

**UNITED MITOCHONDRIAL
DISEASE FOUNDATION, INC.**

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018
AND
INDEPENDENT AUDITOR'S REPORT**

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**UNITED MITOCHONDRIAL
DISEASE FOUNDATION, INC.**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements	
Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to the Financial Statements	8



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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, 2019 and 2018, 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.
Page 2

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, 2019 and 2018, 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

STEMMACK DOBRANSKY & EANNACE, LLC
McMurray, Pennsylvania

February 19, 2020

**UNITED MITOCHONDRIAL
DISEASE FOUNDATION, INC.**

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018**

	2019	2018
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,236,577	\$ 1,124,589
Accounts receivable	57,502	48,411
Grants receivable (Note 3)	417,590	65,075
Inventories	22,134	28,010
Investments (Note 4)	2,610,846	2,319,401
Prepaid expenses	29,147	20,799
Fixed assets - net (Note 5)	21,525	41,569
TOTAL ASSETS	<u>\$ 4,395,321</u>	<u>\$ 3,647,854</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 417,650	\$ 372,726
Accrued liabilities	93,804	71,535
Grants payable (Note 6)	1,108,562	921,923
Deferred revenue	34,717	26,066
Total liabilities	<u>1,654,733</u>	<u>1,392,250</u>
NET ASSETS		
Without donor restrictions	1,412,903	1,200,495
With donor restrictions (Note 8)	<u>1,327,685</u>	<u>1,055,109</u>
Total net assets	<u>2,740,588</u>	<u>2,255,604</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,395,321</u>	<u>\$ 3,647,854</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, 2019 AND 2018**

	-----2019-----		-----2018-----		Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	
PUBLIC SUPPORT AND REVENUE					
Support:					
Fundraising					
Contributions	\$ 1,062,969	\$ 383,505	\$ 1,133,511	\$ 194,156	\$ 1,327,667
In honor of	872,673	0	674,541	0	674,541
In memory of	113,079	0	113,079	0	102,153
In kind	49,257	0	64,738	0	64,738
Grants	38,183	0	44,980	0	44,980
Cancellation of grants payable	203,500	486,302	220,000	295,684	515,684
	240	0	50,000	0	50,000
Total support	2,339,901	869,807	2,289,923	489,840	2,779,763
Revenue:					
Symposium and seminars	406,994	0	409,819	0	409,819
Sales	3,945	0	3,937	0	3,937
Total revenue	410,939	0	413,756	0	413,756
Investment income, net of fees (Note 4)	168,733	0	178,548	0	178,548
Net assets released from program restrictions	597,231	(597,231)	88,186	(88,186)	0
Total support and revenue	3,516,804	272,576	2,970,413	401,654	3,372,067
FUNCTIONAL EXPENSES					
Program services:					
Research	1,127,788	0	486,791	0	486,791
Public awareness	569,090	0	403,791	0	403,791
Education/member support	808,269	0	906,753	0	906,753
Total program services	2,505,147	0	1,797,335	0	1,797,335
Supporting services:					
Administrative and general	250,590	0	317,344	0	317,344
Fundraising	548,659	0	647,248	0	647,248
Total supporting services	799,249	0	964,592	0	964,592
Total expenses	3,304,396	0	2,761,927	0	2,761,927
CHANGES IN NET ASSETS	212,408	272,576	208,486	401,654	610,140
NET ASSETS - Beginning of year	1,200,495	1,055,109	992,009	653,455	1,645,464
NET ASSETS - End of year	\$ 1,412,903	\$ 1,327,685	\$ 1,200,495	\$ 1,055,109	\$ 2,255,604

