis was the Chairman of the Board of Trustees at the time of his death. He was 66. Mr. Davis was succeeded as Chairman by W. Dan Wright. Wright was Vice Chairman. Sharon Shaw replaced Wright as Vice Chairman. Marty Lyman succeeded Shaw as Secretary. Richard Kubach Jr. remains as Treasurer.



Stanley A. Davis

FEBRUARY 2008



EJ Fogel and daughter Taryn

The UMDF launches it's new website through Kintera with improvements in content and chapter support.

UMDF provides an interview subject for an ABC News report on research conducted by Patrick Chinnery on embryo's. UMDF did not fund this research but mitochondrial disease was the topic.

Mitochondrial disease is highlighted in a national television appearance by California UMDF member EJ Fogel. Fogel appeared on LA INK to receive a tattoo of his daughter, Taryn, who suffers from mitochondrial disease.

MARCH 2008

THE UMDF garners national media attention when the Scientific and Medical Advisory Board issues a statement on vaccines and mitochondrial disease. The statement was in response to numerous questions about vaccine safety and mitochondrial disease. The questions arose from a lawsuit against the Federal Government by the Poling family. The Poling's claimed that their daughter, Hannah, who suffered an underlying mitochondrial disorder, developed autism after undergoing a series of vaccinations. The UMDF's SMAB stated "there are no scientific studies documenting that childhood vaccinations cause mitochondrial diseases or worsen mitochondrial disease symptoms. In the absence of scientific evidence, the UMDF cannot confirm any association between mitochondrial diseases and vaccines".



2008 IN REVIEW

APRIL 2008

After an emotional news conference, Tampa Bay Rays Outfielder Rocco Baldelli announces that he is now a free agent. In March, Badelli announced that he suffers from a “mitochondrial abnormality”



MAY 2008

The UMDF Ohio Chapter surpasses the \$1 million mark in funds raised at the seventh annual “RUN WILD FOR A CURE 5K RUN/1MILE WALK. The event is held annually at the Cleveland Zoo. In 2008, the event raised more than \$200,000 for the UMDF.



Ohio Walk/Run Committee

JUNE 2008

The UMDF annual symposium is held in Indianapolis, Indiana. The UMDF Research Grant Program awards more than \$1.1 million, for a total of more than \$6 million since 1996.

Representatives of from the UMDF and it’s SMAB participate in a workshop held in conjunction with the symposium. The workshop, entitled “Mitochondrial Disorders of Childhood: Testing, Potential Relationships to Autism Spectrum Disorders, and Triggers for Neurological Deterioration,” was sponsored by the National Institute of Neurological Disorders and Stroke (NINDS), the National Institute of Mental Health (NIMH), the CDC, the FDA and the Department of Health and Human Services.

The UMDF unveils MITO 101 and MITOFirst

Chris Swinn of Atlanta becomes the first recipient of the Stanley A. Davis Leadership Award. He was presented the award by his daughter Emily, who was the recipient of the UMDF “Heartstrings Award”.



CHAPTERS, MITO GROUPS AND AMBASSADORS

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For more information about a chapter, group or ambassador near you, contact the UMDf office at 888-317-UMDF!

INDEPENDENT AUDITOR'S REPORT



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Joseph S. Stelmack, CPA

Joseph T. Dobransky, CPA

Vincent M. Eannace, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
United Mitochondrial Disease Foundation, Inc.

We have audited the accompanying statements of financial position of the United Mitochondrial Disease Foundation, Inc. ("the Foundation") as of June 30, 2008 and 2007, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Mitochondrial Disease Foundation, Inc. as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Stelmack Dobransky & Eannace, LLC

