

The United Mitochondrial Disease Foundation

Hope.

Energy.

Life.



Annual Report 2006



About UMDF

The United Mitochondrial Disease Foundation was formed in 1996 to educate the public and the medical community about these complex and often fatal disorders in order to help patients obtain earlier diagnoses and more effective treatments.

A Message from the Chairman

John A. DiCecco



When embarking on a journey, whether large or small, it is best to set out with a detailed plan so that you will know where you are going, how and when you are going to get there and who will be helping you along the way. When you take a family vacation, for instance, you choose your destination, book your hotel, make airline or other travel arrangements with your agent, create an itinerary, put together a packing list, etc.

At UMDF, we are setting out on a challenging journey of great importance – to promote research and education for the diagnosis, treatment and cure of mitochondrial disorders and to provide support to affected individuals and families. Setting our mission is easy; we know exactly why we are here. The next step in our quest for a cure is to put together a comprehensive strategic plan so that we know where we are going, how and when we want to get there and whose help we will need to move forward.

To create our strategic plan, UMDF assembled a committee of board members, volunteer leaders and staff to assess the current status of UMDF, as well as our strengths and weaknesses. From this evaluation came five strategic objectives:

- To continually enhance the effectiveness of the UMDF by developing its volunteers, staff, technology and infrastructure.
- To develop and implement a multi-faceted fundraising strategy and plan that emphasizes the development of strategic relationships, leveraging the membership and exploring the solicitation of grants and corporate sponsorships.
- To develop and effectively communicate the UMDF story and brand, both externally and internally.
- To continually enhance the UMDF's educational capabilities and resources with a special emphasis on members, the medical community, affected individuals and families.
- To continually enhance the UMDF's ability to guide and support its members by improving support to the chapters and groups and developing leaders and other volunteers.

In order to better reach these objectives, the planning committee set out seven goals for 2006-2007:

- To refine and complete the implementation of a

comprehensive marketing and communications plan.

- To have a robust, effective and proactive committee structure.
- To present to the board a recommendation to upgrade UMDF's IT infrastructure.
- To successfully include language in legislation for government support of mitochondrial disease.
- To raise \$2.6 million in FY 2007.
- To increase membership by 25 percent by the end of FY 2007.
- To restructure and broaden the scope of the Scientific Advisory Board (SAB) into a Scientific and Medical Advisory Board (SMAB).

While some of these goals may seem ambitious at first glance, the staff and volunteers of UMDF look ahead with optimism and dedication to reaching these ends for the benefit of our membership, the scientific community and the world at large.

In setting these goals, we are creating a road map to success in maximizing education and awareness, encouraging ever-expanding research and enhancing the support we can offer to patients and families. We are hopeful that analyzing and evaluating our successes and failures in achieving these specific goals and the broader objectives behind them will allow UMDF to stay on track toward reaching our ultimate destination: a cure.

Yours toward a cure,

A handwritten signature in black ink that reads "John A. DiCecco". The signature is written in a cursive, slightly slanted style.

A Message from the CEO/Executive Director Charles A. Mohan Jr.



of interest that is of interest to our members as well as the medical community.

POLITICAL ACTION

UMDF has established a Governmental Affairs Committee that will be addressing NIH funding initiatives and grass roots political action, enabling us to better direct legislation and positively impact our futures.

*Things that matter most must never be
at the mercy of things that matter least.
~ Goethe*

THE FUTURE

Looking ahead, we will continue to enhance our operational excellence by developing and implementing initiatives that will improve our quality and efficiency. We will continue to initiate programs that will provide the necessary funding to achieve the targeted goals addressing the UMDF mission.

UMDF will continue to reach out to the medical foundation community with the hope of establishing collaborative relationships. Sharing information such as newsletters, research projects, meeting notes or minutes, political action initiatives and strategic planning approaches will help us continue to identify similar challenges and goals facing each foundation and its members, enabling us to work together to better accomplish our comparable goals.

UMDF Chapters, Support Groups, Mito Ambassadors and the general membership continue to grow, with Chicago, under the leadership of Patrick Kelly achieving Chapter status in 2006.

Next year's symposium, *Mitochondrial Medicine 2007*, our 7th annual symposium on mitochondrial diseases co-sponsored by the Mitochondrial Research Society and the Mitochondrial Medicine Society, will continue to provide the most up-to-date information on mitochondrial disorders to families, researchers, scientists and doctors. The UMDF symposium is *the* recognized symposium on mitochondrial disorders in the world. Future locations for UMDF symposia will be San Diego in 2007, Indianapolis in 2008, the East Coast in 2009 and the Pacific Northwest in 2010.

