

**UNITED MITOCHONDRIAL
DISEASE FOUNDATION, INC.**

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014
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, 2015 and 2014, 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, 2015 and 2014, 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 5, 2016

**UNITED MITOCHONDRIAL
DISEASE FOUNDATION, INC.**

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014**

	2015	2014
<u>ASSETS</u>		
Cash and cash equivalents	\$ 895,942	\$ 819,414
Accounts receivable	43,295	12,020
Grants receivable (Note 3)	107,575	25,200
Pledges receivable (Note 4)	40,000	50,000
Inventories	38,690	41,779
Investments (Note 5)	1,867,114	1,820,018
Prepaid expenses	52,311	42,927
Fixed assets - net (Note 6)	<u>85,948</u>	<u>140,487</u>
TOTAL ASSETS	<u>\$ 3,130,875</u>	<u>\$ 2,951,845</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 318,974	\$ 280,208
Accrued liabilities	71,292	64,484
Grants payable (Note 7)	1,185,577	1,169,880
Deferred revenue	<u>44,750</u>	<u>0</u>
Total liabilities	<u>1,620,593</u>	<u>1,514,572</u>
NET ASSETS		
Unrestricted	998,874	1,088,250
Temporarily restricted (Note 9)	<u>511,408</u>	<u>349,023</u>
Total net assets	<u>1,510,282</u>	<u>1,437,273</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,130,875</u>	<u>\$ 2,951,845</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, 2015 AND 2014**

	-----2015-----			-----2014-----		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE						
Support:						
Fundraising	\$1,321,336	\$221,561	\$1,542,897	\$1,303,047	\$ 113,940	\$1,416,987
Contributions	680,051	150	680,201	791,694	1,150	792,844
In honor of	96,876	0	96,876	131,227	0	131,227
In memory of	102,195	0	102,195	75,781	0	75,781
In kind	27,117	0	27,117	8,540	0	8,540
Grants	277,222	223,000	500,222	223,570	138,503	362,073
Cancellation of grants payable	21,840	0	21,840	338	0	338
Total support	<u>2,526,637</u>	<u>444,711</u>	<u>2,971,348</u>	<u>2,534,197</u>	<u>253,593</u>	<u>2,787,790</u>
Revenue:						
Symposium and seminars	363,505	3,100	366,605	284,706	0	284,706
Sales	10,838	0	10,838	12,727	0	12,727
Miscellaneous	1,666	0	1,666	983	0	983
Total revenue	<u>376,009</u>	<u>3,100</u>	<u>379,109</u>	<u>298,416</u>	<u>0</u>	<u>298,416</u>
Investment income	71,306	0	71,306	58,689	0	58,689
Net unrealized gain (loss) on investments	(23,183)	0	(23,183)	123,039	0	123,039
Net realized gain (loss) on investments	(3,954)	0	(3,954)	98,010	0	98,010
Gain on disposal of fixed assets	0	0	0	568	0	568
Net assets released from program restrictions	285,426	(285,426)	0	296,983	(296,983)	0
Total support and revenue	<u>3,232,241</u>	<u>162,385</u>	<u>3,394,626</u>	<u>3,409,902</u>	<u>(43,390)</u>	<u>3,366,512</u>
FUNCTIONAL EXPENSES						
Program services:						
Research	1,014,232	0	1,014,232	927,552	0	927,552
Public awareness	345,902	0	345,902	293,552	0	293,552
Education/member support	1,082,250	0	1,082,250	1,004,196	0	1,004,196
Total program services	<u>2,442,384</u>	<u>0</u>	<u>2,442,384</u>	<u>2,225,300</u>	<u>0</u>	<u>2,225,300</u>
Supporting services:						
Administrative and general	172,813	0	172,813	146,464	0	146,464
Fundraising	706,420	0	706,420	594,588	0	594,588
Total supporting services	<u>879,233</u>	<u>0</u>	<u>879,233</u>	<u>741,052</u>	<u>0</u>	<u>741,052</u>
Total expenses	<u>3,321,617</u>	<u>0</u>	<u>3,321,617</u>	<u>2,966,352</u>	<u>0</u>	<u>2,966,352</u>
CHANGES IN NET ASSETS	(89,376)	162,385	73,009	443,550	(43,390)	400,160
NET ASSETS - Beginning of year	1,088,250	349,023	1,437,273	644,700	392,413	1,037,113
NET ASSETS - End of year	<u>\$ 998,874</u>	<u>\$511,408</u>	<u>\$1,510,282</u>	<u>\$1,088,250</u>	<u>\$ 349,023</u>	<u>\$1,437,273</u>

