

**UNITED MITOCHONDRIAL
DISEASE FOUNDATION, INC.**

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015
AND
INDEPENDENT AUDITOR'S REPORT**

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**UNITED MITOCHONDRIAL
DISEASE FOUNDATION, INC.**

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the United Mitochondrial Disease Foundation, Inc.(the "Foundation") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years 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 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 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.

To the Board of Trustees of the
United Mitochondrial Disease Foundation, Inc.
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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, 2016 and 2015, 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
McMurray, Pennsylvania

February 14, 2017

**UNITED MITOCHONDRIAL
DISEASE FOUNDATION, INC.**

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015**

	2016	2015
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,238,892	\$ 895,942
Accounts receivable	32,208	43,295
Grants receivable (Note 3)	198,625	107,575
Pledges receivable (Note 4)	20,000	40,000
Inventories	33,095	38,690
Investments (Note 5)	1,885,570	1,867,114
Prepaid expenses	56,983	52,311
Fixed assets - net (Note 6)	40,454	85,948
TOTAL ASSETS	<u>\$ 3,505,827</u>	<u>\$ 3,130,875</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 336,937	\$ 318,974
Accrued liabilities	89,471	71,292
Grants payable (Note 7)	1,543,810	1,185,577
Deferred revenue	79,645	44,750
Total liabilities	<u>2,049,863</u>	<u>1,620,593</u>
NET ASSETS		
Unrestricted	1,002,435	998,874
Temporarily restricted (Note 9)	453,529	511,408
Total net assets	<u>1,455,964</u>	<u>1,510,282</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,505,827</u>	<u>\$ 3,130,875</u>

See Independent Auditor's Report and
Notes to the Financial Statements

**UNITED MITOCHONDRIAL
DISEASE FOUNDATION, INC.**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	-----2016-----			-----2015-----		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE						
Support:						
Fundraising	\$1,350,746	\$ 198,279	\$ 1,549,025	\$ 1,321,336	\$ 221,561	\$ 1,542,897
Contributions	703,183	1,076	704,259	680,051	150	680,201
In honor of	136,471	0	136,471	96,876	0	96,876
In memory of	78,578	0	78,578	102,195	0	102,195
In kind	53,667	0	53,667	37,117	0	27,117
Grants	264,340	137,184	401,524	277,222	223,000	500,222
Cancellation of grants payable	3,789	0	3,789	21,840	0	21,840
Total support	2,590,774	336,539	2,927,313	2,526,637	444,711	2,971,348
Revenue:						
Symposium and seminars	522,243	500	522,743	363,505	3,100	366,605
Sales	6,963	0	6,963	10,838	0	10,838
Miscellaneous	371	0	371	1,666	0	1,666
Total revenue	529,577	500	530,077	376,009	3,100	379,109
Investment income	87,046	0	87,046	71,306	0	71,306
Net unrealized gain (loss) on investments	(85,423)	0	(85,423)	(23,183)	0	(23,183)
Net realized gain (loss) on investments	3,503	0	3,503	(3,954)	0	(3,954)
Gain (loss) on disposal of fixed assets	(385)	0	(385)	0	0	0
Net assets released from program restrictions	394,918	(394,918)	0	285,426	(285,426)	0
Total support and revenue	3,520,010	(57,879)	3,462,131	3,232,241	162,385	3,394,626
FUNCTIONAL EXPENSES						
Program services:						
Research	1,039,648	0	1,039,648	1,014,232	0	1,014,232
Public awareness	331,860	0	331,860	345,902	0	345,902
Education/member support	1,126,709	0	1,126,709	1,082,250	0	1,082,250
Total program services	2,498,217	0	2,498,217	2,442,384	0	2,442,384
Supporting services:						
Administrative and general	244,965	0	244,965	172,813	0	172,813
Fundraising	773,267	0	773,267	706,420	0	706,420
Total supporting services	1,018,232	0	1,018,232	879,233	0	879,233
Total expenses	3,516,449	0	3,516,449	3,321,617	0	3,321,617
CHANGES IN NET ASSETS	3,561	(57,879)	(54,318)	(89,376)	162,385	73,009
NET ASSETS - Beginning of year	998,874	511,408	1,510,282	1,088,250	349,023	1,437,273
NET ASSETS - End of year	\$1,002,435	\$ 453,529	\$ 1,455,964	\$ 998,874	\$ 511,408	\$ 1,510,282

