

**UNITED MITOCHONDRIAL  
DISEASE FOUNDATION, INC.**

**FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016  
AND  
INDEPENDENT AUDITOR'S REPORT**

\* \* \* \* \*

**UNITED MITOCHONDRIAL  
DISEASE FOUNDATION, INC.**

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STELMACK  
DOBRANSKY  
& EANNACE  
LLC

3328 Washington Road  
McMurray, PA 15317-3005  
Tel (724) 260-0900  
Fax (724) 260-5210

Certified Public Accountants and Business Consultants

Joseph S. Stelmack, CPA  
Joseph T. Dobransky, CPA  
Vincent M. Eannace, CPA  
Chad Christian, CPA

### **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, 2017 and 2016, 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, 2017 and 2016, 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**  
McMurray, Pennsylvania

May 11, 2018

**UNITED MITOCHONDRIAL  
DISEASE FOUNDATION, INC.**

**STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b><u>ASSETS</u></b>		
Cash and cash equivalents .....	\$ 1,084,565	\$ 1,238,892
Accounts receivable .....	31,204	32,208
Grants receivable (Note 3) .....	181,132	198,625
Pledges receivable (Note 4) .....	0	20,000
Inventories .....	34,420	33,095
Investments (Note 5) .....	2,165,734	1,885,570
Prepaid expenses .....	50,307	56,983
Fixed assets - net (Note 6) .....	<u>62,973</u>	<u>40,454</u>
<b>TOTAL ASSETS</b> .....	<b><u>\$ 3,610,335</u></b>	<b><u>\$ 3,505,827</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>LIABILITIES</b>		
Accounts payable .....	\$ 395,730	\$ 336,937
Accrued liabilities .....	73,254	89,471
Grants payable (Note 7) .....	1,412,873	1,543,810
Deferred revenue .....	<u>83,014</u>	<u>79,645</u>
Total liabilities .....	<u>1,964,871</u>	<u>2,049,863</u>
<b>NET ASSETS</b>		
Unrestricted .....	992,009	1,002,435
Temporarily restricted (Note 9) .....	<u>653,455</u>	<u>453,529</u>
Total net assets .....	<u>1,645,464</u>	<u>1,455,964</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b> .....	<b><u>\$ 3,610,335</u></b>	<b><u>\$ 3,505,827</u></b>

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, 2017 AND 2016**

	-----2017-----			-----2016-----		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>PUBLIC SUPPORT AND REVENUE</b>						
Support:						
Fundraising .....	\$1,301,449	\$ 201,585	\$ 1,503,034	\$ 1,350,746	\$ 198,279	\$ 1,549,025
Contributions .....	737,576	150	737,726	703,183	1,076	704,259
In honor of .....	121,608	0	121,608	136,471	0	136,471
In memory of .....	99,234	0	99,234	78,578	0	78,578
In kind .....	66,517	0	66,517	53,667	0	53,667
Grants .....	241,850	199,814	441,664	264,340	137,184	401,524
Cancellation of grants payable .....	113,785	0	113,785	3,789	0	3,789
Total support .....	2,682,019	401,549	3,083,568	2,590,774	336,539	2,927,313
Revenue:						
Symposium and seminars .....	463,443	0	463,443	522,243	500	522,743
Sales .....	5,249	0	5,249	6,963	0	6,963
Miscellaneous .....	0	0	0	371	0	371
Total revenue .....	468,692	0	468,692	529,577	500	530,077
Investment income .....	66,335	0	66,335	87,046	0	87,046
Net unrealized gain (loss) on investments .....	89,208	0	89,208	(85,423)	0	(85,423)
Net realized gain on investments .....	98,269	0	98,269	3,503	0	3,503
Gain (loss) on disposal of fixed assets .....	0	0	0	(385)	0	(385)
Net assets released from program restrictions .....	201,623	(201,623)	0	394,918	(394,918)	0
Total support and revenue .....	3,606,146	199,926	3,806,072	3,520,010	(57,879)	3,462,131
<b>FUNCTIONAL EXPENSES</b>						
Program services:						
Research .....	993,492	0	993,492	1,039,648	0	1,039,648
Public awareness .....	394,889	0	394,889	331,860	0	331,860
Education/member support .....	1,100,637	0	1,100,637	1,126,709	0	1,126,709
Total program services .....	2,489,018	0	2,489,018	2,498,217	0	2,498,217
Supporting services:						
Administrative and general .....	269,713	0	269,713	244,965	0	244,965
Fundraising .....	857,841	0	857,841	773,267	0	773,267
Total supporting services .....	1,127,554	0	1,127,554	1,018,232	0	1,018,232
Total expenses .....	3,616,572	0	3,616,572	3,516,449	0	3,516,449
<b>CHANGES IN NET ASSETS</b> .....	(10,426)	199,926	189,500	3,561	(57,879)	(54,318)
<b>NET ASSETS</b> - Beginning of year .....	1,002,435	453,529	1,455,964	998,874	511,408	1,510,282
<b>NET ASSETS</b> - End of year .....	\$ 992,009	\$ 653,455	\$ 1,645,464	\$ 1,002,435	\$ 453,529	\$ 1,455,964