Our excellent staff and committed volunteer leadership along with the continued support of the UMDF membership make it a pleasure to be the CEO of this organization. We are looking forward to an exciting future of promoting research and education for the diagnosis, treatment and cure of mitochondrial disorders and of providing support to affected individuals and families.

Toward a cure,

A handwritten signature in black ink that reads "Chuck A. Mohan Jr." The signature is written in a cursive, slightly slanted style.

We are pleased to present the United Mitochondrial Disease Foundation's 2005-2006 Annual Report. We invite you to review this report and gauge for yourself how far we have come in the last 10 years – without losing sight of how far we still need to go.

*Everything should be made
as simple as possible but not simpler.
~ Albert Einstein*

OUR MISSION REMAINS CONSTANT

*TO PROMOTE RESEARCH AND EDUCATION FOR THE
DIAGNOSIS, TREATMENT AND CURE OF MITOCHONDRIAL
DISORDERS AND TO PROVIDE SUPPORT TO AFFECTED
INDIVIDUALS AND FAMILIES*

**This is what we do every day – no more, no less.
This is the reason we are here!**

*History will be kind to me
because I intend to write it.
~ Winston Churchill*

STRATEGIC PLANNING

UMDF continues to write its own future with the completion of our fourth all-inclusive strategic planning session. Working with staff and volunteer leaders, we have a redefined vision for our future and an operations plan to guide us toward results-oriented goals.

UMDF GRANTS

Our continued commitment to fund peer review research is growing by leaps and bounds. This grant cycle we received 211 letters of intent, almost double from the year before.

SYMPOSIA

UMDF sponsored international symposia continues to bring together hundreds of medical professionals and families. This exchange of information reveals many areas

UMDF-Funded Research Projects

\$1,025,021 in FY06

Stephane Chiron, PhD, University of California-San Diego: “Utilization of fission yeast as a model for mitochondrial morphology: a new approach to discover novel genes involved in animal cells.” They will investigate microtubule control of mitochondrial shape and cell distribution in a strain of yeast whose mitochondria are regulated similarly to those of humans.

This is significant because microtubules play an important role in maintaining normally functioning mitochondria.

Vishal Gohil, PhD, Massachusetts General Hospital: “Molecular signatures of mitochondrial disorders.” They will develop research models for eleven different human mitochondrial diseases by interfering with the expression of DNA in mouse muscle cell lines. *2006 Chairman’s Prize.

This approach is important because it will allow comprehensive laboratory study of a number of mitochondrial diseases and their associated defects.

Zaza Khuchua, PhD, Vanderbilt University Medical Center: “Animal models of human Barth syndrome, a mitochondrial cardiolipin disorder.” They will study a previously developed fish model of Barth syndrome, a rare mitochondrial disease that causes severe muscle weakness in humans, and will complete development of a mouse model of the same disease.

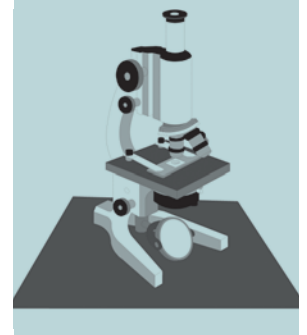
These are significant developments because the use of animal models will allow extensive research on the syndrome’s basic pathology without having to rely upon human subjects.

John Gordon Lindsay, PhD, University of Glasgow: “Enzymatic, assembly and genetic studies on the human pyruvate dehydrogenase multi-enzyme complex.” They will study modified bacteria that contain mutated forms of an important human mitochondrial enzyme, pyruvate dehydrogenase complex (PDC), in order to determine how changes in the complex’s function can cause mitochondrial disease.

This is important because PDC mutations are suspected in a large number of metabolic disorders in humans.

Haya Lorberboum-Galski, PhD, Hebrew University of Jerusalem: “Enzyme-replacement therapy: A novel approach for treating a mitochondrial disease-LAD deficiency.” They will test the ability of a protein-delivery system to place a normal enzyme into the defective mitochondria of cells from patients with a mutated, non-functional form of the enzyme.

This is promising because there are currently no cures for mitochondrial disease and such research could lead to therapies that would correct the fundamental causes of the disease.