See Independent Auditor's Report and
Notes to the Financial Statements

**UNITED MITOCHONDRIAL
DISEASE FOUNDATION, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	-----2016-----					-----2015-----						
	-----Program Services-----			---Supporting Services---		2016 Total	-----Program Services-----			---Supporting Services---		2015 Total
	Research	Public Awareness	Education Member Support	Admin & General	Fundraising		Research	Public Awareness	Education Member Support	Admin & General	Fundraising	
Bank fees	\$222	\$0	\$6,123	\$5,939	\$13,652	\$25,936	\$300	\$0	\$1,533	\$6,966	\$9,573	\$18,372
Chapter support	0	0	3,646	29	0	3,675	0	0	26,679	61	44	26,784
Depreciation	5,650	8,474	5,649	8,122	28,248	56,143	8,552	9,633	14,626	7,085	17,332	57,228
Fundraising	0	0	6,217	0	202,219	208,436	717	469	9,950	0	188,223	199,359
Research grants awarded	699,542	0	0	0	0	699,542	693,569	0	89	0	0	693,658
Insurance	504	946	3,076	3,719	1,476	9,721	442	828	2,486	3,116	2,931	9,803
Licenses and fees	215	445	1,222	150	1,291	3,323	305	535	1,312	790	8,406	11,348
Meetings	33,652	533	385,371	15,547	61,049	496,152	16,435	929	333,089	5,083	50,696	406,232
Merchandise costs	0	0	0	0	3,607	3,607	72	20	2,675	0	6,021	8,788
Miscellaneous	776	0	1,845	6,030	0	8,651	0	0	2,463	509	939	3,911
Payroll taxes	15,299	13,443	40,845	6,415	23,217	99,219	17,812	12,827	39,417	6,410	21,585	98,051
Postage and shipping	80	1,427	3,394	1,036	8,530	14,467	167	1,012	2,465	1,287	4,621	9,552
Printing	0	335	17,843	3,124	4,087	25,389	307	4,592	14,762	1,973	3,653	25,287
Professional fees	1,537	1,733	4,252	37,273	2,751	47,546	13,912	1,733	2,503	4,343	2,751	25,242
Promotion and marketing	0	87,587	56	15	360	88,018	0	108,596	11,390	0	755	120,741
Rent	10,305	10,861	17,344	22,964	21,207	82,681	6,583	11,886	29,721	7,286	21,948	77,424
Recruiting and relocation	0	0	1,794	333	434	2,561	0	0	0	72	40,960	41,032
Salaries and benefits	249,782	196,637	585,941	99,133	355,570	1,487,063	242,861	182,225	543,673	93,918	299,672	1,362,349
Repairs and maintenance	4,508	6,071	11,714	26,362	14,904	63,559	3,296	6,144	14,435	22,295	14,212	60,382
Staff development	0	0	1,132	20	824	1,976	0	124	3,645	380	2,472	6,621
Supplies	0	588	3,320	6,175	3,183	13,266	120	124	2,171	7,284	2,602	12,301
Telephone	10,170	1,600	8,762	1,559	7,142	29,233	1,662	3,261	12,182	2,475	5,571	25,151
Travel	7,406	1,180	17,163	1,020	19,516	46,285	7,120	964	10,984	1,480	1,453	22,001
Total functional expenses	\$1,039,648	\$331,860	\$1,126,709	\$244,965	\$773,267	\$3,516,449	\$1,014,232	\$345,902	\$1,082,250	\$172,813	\$706,420	\$3,321,617