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, 2015 AND 2014**

	-----2015-----						-----2014-----					
	-----Program Services-----			---Supporting Services---			-----Program Services-----			---Supporting Services---		
	Research	Public Awareness	Education Member Support	Admin. & General	Fundraising	2015 Total	Research	Public Awareness	Education Member Support	Admin. & General	Fundraising	2014 Total
Bank fees	\$ 300	\$ 0	\$ 1,533	\$ 6,966	\$ 9,573	\$ 18,372	\$ 594	\$ 0	\$ 1,056	\$ 6,230	\$ 9,988	\$ 17,868
Chapter support	0	0	26,679	61	44	26,784	0	0	31,583	0	95	31,678
Depreciation	8,552	9,633	14,626	7,085	17,332	57,228	5,121	6,202	11,194	3,653	13,900	40,070
Fundraising	717	469	9,950	0	188,223	199,359	5,035	0	6,221	11	174,704	185,971
Research grants awarded	693,569	0	89	0	0	693,658	661,439	0	0	0	0	661,439
Insurance	442	828	2,486	3,116	2,931	9,803	411	770	2,309	3,293	1,981	8,764
Licenses and fees	305	535	1,312	790	8,406	11,348	304	535	1,398	780	4,821	7,838
Meetings	16,435	929	333,089	5,083	50,696	406,232	12,041	0	305,599	7,097	18,009	342,746
Merchandise costs	72	20	2,675	0	6,021	8,788	0	0	27	0	12,180	12,207
Miscellaneous	0	0	2,463	509	939	3,911	1,536	0	833	783	546	3,698
Payroll taxes	17,812	12,827	39,417	6,410	21,585	98,051	16,520	10,675	38,553	5,657	20,607	92,012
Postage and shipping	167	1,012	2,465	1,287	4,621	9,552	228	967	3,883	885	3,860	9,823
Printing	307	4,592	14,762	1,973	3,653	25,287	0	1,225	14,621	642	6,256	22,744
Professional fees	13,912	1,733	2,503	4,343	2,751	25,242	987	1,732	4,253	7,757	3,625	18,354
Promotion and marketing	0	108,596	11,390	0	755	120,741	0	92,117	10,781	1,190	2,423	106,511
Rent	6,583	11,886	29,721	7,286	21,948	77,424	7,086	12,382	30,855	7,307	23,251	80,881
Recruiting and relocation	0	0	0	72	40,960	41,032	0	25	39	0	2,459	2,523
Salaries and benefits	242,861	182,225	543,673	93,918	299,672	1,362,349	209,813	156,174	513,854	77,454	277,890	1,235,185
Repairs and maintenance	3,296	6,144	14,435	22,295	14,212	60,382	2,107	3,929	10,214	19,041	7,189	42,480
Staff development	0	124	3,645	380	2,472	6,621	0	380	563	40	440	1,423
Supplies	120	124	2,171	7,284	2,602	12,301	132	381	1,246	3,053	3,803	8,615
Telephone	1,662	3,261	12,182	2,475	5,571	25,151	1,830	3,619	10,127	1,580	6,549	23,705
Travel	7,120	964	10,984	1,480	1,453	22,001	2,368	2,439	4,987	11	12	9,817
Total functional expenses	\$1,014,232	\$ 345,902	\$ 1,082,250	\$ 172,813	\$ 706,420	\$ 3,321,617	\$ 927,552	\$ 293,552	\$ 1,004,196	\$ 146,464	\$ 594,588	\$ 2,966,352

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, 2015 AND 2014**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 73,009	\$ 400,160
Adjustments to reconcile change in net assets provided by (used in) operating activities:		
Depreciation	57,228	40,070
(Gain) on disposal of fixed assets	0	(568)
Realized (gain) loss on sale of investments	3,954	(98,010)
Unrealized (gain) loss on investment	23,183	(123,039)
Changes in assets (increase)/decrease:		
Accounts and pledges receivable	(103,650)	131,045
Inventories	3,089	9,019
Prepaid expenses	(9,384)	(14,687)
Changes in liabilities (decrease)/increase:		
Accounts payable	38,766	(30,183)
Accrued expenses	6,808	7,207
Grants payable	15,697	(1,480)
Deferred revenue	44,750	0
Net cash provided by (used in) operating activities	<u>153,450</u>	<u>319,534</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on disposal of fixed assets	0	7,980
Proceeds on sale of investments	189,401	475,512
Purchase of equipment	(2,689)	(79,756)
Purchase of investments	<u>(263,634)</u>	<u>(490,125)</u>
Net cash provided by (used in) investing activities	<u>(76,922)</u>	<u>(86,389)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	76,528	233,145
CASH AND CASH EQUIVALENTS – Beginning of year	<u>819,414</u>	<u>586,269</u>
CASH AND CASH EQUIVALENTS – End of year	<u>\$ 895,942</u>	<u>\$ 819,414</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, 2015 AND 2014**