About the UMDF Research Grant Program

It is well recognized that the path toward a cure is paved with research. In order to further its quest for a cure, the UMDF began its Research Grant Program in 1997 to fund basic and clinical research on mitochondrial disorders. Since the program began, UMDF has funded nearly \$4 million of research.

Thomas W. O'Brien, PhD, University of Florida: "Mitochondrial ribosomal proteins: candidate genes for mitochondrial disease." They will determine the functional significance of a number of ribosomal proteins in mitochondria and determine which ones are associated with specific mitochondrial diseases.

This is important because ribosomes are cell organelles that are crucial to the manufacture of other proteins needed by mitochondria to function normally.

Michael J. Palladino, PhD, University of Pittsburgh: "Developing therapies for mitochondrial disease." They will use fruit flies with mutated mitochondria as a means of measuring the effectiveness of treatments for diseases that cause progressive deterioration of the nervous and muscular systems.

This is important because it will provide an easily studied animal model for the treatment of human mitochondrial disease.

Doron Rapaport, PhD, Institute for Physiological Chemistry, Germany: "Defective biogenesis of mitochondrial beta-barrel proteins as a cause for Mohr-Tranebjaerg syndrome." They will investigate the link between a mutation associated with a progressive neurodegenerative disorder and the insertion of structural proteins into the mitochondrial membrane.

This is important because it will provide insights into the normal assembly of mitochondria, as well as into the pathology of a complex mitochondrial disease.

Brian H. Robinson, PhD, Hospital for Sick Children, Toronto: "High throughput screening for mitochondrial enhancers." They will use a cell-based assay allowing rapid screening of a large number of drugs that might enhance the synthesis of mitochondrial respiratory enzymes.

This is important because the class of compounds being studied could readily cross into the brain to potentially treat serious neurological diseases in children.

Håkan Westerblad, MD, PhD, Karolinska Institute, Sweden: "Mechanisms of muscle dysfunction studied in mouse models of mitochondrial myopathies." They will compare various aspects of muscle function in normal mice with that in mice possessing defective mitochondria.

The importance of this research lies in the detailed information that will be gained about exactly how abnormal mitochondria cause muscle dysfunction.



Programs for People

New UMDF Chapter

In early May, the Chicago Area Mito Group transitioned to chapter status. The new chapter's president is Patrick Kelley.

In order to become a chapter, a mito group must have been in existence for at least six months and must meet the following requirements:

- Submit reports/minutes from all meetings for the last six months.
- Provide at least one example of publicity or public outreach in any medium. This could be media coverage of an event or exposure through an op-ed piece, editorial, public service announcement or an independent poster, speaking or flier campaign.
- Submit special events forms and budgets for all events.
- Raise at least \$2000 in fundraising proceeds.
- Process all funds through the UMDF.
- Provide a summary of a program at a meeting or outreach to physicians that achieves a defined educational objective.
- Create a resource list of at least three appropriate doctors and/or agencies that the group has identified as working with mito patients.
- Complete all monthly reports/activity sheets.
- Have at least four individuals participating in leadership positions.

Leader Letter

At the chapter leaders meeting, the leaders agreed that one of the things that is important to them is

being kept up-to-date on UMDF events and information.

With this in mind, the UMDF created a newsletter specifically for chapter and mito group leaders. The *Leader Letter* is produced by the UMDF member services staff and is distributed once every two months.

The newsletter keeps leaders informed of news concerning fundraisers, volunteers, financial information and anything else that may be of interest or use to chapter and mito group leadership.

MitoConnect

The MitoConnect program began in February 2006. New and renewing members received surveys asking them to fill out the name, age, symptoms, diagnosis and location of the family member affected by mito. After receiving more than 200 completed forms (with more coming in weekly), the process of connecting members began. Members can fill out a form (available from the UMDF National Office) to request a connection with other members based on age, diagnosis, symptoms and/or location.

Mito Ambassadors

In March 2006, the UMDF pioneered the UMDF ambassador program.

Mito Ambassadors serve as UMDF liaisons in areas without enough members or support to start a chapter or mito group. Ambassadors provide support to newly diagnosed individuals and families in their areas and help to raise awareness of mitochondrial

diseases among physicians and the general public by distributing literature. Unlike group leaders, Mito Ambassadors will not conduct meetings. However, if enough interest is generated in a specific area, the Mito Ambassador can transition to a group leader and form a group in the area. Between March and June 30, 2006, 13 ambassadors were added to UMDF. See page 8 for a complete listing.