See Independent Auditor's Report and
Notes to the Financial Statements

**UNITED MITOCHONDRIAL
DISEASE FOUNDATION, INC.**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (54,318)	\$ 73,009
Adjustments to reconcile change in net assets provided by (used in) operating activities:		
Depreciation	56,143	57,228
(Gain) loss on disposal of fixed assets	385	0
Realized (gain) loss on sale of investments	(3,503)	3,954
Unrealized loss on investment	85,423	23,183
Changes in assets (increase)/decrease:		
Accounts and pledges receivable	(59,963)	(103,650)
Inventories	5,595	3,089
Prepaid expenses	(4,672)	(9,384)
Changes in liabilities (decrease)/increase:		
Accounts payable	17,963	38,766
Accrued expenses	18,179	6,808
Grants payable	358,233	15,697
Deferred revenue	34,895	44,750
Net cash provided by (used in) operating activities	<u>454,360</u>	<u>153,450</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of investments	491,445	189,401
Purchase of equipment	(11,034)	(2,689)
Purchase of investments	<u>(591,821)</u>	<u>(263,634)</u>
Net cash provided by (used in) investing activities	<u>(111,410)</u>	<u>(76,922)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	342,950	76,528
CASH AND CASH EQUIVALENTS – Beginning of year	<u>895,942</u>	<u>819,414</u>
CASH AND CASH EQUIVALENTS – End of year	<u>\$1,238,892</u>	<u>\$ 895,942</u>
SUPPLEMENTAL INFORMATION		
Interest paid	\$ 0	\$ 0
Income taxes paid on unrelated business income	\$ 0	\$ 0

See Independent Auditor's Report and
Notes to the Financial Statements

**UNITED MITOCHONDRIAL
DISEASE FOUNDATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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 FASB ASC 958-210. Under FASB ASC 958-210, 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

Contributions received are recorded as unrestricted or temporarily restricted net assets depending on the existence or nature of any 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, 2016 and 2015, 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.

Accounts Receivable

Accounts receivable are evaluated regularly for collectability. If an account becomes uncollectible, an expense will be recognized. No allowance for doubtful accounts is considered necessary.

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 THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Investments

The Foundation records investments in accordance with FASB ASC 958-320. Under FASB ASC 958-320, investments are presented at their fair value, which is established using the fair value hierarchy (See Note 3).

Fixed Assets

Fixed assets are recorded at cost and depreciated using the straight-line method over estimated useful lives of 3 to 10 years. Depreciation expense, totaling \$56,143 and \$57,228 for the years ended June 30, 2016 and 2015, respectively, is allocated to the various activities based on usage.

Revenue and Expense Recognition

Income from 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, 2016 and 2015, 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).

The Forms 990, *Return of Organization Exempt from Income Tax*, of the Foundation are subject to examination by the IRS, generally for three years after they were filed.

Concentration of Credit Risk

Financial instruments which potentially subject the organization to a concentration of credit risk 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.

(Continued)

UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Changes in Presentation of Comparative Statements

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

Subsequent Events

Management has evaluated subsequent events through February 14, 2017, the date on which the financial statements were available to be issued.

2. DESCRIPTION OF MAJOR PROGRAMS

Research

The Foundation is committed to finding treatments and cures for mitochondrial disease and believes research is the path to success. Since 1996 the Foundation has been providing research grants in order to advance the cause of research into mitochondrial disease.

Public Awareness

The Foundation is raising awareness among clinicians, pediatricians, general practitioners, and other allied health professionals through exhibition at annual medical meetings and its "Grand Rounds" lecture series at hospitals around the country. The Foundation has also produced "Mito 101" an interactive CD to educate primary care physicals and pediatricians about mitochondrial diseases and "MitoFirst" a handbook for newly diagnosed patients and their physicians. The Foundation has also created "Mito On Call" which is an online service, that with one click medical professionals can connect with top Mitochondrial disease experts with questions about diagnosis and treatment of their patients.

Education/Member Support

The Foundation creates caring, supportive communities across the nation for adults, children and families suffering from mitochondrial disease through their regional coordinators and affiliated groups and ambassadors. This allows foundation members to network with other families and individuals to talk about mitochondrial disorders. The Foundation also keeps members updated with the latest treatment advances and information through a quarterly newsletter. Additionally, families have online access to Mitochondrial experts through their "Ask the Mito Doc" link and a library of multimedia educational materials and resource guides.

3. GRANTS RECEIVABLE

Grants receivable consist of the following:

	<u>2016</u>	<u>2015</u>
Amounts due from Mitocon	\$ 27,250	\$ 15,075
Amounts due from AMDF	70,000	70,000
Amounts due from Reata Pharmaceuticals	45,500	0
Amounts due from Stealth Bio Therapeutics	<u>55,875</u>	<u>22,500</u>
Total grants receivable	<u>\$ 198,625</u>	<u>\$107,575</u>

Aging of grants receivable is as follows:

Amounts due in one year	\$ 163,625	\$ 72,575
Amounts due in one to five years	<u>35,000</u>	<u>35,000</u>
Total grants receivable	<u>\$ 198,625</u>	<u>\$107,575</u>

(Continued)

UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

4. PLEDGES RECEIVABLE (PROMISES TO GIVE)

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

	2016	2015
Receivable in less than one year	\$ 20,000	\$ 20,000
Receivable in one to five years	0	20,000
Total unconditional promises to give	<u>\$ 20,000</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.