STELMACK DOBRANSKY & EANNACE, LLC
Pittsburgh, Pennsylvania

May 5, 2009

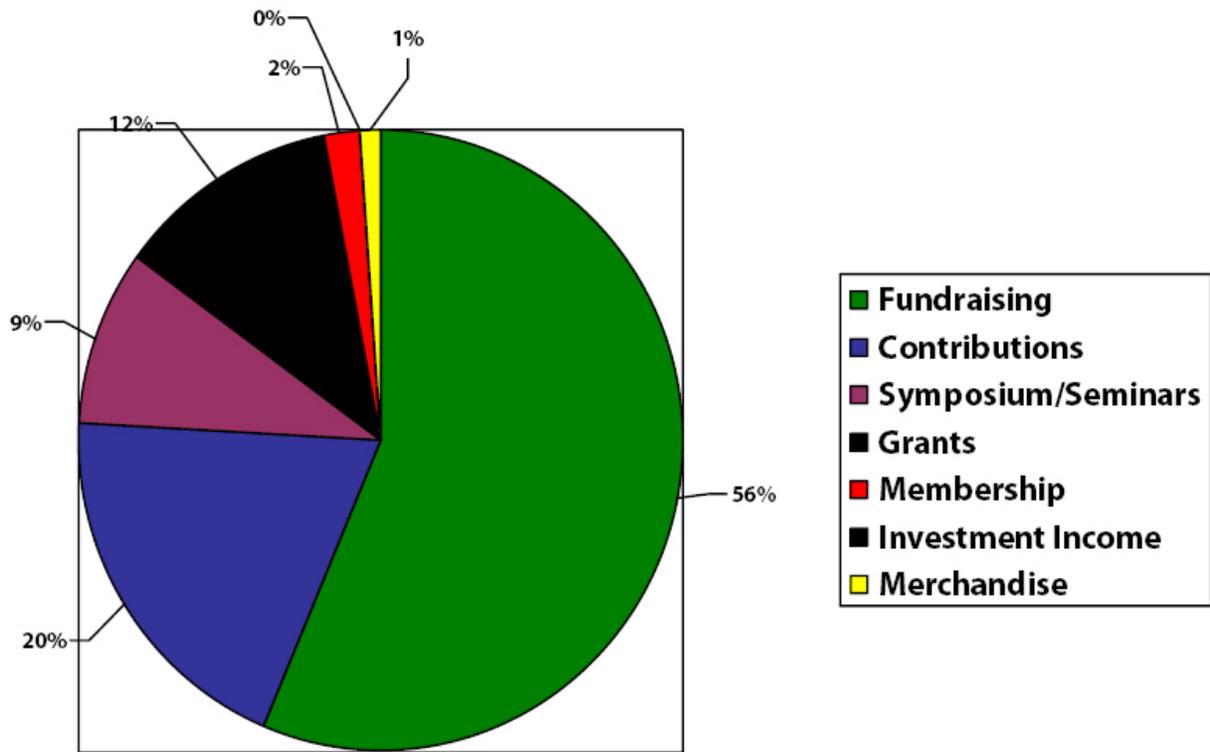
**UNITED MITOCHONDRIAL
DISEASE FOUNDATION, INC.**

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$1,200,945	\$1,303,695
Accounts receivable	19,176	3,139
Contributions receivable (Note 2)	0	40,000
Inventories	21,952	14,997
Investments (Note 3)	1,216,709	1,267,512
Prepaid expenses	31,721	22,277
Fixed assets - net (Note 4)	<u>154,829</u>	<u>186,302</u>
TOTAL ASSETS	<u>\$2,645,332</u>	<u>\$2,837,922</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 355,940	\$ 222,635
Accrued liabilities	52,616	82,785
Grants payable (Note 5)	1,666,955	1,794,433
Deferred revenue	<u>30,972</u>	<u>46,708</u>
Total liabilities	<u>2,106,483</u>	<u>2,146,561</u>
NET ASSETS		
Unrestricted	390,503	596,624
Temporarily restricted (Note 7)	<u>148,346</u>	<u>94,737</u>
Total net assets	<u>538,849</u>	<u>691,361</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$2,645,332</u>	<u>\$2,837,922</u>