Members in other countries who are interested in assisting UMDF in providing support and education and raising funds can also become Mito Ambassadors. For more information on the mito ambassador program, contact member services.

Grand Rounds

As part of a comprehensive marketing plan, the United Mitochondrial Disease Foundation is creating greater awareness of mitochondrial disease amongst clinicians, pediatricians, general practitioners and other front-line physicians seeing patients by exhibiting at annual medical meetings and hosting grand rounds across the United States.

Grand rounds generally consist of an hour long presentation by the visiting doctor, followed by an hour of case presentations. This may also be followed by making rounds with faculty and residents.

In FY06, UMDF supported grand rounds in Missouri, South Carolina and Illinois, and with the help of companies like Athena Diagnostics and Transgenomic Labs, planning is underway to support five next year.

Chapters, Groups and Ambassadors

MITO AMBASSADORS

NORTHEASTERN U.S.

Chrishelle & Kristopher Conlin
Northern New York

James & Bethanne DeArce
New Paltz, N.Y.

Kim Olenderski
Central Pennsylvania

SOUTHEASTERN U.S.

Jennifer Clifton
South Florida

Peggy Stolz Conti
Huntsville/Madison Co., Ala.

Christine Golden
Melbourne, Fla.

Karis Mott
Chapin, South Carolina

CENTRAL U.S.

Anne Juhlmann
Waukesha, Wis.

Regina Norrod
Crossville, Tenn.

Krystena Richards
Louisville, Ken.

Mindy Welhouse
Kimberly, Wis.

WESTERN U.S.

Joy Krumdiack
Northwestern Washington

Lyn Taggart
Utah/North Dakota

ARIZONA

★Arizona Chapter
Phoenix, Ariz.
Members: 100+

CALIFORNIA

★Southern California Chapter
Los Angeles, Calif.
Members: 200+

FLORIDA

N. Central Fla. Mito Group
Members: 25+

GEORGIA

★Atlanta Area Chapter
Atlanta, Ga.
Members: 275+

IDAHO

Idaho Mito Group
Members: 20+

INDIANA

★Indiana Chapter
Indianapolis, Ind.
Members: 100+

ILLINOIS

★Chicago Area Chapter
Chicago, Ill.
Members: 125+
Central Illinois Mito Group
Members:

MARYLAND

DC Area Mito Group
Members: 75+

MASSACHUSETTS

★New England Chapter
Boston, Mass.
Members: 275+

MICHIGAN

Western Mich. Mito Group
Members: 50+

MISSOURI/KANSAS

★Kansas City Chapter
Kansas City, Mo.
Members: 75+

St. Louis Area Mito Group
Members: 50+

NEW YORK

★New York Metro Chapter
New York, N.Y.
Members: 175+

OHIO

★Ohio Chapter
Cleveland, Ohio
Members: 300+

Columbus Mito Group
Members: 50+

Cincinnati Mito Group
Members: 25+

OREGON

Pacific NW Mito Group
Members: 50+

PENNSYLVANIA

★Delaware Valley Chapter
Philadelphia, Pa.
Members: 200+

Pittsburgh Mito Group
Members: 125+

SOUTH CAROLINA

Carolina Foothills Mito Group
Members: 75+

TEXAS

Dallas Mito Group
Members: 25+

Houston Area Mito Group
Members: 60+

AUSTRALIA

Queensland Mito Group
Members: 20+

Development

Fundraising Stars

Every year, hundreds of events are held nationwide for UMDF and for the thousands affected with mitochondrial diseases.

While UMDF appreciates all fundraisers and donations, it would be impossible to list them all. A heartfelt thanks to everyone who contributed their time and money in 2006.

Here are ten outstanding events that raised more than \$25,000:

- \$125,000. *Fifth Annual One Step Closer to a Cure*, sponsored by KFC. Ohio Chapter. Forest Hills Park, Cleveland Heights, Ohio. June 3, 2006.



- \$100,000. *Sixth Annual Ohio Golf Outing*. UMDF Trustee Stan Davis. The Country Club, Pepperdike, Ohio. July 18, 2005.
- \$78,000. *Second Annual Race for Riley*. Waynette

and Rodney Peek. Georgia Baptist Children's Home, Palmetto, Ga. April 29, 2006.