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, 2017 AND 2016**

	-----2017-----					-----2016-----						
	-----Program Services-----			---Supporting Services---		2017 Total	-----Program Services-----			---Supporting Services---		2016 Total
	Research	Public Awareness	Education Member Support	Admin & General	Fundraising		Research	Public Awareness	Education Member Support	Admin & General	Fundraising	
Bank fees .....	\$381	\$0	\$71	\$3,401	\$22,260	\$26,113	\$222	\$0	\$6,123	\$5,939	\$13,652	\$25,936
Chapter support .....	2,150	180	3,852	0	1,239	7,421	0	0	3,646	29	0	3,675
Depreciation .....	3,017	4,525	3,017	4,526	15,085	30,170	5,650	8,474	5,649	8,122	28,248	56,143
Fundraising .....	25	2,000	37,512	0	189,184	228,721	0	0	6,217	0	202,219	208,436
Research grants awarded .....	642,120	0	0	0	0	642,120	699,542	0	0	0	0	699,542
Insurance .....	504	946	3,116	3,901	1,447	9,914	504	946	3,076	3,719	1,476	9,721
Licenses and fees .....	304	535	1,312	240	6,753	9,144	215	445	1,222	150	1,291	3,323
Meetings .....	25,467	1,430	372,252	2,313	42,270	443,732	33,652	533	385,371	15,547	61,049	496,152
Merchandise costs .....	0	0	0	0	267	267	0	0	0	0	3,607	3,607
Miscellaneous .....	0	0	1,727	500	570	2,797	776	0	1,845	6,030	0	8,651
Payroll taxes .....	15,453	14,861	36,795	8,438	27,210	102,757	15,299	13,443	40,845	6,415	23,217	99,219
Postage and shipping .....	138	512	2,935	1,299	14,657	19,541	80	1,427	3,394	1,036	8,530	14,467
Printing .....	0	0	10,863	1,859	20,059	32,781	0	335	17,843	3,124	4,087	25,389
Professional fees .....	36,619	3,983	4,507	22,843	2,751	70,703	1,537	1,733	4,252	37,273	2,751	47,546
Promotion and marketing .....	0	99,145	19,141	0	0	118,286	0	87,587	56	15	360	88,018
Rent .....	978	32,835	4,149	43,282	6,014	87,258	10,305	10,861	17,344	22,964	21,207	82,681
Recruiting and relocation .....	0	0	162	975	0	1,137	0	0	1,794	333	434	2,561
Salaries and benefits .....	236,213	224,134	557,182	129,495	446,755	1,593,779	249,782	196,637	585,941	99,133	355,570	1,487,063
Repairs and maintenance .....	8,262	7,314	15,714	31,344	28,092	90,726	4,508	6,071	11,714	26,362	14,904	63,559
Staff development .....	0	0	444	682	139	1,265	0	0	1,132	20	824	1,976
Supplies .....	0	726	3,319	10,971	3,547	18,563	0	588	3,320	6,175	3,183	13,266
Telephone .....	10,767	1,763	8,226	3,593	6,885	31,234	10,170	1,600	8,762	1,559	7,142	29,233
Travel .....	11,094	0	14,341	51	22,657	48,143	7,406	1,180	17,163	1,020	19,516	46,285
<b>Total functional expenses .....</b>	<b>\$993,492</b>	<b>\$394,889</b>	<b>\$1,100,637</b>	<b>\$269,713</b>	<b>\$857,841</b>	<b>\$3,616,572</b>	<b>\$1,039,648</b>	<b>\$331,860</b>	<b>\$1,126,709</b>	<b>\$244,965</b>	<b>\$773,267</b>	<b>\$3,516,449</b>

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, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets .....	\$ 189,500	\$ (54,318)
Adjustments to reconcile change in net assets provided by (used in) operating activities:		
Depreciation .....	30,170	56,143
(Gain) loss on disposal of fixed assets .....	0	385
Realized (gain) loss on sale of investments .....	(98,269)	(3,503)
Unrealized (gain) loss on investment .....	(89,208)	85,423
Changes in assets (increase)/decrease:		
Accounts and pledges receivable .....	38,497	(59,963)
Inventories .....	(1,325)	5,595
Prepaid expenses .....	6,676	(4,672)
Changes in liabilities (decrease)/increase:		
Accounts payable .....	58,793	17,963
Accrued expenses .....	(16,217)	18,179
Grants payable .....	(130,937)	358,233
Deferred revenue .....	3,368	34,895
Net cash provided by (used in) operating activities .....	<u>(8,952)</u>	<u>454,360</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds on sale of investments .....	1,406,194	491,445
Purchase of equipment .....	(52,688)	(11,034)
Purchase of investments .....	<u>(1,498,881)</u>	<u>(591,821)</u>
Net cash provided by (used in) investing activities .....	<u>(145,375)</u>	<u>(111,410)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b> .....	<u>(154,327)</u>	<u>342,950</u>
<b>CASH AND CASH EQUIVALENTS</b> – Beginning of year .....	<u>1,238,892</u>	<u>895,942</u>
<b>CASH AND CASH EQUIVALENTS</b> – End of year .....	<u>\$ 1,084,565</u>	<u>\$ 1,238,892</u>
<b>SUPPLEMENTAL INFORMATION</b>		
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, 2017 AND 2016**

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**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, 2017 and 2016, 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.