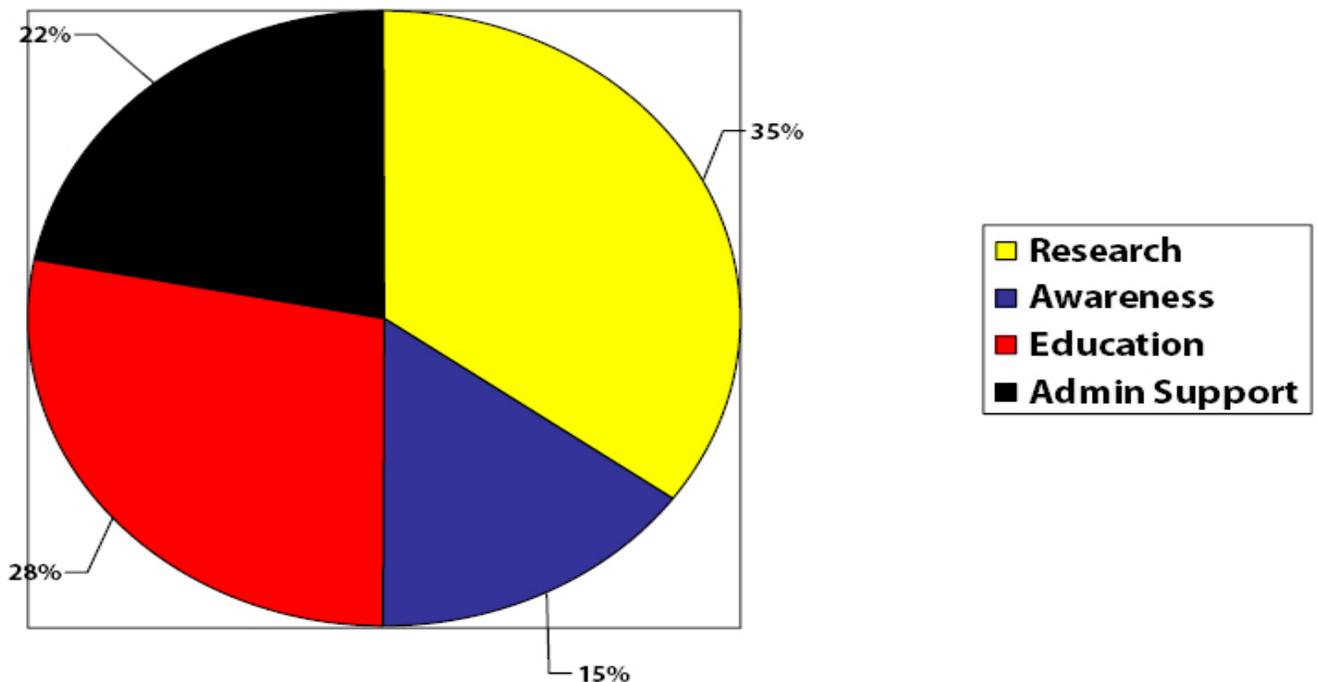
2008 REVENUE AND EXPENSES

2008 UMDF INCOME



In 2008, the UMDF earned \$2,985,385 in income. 76% of that income was earned through fundraising events and general contributions to the foundation.

2008 UMDF EXPENSE



In 2008, the UMDF had \$3,137,897 in expenses. Research, awareness and education accounted for 85% of the UMDF's annual expenses.