- \$70,000. *Weekend of Hope 2005*. New England Chapter. Nelson Field, Plymouth, Mass. October 1, 2005; Bay Path College, Longmeadow, Mass. October 2, 2005.
- \$61,500. *Sixth Annual Go! for Mito/Shelly's Heroes Walk/Run*. Delaware Valley Chapter. Philadelphia Art Museum, Philadelphia, Pa. September 10, 2005.
- \$53,000. *Second Annual Fore-a-Cure Golf Outing*. Atlanta Chapter. Standard Club, Duluth, Ga. October 24, 2005.
- \$43,000. *Third Annual Mito-What? 5K Run/Walk*. Kansas City Chapter. Corporate Woods Founders Park, Overland Park, Kan. June 24, 2006.



- \$40,000. *Second Annual Kindbom Winetasting Party*. Medford, N.J. April 23, 2006.
- \$32,000. *Fourth Annual UMDF Pittsburgh 5K Run/Walk*. Western PA Mito Group. North Park Boat House, Pittsburgh, Pa. June 3, 2006.
- \$27,000. *Indiana Golf Outing*. Indiana Chapter. Fishers, Ind. August 15, 2005.

Special Events

- Total in FY06 \$1,403,420
- Increase from FY05 39%

Donations

- Individual Donations
Total FY06 \$428,005
- Membership Dues \$32,582

Grants

- Total FY06 \$184,000

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, 2006 and 2005, 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, 2006 and 2005, 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.

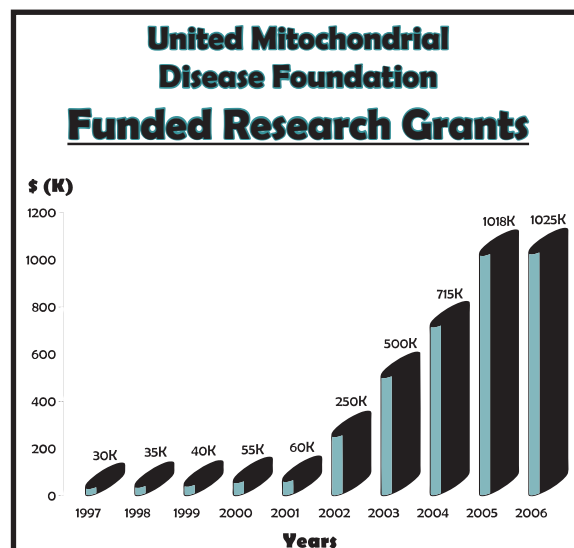
STELMACK DOBRANSKY & EANNACE, LLC
Pittsburgh, Pennsylvania

November 15, 2006

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2006 and 2005

	2006	2005
ASSETS		
Cash and cash equivalents	\$1,406,425	\$1,425,161
Contributions receivable (Note 2) . . .	0	19,596
Inventories	16,225	9,979
Investments (Note 3)	858,251	776,867
Prepaid expenses	26,065	16,794
Fixed assets - net (Note 4)	222,024	165,707
TOTAL ASSETS	<u>\$2,528,990</u>	<u>\$2,414,104</u>
LIABILITIES		
Accounts payable	\$145,170	\$137,939
Accrued expenses	121,722	25,186
Grants payable (Note 5)	1,610,035	1,341,892
Deferred revenue	101,607	86,279
Total liabilities	1,978,534	1,591,296
NET ASSETS		
Unrestricted	\$469,465	\$787,092
Temporarily restricted (Note 6)	80,991	35,716
Total net assets	550,456	822,808
TOTAL LIABILITIES AND NET ASSETS	<u>\$2,528,990</u>	<u>\$2,414,104</u>