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**UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

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**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 5).

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 \$30,170 and \$56,143 for the years ended June 30, 2017 and 2016, 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, 2017 and 2016, 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.

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(Continued)

**UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

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**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 May 11, 2018, 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>2017</u>	<u>2016</u>
Amounts due from Mitocon .....	\$ 25,000	\$ 27,250
Amounts due from AMDF .....	47,382	70,000
Amounts due from Reata Pharmaceuticals .....	52,500	45,500
Amounts due from Stealth Bio Therapeutics .....	<u>56,250</u>	<u>55,875</u>
Total grants receivable .....	<u>\$ 181,132</u>	<u>\$198,625</u>

Aging of grants receivable is as follows:

Amounts due in one year .....	\$ 177,632	\$163,625
Amounts due in one to five years .....	<u>3,500</u>	<u>35,000</u>
Total grants receivable .....	<u>\$ 181,132</u>	<u>\$198,625</u>

(Continued)

**UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

**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:

	2017	2016
Receivable in less than one year .....	\$ 0	\$ 20,000
Receivable in one to five years .....	0	0
Total unconditional promises to give .....	<u>\$ 0</u>	<u>\$ 20,000</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, 2017, the outstanding amount owed on the pledge was \$207,862. Accordingly, the Foundation will record the pledge in revenue when the conditions have been satisfied.

**5. INVESTMENTS**

Investments at June 30, 2017 are summarized as follows:

	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Market Value
Fixed income .....	\$ 700,525	\$ 0	\$ (2,195)	\$ 698,330
Equities .....	1,070,625	396,779	0	1,467,404
Total .....	<u>\$ 1,771,150</u>	<u>\$ 396,779</u>	<u>\$ (2,195)</u>	<u>\$ 2,165,734</u>

Investments at June 30, 2016 are summarized as follows:

	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Market Value
Fixed income .....	\$ 640,290	\$ 0	\$ (21,416)	\$ 618,874
Equities .....	939,905	326,791	0	1,266,696
Total .....	<u>\$ 1,580,195</u>	<u>\$ 326,791</u>	<u>\$ (21,416)</u>	<u>\$ 1,885,570</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 fixed income funds and equities are Level 1 inputs. No Level 2 or Level 3 inputs were available to the Foundation.

(Continued)

**UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

**6. FIXED ASSETS**

Fixed assets are summarized as follows at June 30:

	<u>2017</u>	<u>2016</u>
Furniture and fixtures .....	\$ 37,268	\$ 37,268
Computer equipment .....	259,527	212,154
Leasehold improvements .....	<u>5,225</u>	<u>5,225</u>
Total fixed assets .....	302,020	254,647
Less accumulated depreciation .....	<u>239,047</u>	<u>214,193</u>
Fixed assets – net .....	<u>\$ 62,973</u>	<u>\$ 40,454</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 6/30/17</u>
May 2012	\$ 675,005	\$ 5,000
May 2014	661,439	109,734
May 2015	693,658	332,740
May 2016	699,542	540,399
May 2017	450,450	<u>425,000</u>
Total grants payable .....		<u>\$ 1,412,873</u>

In addition, during the year ended June 30, 2017, \$113,785 of the May 2014 and 2015 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 \$103,900 and \$87,600 for the years ended June 30, 2017 and 2016, respectively.

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**UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

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**9. NET ASSETS**

Temporarily restricted net assets at June 30, 2017 and 2016 are available for the following purposes:

	<u>2017</u>	<u>2016</u>
Research .....	<u>\$653,455</u>	<u>\$453,529</u>

**10. OPERATING LEASE**

The Foundation leases office space under an operating lease agreement that expires October 2022. The Foundation leases a copier under an operating lease agreement that expires December 2022. The Foundation leases computer equipment under an operating lease that expires January 2019. 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, 2017 are:

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2018 .....	\$ 64,320
2019 .....	56,408
2020 .....	53,396
2021 .....	53,796
2022 .....	53,198
Thereafter .....	<u>17,500</u>
Total .....	<u>\$ 298,618</u>

Rental expense amounted to \$78,259 and \$75,182 for the years ended June 30, 2017 and 2016, 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 \$66,517 and \$53,667 for the years ended June 30, 2017 and 2016, respectively, and is included in the accompanying Statements of Activities as revenue and expense.

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(Continued)

**UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

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**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>2017</u>	<u>2016</u>
Indiana Chapter .....	\$ 0	\$ 74
Chicago Chapter .....	242	352
Carolina Foothills Chapter .....	5,362	5,362
D/C/Baltimore/Northern Virginia Chapter .....	10,768	10,963