**UNITED MITOCHONDRIAL
DISEASE FOUNDATION, INC.**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	-----2008-----			-----2007-----		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE						
Support:						
Fundraising	\$1,445,815	\$ 217,104	\$ 1,662,919	\$ 1,246,428	\$ 226,339	\$ 1,472,767
Contributions	348,417	99,440	447,857	416,515	169,570	586,085
In honor of	124,940	0	124,940	129,921	0	129,921
In memory of	74,928	34,827	109,755	81,174	0	81,174
In kind	11,856	0	11,856	10,880	1,610	12,490
Grants	162,046	205,000	367,046	46,387	160,000	206,387
Total support	2,168,002	556,371	2,724,373	1,931,305	557,519	2,488,824
Revenue:						
Symposium and seminars	228,940	0	228,940	277,231	0	277,231
Membership	46,398	0	46,398	45,301	0	45,301
Sales	17,711	0	17,711	17,830	0	17,830
Miscellaneous	0	0	0	250	0	250
Total revenue	293,049	0	293,049	340,612	0	340,612
Investment income	102,136	0	102,136	85,001	0	85,001
Net unrealized gain on investments	(131,590)	0	(131,590)	103,377	0	103,377
Net realized gain (loss) on investments	(1,611)	0	(1,611)	(798)	0	(798)
Gain (loss) on disposal of fixed assets	(972)	0	(972)	0	0	0
Net assets released from program restrictions	502,762	(502,762)	0	543,773	(543,773)	0
Total support and revenue	2,931,776	53,609	2,985,385	3,003,270	13,746	3,017,016
FUNCTIONAL EXPENSES						
Program services:						
Research	1,125,592	0	1,125,592	1,291,092	0	1,291,092
Public awareness	366,307	0	366,307	173,945	0	173,945
Education/member support	922,689	0	922,689	662,538	0	662,538
Total program services	2,414,588	0	2,414,588	2,127,575	0	2,127,575
Supporting services:						
Administrative and general	138,942	0	138,942	177,412	0	177,412
Fundraising	584,367	0	584,367	571,124	0	571,124
Total supporting services	723,309	0	723,309	748,536	0	748,536
Total expenses	3,137,897	0	3,137,897	2,876,111	0	2,876,111
CHANGES IN NET ASSETS	(206,121)	53,609	(152,512)	127,159	13,746	140,905
NET ASSETS - Beginning of year	596,624	94,737	691,361	469,465	80,991	550,456
NET ASSETS - End of year	<u>\$ 390,503</u>	<u>\$ 148,346</u>	<u>\$ 538,849</u>	<u>\$ 596,624</u>	<u>\$ 94,737</u>	<u>\$ 691,361</u>

**UNITED MITOCHONDRIAL
DISEASE FOUNDATION, INC.**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (152,512)	\$ 140,905
Adjustments to reconcile change in net assets provided by (used in) operating activities:		
Depreciation	58,551	56,061
Realized (gain) loss on sale of investments	1,611	798
Unrealized (gain) loss on investment	131,590	(103,377)
Realized (gain) loss on disposal of assets	972	0
Changes in assets (increase)/decrease:		
Contribution receivable	40,000	(40,000)
Accounts receivable	(16,037)	(3,139)
Inventories	(6,955)	1,228
Prepaid expenses	(9,444)	3,788
Changes in liabilities (decrease)/increase:		
Accounts payable	133,305	77,465
Accrued expenses	(30,169)	(38,937)
Grants payable	(127,478)	184,398
Deferred revenue	(15,736)	(54,899)
Net cash provided by (used in) operating activities	<u>7,698</u>	<u>224,291</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(28,050)	(20,340)
Purchase of investments	(222,139)	(310,288)
Proceeds on sale of investments	<u>139,741</u>	<u>3,607</u>
Net cash provided by (used in) investing activities	<u>(110,448)</u>	<u>(327,021)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS .	(102,750)	(102,730)
CASH AND CASH EQUIVALENTS – Beginning of year	<u>1,303,695</u>	<u>1,406,425</u>
CASH AND CASH EQUIVALENTS – End of year	<u>\$1,200,945</u>	<u>\$1,303,695</u>

SUPPLEMENTAL INFORMATION

Interest paid	\$ 0	\$ 0
Income taxes paid on unrelated business income	\$ 0	\$ 0

**UNITED MITOCHONDRIAL
DISEASE FOUNDATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The United Mitochondrial Disease Foundation, Inc. (“the Foundation”) was organized on April 28, 1995, and is the result of a merger between a number of specific Mitochondrial disease organizations to form a larger, more cohesive united foundation representing all mitochondrial diseases and all sufferers, adult and children alike. The Foundation’s mission is to promote research for cures and treatments of mitochondrial disorders and to provide support to affected families.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The Foundation’s financial statements are prepared in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, “*Financial Statements of Not-for-Profit Organizations.*” Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Contributions

The Foundation records contributions and grants in accordance with SFAS No. 116, “*Accounting for Contributions Received and Contributions Made.*” Under SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions that are required to be reported as temporarily restricted support are then reclassified to unrestricted net assets upon expiration/satisfaction of the donor restrictions.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Foundation considers all highly liquid investments with an initial maturity of one year or less to be cash equivalents. For the years ended June 30, 2008 and 2007, the Foundation had no noncash investing or financing activities for cash flow purposes.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

Inventories

Inventories consist of merchandise and are stated at the lower of cost (first-in-first-out) or market.