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



STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2006 and 2005

	2006			2005		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Support:						
Fundraising	\$1,284,181	\$0	\$1,284,181	\$1,008,689	\$0	\$1,008,689
Contributions.....	216,361	187,759	404,120	58,757	201,716	260,473
In honor of.....	93,920	0	93,920	219,986	0	219,986
In memory of.....	43,004	0	43,004	92,656	0	92,656
In kind	15,199	0	15,199	17,826	0	17,826
Grants.....	84,918	0	84,918	39,500	0	39,500
Total support.....	<u>1,737,583</u>	<u>187,759</u>	<u>1,925,342</u>	<u>1,437,414</u>	<u>201,716</u>	<u>1,639,130</u>
Revenue:						
Symposium and seminars ..	171,735	0	171,735	231,270	0	231,270
Membership.....	32,582	0	32,582	33,369	0	33,369
Sales	40,509	0	40,509	51,013	0	51,013
Miscellaneous.....	130	0	130	203	0	203
Total revenue	<u>244,956</u>	<u>0</u>	<u>244,956</u>	<u>315,855</u>	<u>0</u>	<u>315,855</u>
Investment income	62,700	0	62,700	39,302	0	39,302
Net unrealized gain on investments	54,424	0	54,424	43,311	0	43,311
Net realized gain (loss) on investments	0	0	0	(16,204)	0	(16,204)
Net assets released from program restrictions.....	142,484	(142,484)	0	323,794	(323,794)	0
Total support and revenue	<u>2,242,147</u>	<u>45,275</u>	<u>2,287,422</u>	<u>2,143,472</u>	<u>(122,078)</u>	<u>2,021,394</u>
FUNCTIONAL EXPENSES						
Program services:						
Research.....	1,113,050	0	1,113,050	1,076,057	0	1,076,057
Public awareness	168,326	0	168,326	208,967	0	208,967
Education/member support..	582,270	0	582,270	578,272	0	578,272
Total program services	<u>1,863,646</u>	<u>0</u>	<u>1,863,646</u>	<u>1,863,296</u>	<u>0</u>	<u>1,863,296</u>
Supporting services:						
Administrative and general..	181,820	0	181,820	124,409	0	124,409
Fundraising	514,308	0	514,308	327,163	0	327,163
Total supporting services	<u>696,128</u>	<u>0</u>	<u>696,128</u>	<u>451,572</u>	<u>0</u>	<u>451,572</u>
Total expenses.....	<u>2,559,774</u>	<u>0</u>	<u>2,559,774</u>	<u>2,314,868</u>	<u>0</u>	<u>2,314,868</u>
CHANGES IN NET ASSETS	(317,627)	45,275	(272,352)	(171,396)	(122,078)	(293,474)
NET ASSETS - Beginning of year..	787,092	35,716	822,808	958,488	157,794	1,116,282
NET ASSETS - End of year.....	<u>\$469,465</u>	<u>\$80,991</u>	<u>\$550,456</u>	<u>\$787,092</u>	<u>\$35,716</u>	<u>\$822,808</u>

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Notes to the Financial Statements*

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2006 and 2005

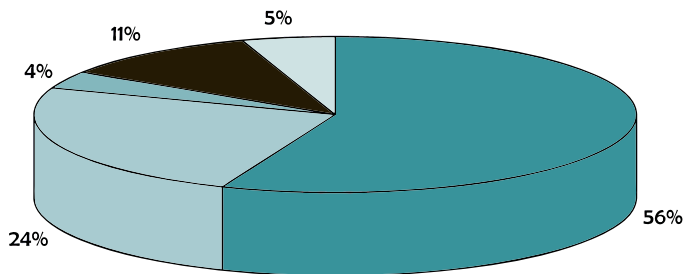
	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$(272,352)	\$(293,474)
Adjustments to reconcile change in net assets provided by (used in) operating activities:		
Depreciation	40,810	15,736
Realized (gain) loss on sale of investments	0	16,204
Unrealized (gain) loss on investment	(54,424)	(43,311)
Changes in assets (increase)/decrease:		
Contribution receivable	19,596	30,404
Interest receivable	0	4,951
Inventories	(6,246)	(9,979)
Prepaid expenses	(9,271)	28,736
Changes in liabilities (decrease)/increase:		
Accounts payable	7,231	101,807
Accrued expenses	96,536	25,166
Grants payable	268,143	355,805
Deferred revenue	15,328	2,860
Net cash provided by (used in) operating activities	105,351	234,905
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(97,128)	(139,244)
Purchase of investments	(26,959)	(278,568)
Proceeds on sale of investments	0	262,876
Net cash provided by (used in) investing activities	(124,087)	(154,936)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(18,736)	79,969
CASH AND CASH EQUIVALENTS – Beginning of year	1,425,161	1,345,192
CASH AND CASH EQUIVALENTS – End of year	\$1,406,425	\$1,425,161