The Foundation has received a conditional pledge from The J. Willard and Alice S. Marriott Foundation. As of June 30, 2016 the outstanding amount owed on the pledge was \$401,199. Accordingly, the Foundation will record the pledge in revenue when the conditions have been satisfied.

5. INVESTMENTS

Investments at June 30, 2016 are summarized as follows:

	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Market Value
Mutual funds	<u>\$ 1,580,195</u>	<u>\$305,375</u>	<u>\$ 0</u>	<u>\$ 1,885,570</u>

Investments at June 30, 2015 are summarized as follows:

	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Market Value
Mutual funds	<u>\$ 1,476,316</u>	<u>\$390,798</u>	<u>\$ 0</u>	<u>\$ 1,867,114</u>

Fair Value Measurements

Generally accepted accounting principles (GAAP) establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Company uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Company measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. The fair values of the mutual funds are Level 1 inputs. No Level 2 or Level 3 inputs were available to the Foundation.

UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

6. FIXED ASSETS

Fixed assets are summarized as follows at June 30:

	<u>2016</u>	<u>2015</u>
Furniture and fixtures	\$ 37,268	\$ 38,947
Computer equipment	212,154	210,244
Leasehold improvements	<u>5,225</u>	<u>5,225</u>
Total fixed assets	254,647	254,416
Less accumulated depreciation	<u>214,193</u>	<u>168,468</u>
Fixed assets – net	<u>\$ 40,454</u>	<u>\$ 85,948</u>

7. GRANTS PAYABLE

The Board of Trustees approves future research grants each year. Grants authorized but unpaid at year end are reported as liabilities in accordance with FASB ASC 958-605. A summary of the outstanding grants is as follows:

<u>Grant Date</u>	<u>Grant Amount</u>	<u>Grant Payable 6/30/16</u>
May 2012	\$ 675,005	\$ 5,000
May 2013	827,529	9,500
May 2014	661,439	341,629
May 2015	693,658	542,638
May 2016	699,542	<u>645,043</u>
Total grants payable		<u>\$ 1,543,810</u>

In addition, during the year ended June 30, 2016, \$3,789 of the May 2012 grants were cancelled.

8. RETIREMENT PLANS

403(b) Tax Deferred Annuity Plan

The Foundation 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 Foundation 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 \$87,600 and \$69,900 for the years ended June 30, 2016 and 2015, respectively.

(Continued)

UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

9. NET ASSETS

Temporarily restricted net assets at June 30, 2016 and 2015 are available for the following purposes:

	<u>2016</u>	<u>2015</u>
Research	<u>\$453,529</u>	<u>\$511,408</u>

10. OPERATING LEASE

The Foundation leases office space under an operating lease agreement that expires October 2017. The Foundation leases a copier under an operating lease agreement that expires September 2016. The Foundation leases computer equipment under an operating lease that expires April 2018. The Foundation also leases postage machines under operating lease agreements that expire June 2019. The future minimum rental payments required under these lease agreements at June 30, 2016 are:

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2017	\$ 72,743
2018	29,004
2019	<u>3,612</u>
Total	<u>\$ 105,359</u>

Rental expense amounted to \$75,182 and \$68,281 for the years ended June 30, 2016 and 2015, respectively.

11. CONTRIBUTED SERVICES

FASB ASC 958-605 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, legal services and accounting services. The value of these services was calculated as \$53,667 and \$27,117 for the years ended June 30, 2016 and 2015, respectively, and is included in the accompanying Statements of Activities as revenue and expense.

(Continued)

**UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

12. 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
- Minneapolis-St. Paul Chapter
- Middle Tennessee Chapter
- D/C/Baltimore/Northern Virginia 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 Foundation is currently transitioning from using local chapters to regional bases organized under the umbrella of the national office. As such the Foundation is in the process of closing the chapter bank accounts.

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

	<u>2016</u>	<u>2015</u>
Indiana Chapter	\$ 74	\$ 254
Chicago Chapter	352	472
Carolina Foothills Chapter	5,362	5,362
D/C/Baltimore/Northern Virginia Chapter	10,963	5,150