(Continued)

UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Investments

The Foundation records investments in accordance with SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations" which established standards of financial accounting, reporting and disclosures for certain financial securities held by not-for-profit organizations. Under SFAS No. 124, investments are presented in these financial statements at their current market value. These current market values are established using published market prices.

Fixed Assets

Fixed assets are recorded at cost and depreciated using the straight-line method over estimated useful lives of 5 to 7 years. Depreciation expense, totaling \$58,551 and \$56,061 for the years ended June 30, 2008 and 2007, respectively, is allocated to the various activities based on usage.

Revenue and Expense Recognition

Income from membership dues and program service fees are deferred and recognized over the periods to which the specific types of income relate. Costs and expenses related to such activities are also deferred as prepaid expenses and recognized in the period when the programs are held.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. For the years ended June 30, 2008 and 2007, the Foundation had no such income. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

Concentration of Credit Risk

Financial instruments which potentially subject the organization to a concentration of credit risk, as defined by FASB Statement No. 105, consist principally of cash, temporary cash investments and marketable securities. The cash, temporary cash investments and marketable security accounts of the organization are maintained at high quality financial institutions. At times such accounts may be in excess of FDIC insurance limits, but pose no significant concentration of credit risk.

Changes in Presentation of Comparative Statements

Certain prior year amounts have been reclassified to conform to the current year presentation.

(Continued)

UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

2. CONTRIBUTIONS RECEIVABLE (PROMISES TO GIVE)

Pledges of contributions (or promises to give) have been classified as unconditional or conditional. Unconditional promises to give at June 30 are as follows:

	2008	2007
Receivable in less than one year	\$ 0	\$ 40,000
Receivable in one to five years	0	0
Total unconditional promises to give	<u>\$ 0</u>	<u>\$ 40,000</u>

Management has deemed these promises to give to be fully collectible, and thus, no allowance for uncollectible pledges receivable has been recorded.

There were no conditional promises to give at June 30, 2008 and 2007, respectively.

3. INVESTMENTS

At June 30, investments were as listed below:

	-----2008-----		-----2007-----	
	Cost	Market	Cost	Market
Mutual funds	<u>\$1,108,473</u>	<u>\$1,216,709</u>	<u>\$1,030,836</u>	<u>\$1,267,512</u>

4. FIXED ASSETS

Fixed assets are summarized as follows at June 30:

	2008	2007
Furniture and fixtures	\$ 58,253	\$ 54,359
Computer equipment	59,401	51,207
Computer software	216,757	209,263
Leasehold improvements	5,225	5,225
Total fixed assets	<u>339,636</u>	<u>320,054</u>
Less accumulated depreciation	<u>184,807</u>	<u>133,752</u>
Fixed assets – net	<u>\$ 154,829</u>	<u>\$ 186,302</u>

5. GRANTS PAYABLE

Grants authorized but unpaid at year end are reported as liabilities in accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made."

In May 2005, the Board of Trustees approved future research grants totaling \$1,018,489 to be paid to qualified recipients from the years 2005 through 2007. As of June 30, 2008, \$12,986 was unpaid.

In May 2006, the Board of Trustees approved future research grants totaling \$1,025,021 to be paid to qualified recipients from the years 2006 through 2008. As of June 30, 2008, \$73,278 was unpaid.

In May 2007, the Board of Trustees approved future research grants totaling \$1,150,637 to be paid to qualified recipients from the years 2007 through 2009. As of June 30, 2008, \$555,611 was unpaid.

In May 2008, the Board of Trustees approved future research grants totaling \$1,025,080 to be paid to qualified recipients from the years 2008 through 2010. As of June 30, 2008, all grants awarded in the current fiscal year were unpaid.

(Continued)

UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

6. RETIREMENT PLANS

403(b) Tax Deferred Annuity Plan

The Company has a 403(b) Tax Deferred Annuity Plan covering substantially all of its employees. Employees may make voluntary pre-tax contributions to the plan subject to maximums allowed by the Internal Revenue Code. The Company does not match any of the contributions.

SEP-IRA Plan

The Company also has established a SEP-IRA retirement plan for substantially all employees. Contributions are determined by management and are totally discretionary. Contributions amounted to approximately \$7,300 and \$0 for the years ended June 30, 2008 and 2007, respectively.