SUPPLEMENTAL INFORMATION

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

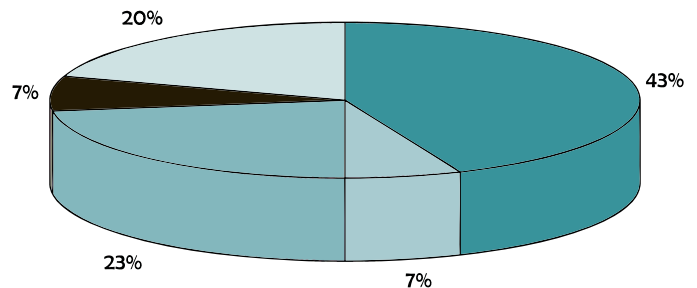
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FY06 Revenue Sources



■	Fundraising	56%
■	Contributions	24%
■	Grants	4%
■	Revenue	11%
■	Investment Income & Capital Gain/Loss	5%
Total Revenue Sources		100%

FY06 Expenses



■	Research	43%
■	Public Awareness	7%
■	Education/Member Support	23%
■	Administrative and General	7%
■	Fundraising	20%
Total Expenses		100%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005**

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 three months or less to be cash equivalents. For the years ended June 30, 2006 and 2005, 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.

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 \$40,810 and \$15,736 for the years ended June 30, 2006 and 2005, 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, 2006 and 2005, 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.

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:

	2006	2005
Receivable in less than one year	\$0	\$19,596
Receivable in one to five years	0	0
Total unconditional promises to give	\$0	\$19,596

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, 2006 and 2005, respectively.

3. INVESTMENTS

At June 30, investments were as listed below:

	2006		2005	
	Cost	Market	Cost	Market
Mutual funds	\$724,811	\$858,251	\$697,852	\$776,867

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005 (cont.)**

4. FIXED ASSETS

Fixed assets are summarized as follows at June 30:

	2006	2005
Furniture and fixtures	\$43,766	\$41,345
Computer equipment	55,826	57,676
Computer software	209,263	127,906
Leasehold improvements	5,225	0
Total fixed assets	314,080	226,927
Less accumulated depreciation	92,056	61,220
Fixed assets – net	\$222,024	\$165,707

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." On May 26, 2004, the Board of Trustees approved future research grants of \$722,332 to be paid to qualified recipients from the years 2004 through 2006. As of June 30 2006, \$53,270 was unpaid.

On May 20, 2005, the Board of Trustees approved future research grants totaling \$1,018,489 to be paid to qualified recipients from the years 2006 through 2008. As of June 30, 2006, \$531,744 was unpaid.

On May 17, 2006, the Board of Trustees approved future research grants totaling \$1,025,021 to be paid to qualified recipients from the years 2007 through 2009. As of June 30, 2006, all grants awarded in the current fiscal year were unpaid.

6. NET ASSETS

Temporarily restricted net assets at June 30, 2006 and 2005 are available for the following purposes:

	2006	2005
Research	\$80,991	\$35,716

7. OPERATING LEASE

The Foundation leases office space under an operating lease agreement that expires October 31, 2007. The Foundation also leases a copier under an operating lease agreement that expires December 31, 2008. The future minimum rental payments required under these lease agreements are:

Year Ended	Amount
June 30,	
2007	\$52,836
2008	29,034
2009	5,541
2010	1,356
2011	678
Thereafter	0
Total	\$89,445

Rental expense amounted to \$52,836 and \$55,586 for the years ended June 30, 2006 and 2005, respectively.

8. 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 \$15,199 and \$17,826 for the years ended June 30, 2006 and 2005, respectively, and is included in the accompanying Statements of Activities as revenue and expense.