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, 2015 and 2014, 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, 2015 AND 2014

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 \$57,228 and \$40,070 for the years ended June 30, 2015 and 2014, 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, 2015 and 2014, 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, 2015 AND 2014**

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 5, 2016, 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.

Education/Member Support

The Foundation creates caring, supportive communities across the nation for adults, children and families suffering from mitochondrial disease through their local chapters 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.

3. GRANTS RECEIVABLE

Grants receivable consist of the following:

	<u>2015</u>	<u>2014</u>
Amounts due from Mitocon	\$ 15,075	\$ 25,200
Amounts due from AMDF	70,000	0
Amounts due from Stealth Peptides	<u>22,500</u>	<u>0</u>
Total grants receivable	<u>\$ 107,575</u>	<u>\$ 25,200</u>

Aging of grants receivable is as follows:

Amounts due in one year	\$ 72,575	\$ 25,200
Amounts due in one to five years	<u>35,000</u>	<u>0</u>
Total grants receivable	<u>\$ 107,575</u>	<u>\$ 25,200</u>

(Continued)

UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

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:

	2015	2014
Receivable in less than one year	\$ 20,000	\$ 20,000
Receivable in one to five years	20,000	30,000
Total unconditional promises to give	<u>\$ 40,000</u>	<u>\$ 50,000</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, 2015 the outstanding amount owed on the pledge was \$609,438. Accordingly, the Foundation will record the pledge in revenue when the conditions have been satisfied.

5. INVESTMENTS

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>

Investments at June 30, 2014 are summarized as follows:

	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Market Value
Mutual funds	<u>\$ 1,406,036</u>	<u>\$413,982</u>	<u>\$ 0</u>	<u>\$ 1,820,018</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 Company.

UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

6. FIXED ASSETS

Fixed assets are summarized as follows at June 30:

	<u>2015</u>	<u>2014</u>
Furniture and fixtures	\$ 38,947	\$ 38,947
Computer equipment	210,244	207,556
Leasehold improvements	<u>5,225</u>	<u>5,225</u>
Total fixed assets	254,416	251,728
Less accumulated depreciation	<u>168,468</u>	<u>111,241</u>
Fixed assets – net	<u>\$ 85,948</u>	<u>\$ 140,487</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 6/30/15</u>
May 2012	\$ 675,005	\$ 15,400
May 2013	827,529	89,225
May 2014	661,439	437,294
May 2015	693,658	<u>643,658</u>
Total grants payable		<u>\$ 1,185,577</u>

In addition, during the year ended June 30, 2015, \$21,840 of the May 2009 grants were cancelled.

8. 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 \$69,900 and \$68,400 for the years ended June 30, 2015 and 2014, respectively.

(Continued)

UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

9. NET ASSETS

Temporarily restricted net assets at June 30, 2015 and 2014 are available for the following purposes:

	<u>2015</u>	<u>2014</u>
Research	\$511,408	\$349,023

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 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, 2015 are:

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2016	\$ 66,648
2017	64,694
2018	22,296
2019	<u>1,416</u>
Total	<u>\$ 155,054</u>

Rental expense amounted to \$68,281 and \$68,422 for the years ended June 30, 2015 and 2014, 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 and accounting services. The value of these services was calculated as \$27,117 and \$8,540 for the years ended June 30, 2015 and 2014, 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, 2015 AND 2014**

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>2015</u>	<u>2014</u>
Ohio Chapter	\$ 0	\$ 4,288
Kansas City Chapter	0	1,738
Indiana Chapter	254	434
Chicago Chapter	472	807
Carolina Foothills Chapter	5,362	5,362
Minneapolis-St. Paul Chapter	0	660
D/C/Baltimore/Northern Virginia Chapter	5,150	3,708