7. NET ASSETS

Temporarily restricted net assets at June 30, 2008 and 2007 are available for the following purposes:

	<u>2008</u>	<u>2007</u>
Research	\$148,346	\$ 94,737

8. OPERATING LEASE

The Foundation leases office space under an operating lease agreement that expires October 2012. The Foundation leases a copier under an operating lease agreement that expires November 2011. The Foundation also leases a postage machine under an operating lease agreement that expires December 2010. The future minimum rental payments required under these lease agreements are:

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2009	\$ 54,087
2010	53,541
2011	52,983
2012	49,849
2013	16,200
Thereafter	<u>0</u>
Total	<u>\$226,660</u>

Rental expense amounted to \$54,541 and \$53,797 for the years ended June 30, 2008 and 2007, respectively.

9. CONTRIBUTED SERVICES

SFAS No. 116 requires contributed services to be recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by volunteers. The Foundation receives such services from community members who volunteer to provide video production, website development and accounting services. The value of these services was calculated as \$11,856 and \$12,490 for the years ended June 30, 2008 and 2007, respectively, and is included in the accompanying Statements of Activities as revenue and expense.

(Continued)

**UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

10. CHAPTERS

In addition to the national office of the United Mitochondrial Disease Foundation, Inc., local chapters have also been formed throughout the United States. These chapters include:

- Ohio Chapter
- Delaware Valley Chapter
- Southern California Chapter
- Kansas City Chapter
- New England Chapter
- Arizona Chapter
- New York Metro Chapter
- Indiana Chapter
- Atlanta Chapter
- Chicago Chapter
- Houston Chapter
- Central Ohio Chapter
- Carolina Foothills Chapter
- Minnesota Chapter

Each chapter is required to file an application for their own employer identification number, abide by their signed chapter affiliation agreement and by-laws and to provide the national office their monthly chapter finance report. The Foundation has received a group exemption under 501(c)(3) of the Internal Revenue Code, and accordingly, will file a group tax return for the chapters. The primary purpose of the chapters is to provide a support network and conduct charitable fundraising activities for the Foundation. The chapters meet the requirements for consolidation and accordingly, their balances are included in the accompanying financial statements.

The Statements of Financial Condition include the cash balances of each chapter as of June 30 as follows:

	<u>2008</u>	<u>2007</u>
Ohio Chapter	\$ 9,504	\$13,974
Delaware Valley Chapter	2,580	8,126
Southern California Chapter	3,686	3,686
Kansas City Chapter	12,078	12,024
New England Chapter	7,858	894
Indiana Chapter	5,654	7,786
New York Metro Chapter	0	1,701
Atlanta Chapter	4,722	3,344
Chicago Chapter	2,847	2,607
Houston Chapter	1,990	1,510
Carolina Foothills Chapter	558	0
Minnesota Chapter	1,717	0

(Continued)

UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

10. **CHAPTERS, Continued**

The Statements of Activities and Changes in Net Assets for the years ended June 30, 2008 and 2007 includes the activity for each chapter as follows:

	-----2008-----		-----2007-----	
	Revenue	Expenses	Revenue	Expenses
Ohio Chapter	\$ 288,718	\$ 76,972	\$360,552	\$109,449
New England Chapter	110,723	11,810	112,484	16,137
Southern California Chapter	16,528	10	10,765	19
Delaware Valley Chapter	141,454	34,965	96,888	19,505
Arizona Chapter	3,536	355	2,342	46
New York Metro Chapter	100,755	3,187	39,227	2,328
Kansas City Chapter	45,358	11,953	42,581	12,789
Indiana Chapter	39,484	17,051	49,868	21,343
Atlanta Chapter	267,027	62,868	135,803	26,546
Chicago Chapter	124,228	2,623	22,644	279
Houston Chapter	101,046	8,766	1,200	790
Central Ohio Chapter	114,219	20,915	1,886	1,132
Carolina Foothills Chapter	66,778	383	0	0
Minnesota Chapter	22,335	868	0	0
Total	<u>\$1,442,189</u>	<u>\$252,726</u>	<u>\$876,240</u>	<u>\$210,363</u>

(Concluded)