9. 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

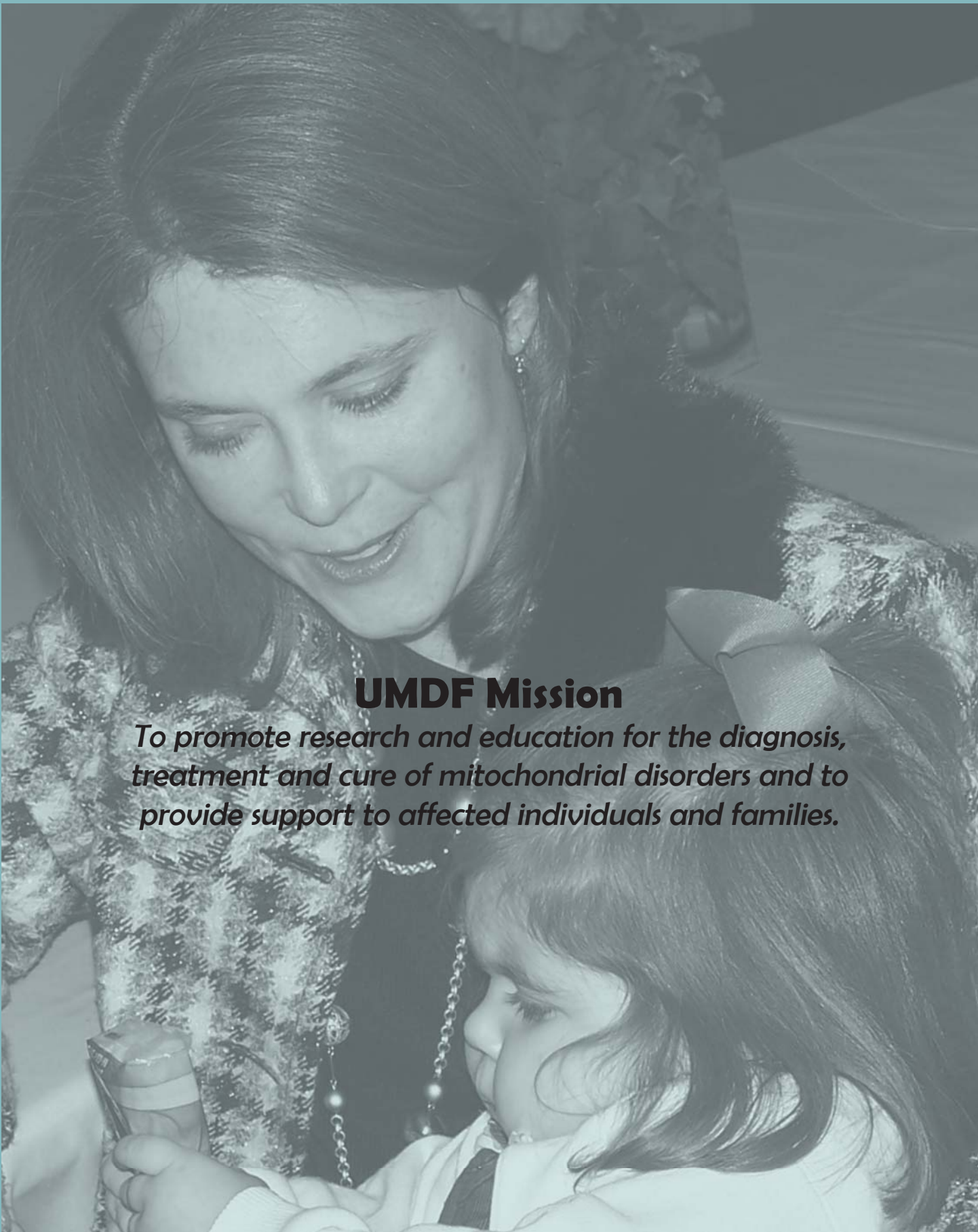
Each chapter is required to file an application for their own employer identification number, abide by their signed chapter affiliation agreement and by-laws and to provide the national office their monthly chapter finance report. The Foundation has received a group exemption under 501(c)(3) of the Internal 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:

	2006	2005
Ohio Chapter	\$23,491	\$33,977
Delaware Valley Chapter	2,552	8,401
Southern California Chapter	3,686	12,795
Kansas City Chapter	29,812	825
New England Chapter	15,137	0
Indiana Chapter	14,532	23,526
New York Metro Chapter	32	11,732
Atlanta Chapter	1,915	394

The Statements of Activities and Changes in Net Assets for the year ended June 30, 2006 includes the activity for each chapter as follows:

	2006	
	Revenue	Expenses
Ohio Chapter	\$249,316	\$78,860
New England Chapter	161,258	33,666
Southern California Chapter	2,406	167
Delaware Valley Chapter	129,037	19,762
Arizona Chapter	5,608	820
New York Metro Chapter	23,777	29
Kansas City Chapter	81,983	19,488
Indiana Chapter	77,294	29,424
Atlanta Chapter	167,628	36,454
Chicago Chapter	27,065	329
Total	\$925,372	\$218,999



UMDF Mission

To promote research and education for the diagnosis, treatment and cure of mitochondrial disorders and to provide support to affected individuals and families.

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Hope. Energy. Life.

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