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, 2019 AND 2019

	---2019--- -----Program Services-----				-----Supporting Services-----				---2018--- -----Program Services-----				-----Supporting Services-----				
	Research	Public Awareness	Education Member Support	Admin & General	Fundraising	2019 Total	Research	Public Awareness	Education Member Support	Admin & General	Fundraising	2018 Total	Research	Public Awareness	Education Member Support	Admin & General	Fundraising
Bank fees	\$0	\$0	\$1,291	\$3,116	\$13,418	\$17,825	\$238	\$0	\$1,434	\$2,670	\$12,005	\$16,347					
Chapter support	0	0	14,696	0	0	14,696	0	0	10,560	0	0	10,560					
Depreciation	2,004	3,007	2,004	3,007	10,022	20,044	2,140	3,211	2,140	3,211	10,702	21,404					
Fundraising	0	0	0	0	146,387	146,387	0	15	18,278	22	94,519	112,834					
Research grants awarded	774,850	0	0	0	0	774,850	165,903	0	9,620	0	0	175,523					
Insurance	2,004	1,978	1,822	1,376	2,839	10,019	504	946	2,745	3,780	1,476	9,451					
Licenses and fees	0	0	0	6,878	0	6,878	305	535	1,312	492	4,150	6,794					
Meetings	27,530	54,683	357,408	668	9,559	449,848	13,430	1,473	342,674	210	24,670	382,457					
Merchandise costs	0	0	0	0	4,998	4,998	0	0	0	0	6,837	6,837					
Miscellaneous	579	0	0	0	789	1,368	0	0	2,334	0	0	2,334					
Payroll taxes	19,213	18,287	24,323	10,117	20,241	92,181	15,555	14,882	21,666	10,042	27,998	90,143					
Postage and shipping	0	46	1,176	967	4,172	6,361	12	1,828	1,173	848	3,035	6,896					
Printing	136	12,920	1,249	8	1,806	16,119	544	6,579	9,917	553	2,760	20,353					
Professional fees	552	552	910	11,872	676	14,562	31,038	1,555	2,205	37,321	1,267	73,386					
Promotion and marketing	1,551	145,832	4,665	777	9,660	162,485	0	98,901	108	0	0	99,009					
Rent	16,538	17,239	16,974	18,872	15,663	85,286	8,167	16,998	24,802	16,131	15,577	81,675					
Recruiting and relocation	300	0	0	0	0	300	0	0	0	58,592	930	59,522					
Salaries and benefits	271,043	276,880	353,039	152,783	288,001	1,341,746	229,384	221,797	415,509	153,731	409,626	1,430,047					
Repairs and maintenance	1,642	26,503	3,683	17,682	1,543	51,053	4,862	32,885	11,048	22,276	15,061	86,132					
Staff development	1,151	1,151	767	1,592	575	5,236	0	0	683	0	0	683					
Supplies	854	2,930	6,518	6,289	2,034	18,625	0	804	2,792	4,541	3,961	12,098					
Telephone	5,528	4,935	10,817	4,290	5,435	31,005	12,644	1,382	7,601	2,924	5,319	29,870					
Travel	2,313	2,147	6,927	10,296	10,841	32,524	2,065	0	18,152	0	7,355	27,572					
Total functional expenses	\$1,127,788	\$569,090	\$808,269	\$250,590	\$548,659	\$3,304,396	\$486,791	\$403,791	\$906,753	\$317,344	\$647,248	\$2,761,927					

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, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 484,984	\$ 610,140
Adjustments to reconcile change in net assets provided by (used in) operating activities:		
Depreciation	20,044	21,404
Realized (gain) on sale of investments	(28,422)	(85,896)
Unrealized (gain) on investment	(65,164)	(51,226)
Changes in assets (increase)/decrease:		
Accounts and pledges receivable	(361,606)	98,850
Inventories	5,876	6,410
Prepaid expenses	(8,348)	29,508
Changes in liabilities (decrease)/increase:		
Accounts payable	44,924	(23,004)
Accrued expenses	22,269	(1,719)
Grants payable	186,639	(490,950)
Deferred revenue	8,651	(56,948)
Net cash provided by (used in) operating activities	<u>309,847</u>	<u>56,569</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of investments	362,234	395,943
Purchase of investments	<u>(560,093)</u>	<u>(412,488)</u>
Net cash provided by (used in) investing activities	<u>(197,859)</u>	<u>(16,545)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	111,988	40,024
CASH AND CASH EQUIVALENTS – Beginning of year	<u>1,124,589</u>	<u>1,084,565</u>
CASH AND CASH EQUIVALENTS – End of year	<u>\$ 1,236,577</u>	<u>\$ 1,124,589</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, 2019 AND 2018**

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 Financial Accounting Standards Board (FASB) Accounting Standards Codification ASC 958-210, which establishes standards for external financial reporting by not-for-profit organizations. Under FASB ASC 958-210, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions, and net assets without donor restrictions .

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions 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, 2019 and 2018, 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.

UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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 4).

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 \$20,044 and \$21,404 for the years ended June 30, 2019 and 2018, 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, 2019 and 2018, 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.

UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Accounting Pronouncements Adopted

In August 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) - Presentation of Financial Statements of Not-for-Profit Entities. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

The Foundation has adopted this ASU as of and for the year ended June 30, 2019. As a result, the Foundation changed its presentation of its net asset classes and expanded the footnote disclosures as required by the ASU.

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 19, 2020, 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.

UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

2. DESCRIPTION OF MAJOR PROGRAMS, Continued

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>2019</u>	<u>2018</u>
Amounts due from Mitocon	\$ 192,925	\$ 25,000
Amounts due from AMDF	<u>224,665</u>	<u>40,075</u>
Total grants receivable	<u>\$ 417,590</u>	<u>\$ 65,075</u>

Aging of grants receivable is as follows:

Amounts due in one year	\$ 132,118	\$ 61,575
Amounts due in one to five years	<u>285,472</u>	<u>3,500</u>
Total grants receivable	<u>\$ 417,590</u>	<u>\$ 65,075</u>

4. INVESTMENTS

Investments at June 30, 2019 are summarized as follows:

	<u>Cost Basis</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Market Value</u>
Fixed income	\$ 1,014,696	\$ 17,614	\$ 0	\$ 1,032,310
Equities	<u>1,085,157</u>	<u>493,379</u>	<u>0</u>	<u>1,578,536</u>
Total	<u>\$ 2,099,853</u>	<u>\$ 510,993</u>	<u>\$ 0</u>	<u>\$ 2,610,846</u>

Investments at June 30, 2018 are summarized as follows:

	<u>Cost Basis</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Market Value</u>
Fixed income	\$ 886,403	\$ 0	\$ (21,979)	\$ 864,424
Equities	<u>987,169</u>	<u>467,808</u>	<u>0</u>	<u>1,454,977</u>
Total	<u>\$ 1,873,572</u>	<u>\$ 467,808</u>	<u>\$ (21,979)</u>	<u>\$ 2,319,401</u>

UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

4. INVESTMENTS, Continued

The following schedule summarizes the investment return and its classification in the Statements of Activities for the years ended June 30, 2019 and 2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>2019</u>			
Interest and dividend income	\$ 87,368	\$ 0	\$ 87,368
Realized gains	28,422	0	28,422
Unrealized gains	65,164	0	65,164
Subtotal investment return	180,954	0	180,954
Less investment fees	(12,221)	0	(12,221)
 Total investment return	 \$ 168,733	 \$ 0	 \$ 168,733
 <u>2018</u>			
Interest and dividend income	\$ 51,816	\$ 0	\$ 51,816
Realized gains	85,896	0	85,896
Unrealized gains	51,226	0	51,226
Subtotal investment return	188,938	0	188,938
Less investment fees	(10,390)	0	(10,390)
 Total investment return	 \$ 178,548	 \$ 0	 \$ 178,548

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.

UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

4. INVESTMENTS, Continued

The following tables summarize fair value measurements by level at June 30, 2019 and 2018 for investments measured at fair value on a recurring basis:

<u>June 30, 2019</u>	<u>Level 1</u>	<u>Total Fair Value</u>
Fixed income	\$ 1,032,310	\$ 1,032,310
Equities	<u>1,578,536</u>	<u>1,578,536</u>
Total	<u>\$ 2,610,846</u>	<u>\$ 2,610,846</u>

<u>June 30, 2018</u>	<u>Level 1</u>	<u>Total Fair Value</u>
Fixed income	\$ 864,424	\$ 864,424
Equities	<u>1,454,977</u>	<u>1,454,977</u>
Total	<u>\$ 2,319,401</u>	<u>\$ 2,319,401</u>

Level 1 Fair Value Measurements

The fair values of mutual funds are based upon quoted prices for identical instruments traded in active markets.

5. FIXED ASSETS

Fixed assets are summarized as follows at June 30:

	<u>2019</u>	<u>2018</u>
Furniture and fixtures	\$ 22,513	\$ 33,173
Computer equipment	140,564	160,767
Leasehold improvements	<u>5,225</u>	<u>5,225</u>
Total fixed assets	168,302	199,165
Less accumulated depreciation	<u>146,777</u>	<u>157,596</u>
Fixed assets – net	<u>\$ 21,525</u>	<u>\$ 41,569</u>

**UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

6. 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:

Grant Date	Grant Amount	Grant Payable June 30, 2019
May 2012	\$ 675,005	\$ 5,000
May 2014	661,439	12,974
May 2015	693,658	21,940
May 2016	699,542	247,883
May 2017	450,450	170,765
May 2019	656,156	<u>650,000</u>
Total grants payable		<u>\$ 1,108,562</u>

In addition, during the year ended June 30, 2019, \$240 of the May 2015 and 2016 grants were cancelled.

7. 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 \$79,300 and \$76,200 for the years ended June 30, 2019 and 2018, respectively.

8. NET ASSETS

Net assets with donor restrictions at June 30, 2019 and 2018 are available for the following purposes:

	<u>2019</u>	<u>2018</u>
Research	<u>\$ 1,327,685</u>	<u>\$ 1,055,109</u>

UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

9. 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 future minimum rental payments required under these lease agreements at June 30, 2019 are:

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2020	
2021	\$ 53,396
2022	53,796
2023	53,198
Thereafter	17,500
	<u>0</u>
Total	<u>\$ 177,890</u>

Rental expense amounted to \$52,818 and \$77,206 for the years ended June 30, 2019 and 2018, respectively.

10. 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 \$38,183 and \$44,980 for the years ended June 30, 2019 and 2018, respectively, and is included in the accompanying Statements of Activities as revenue and expense.

11. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation's financial assets available within one year of the statements of financial position date for general expenditures as of June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Cash	\$ 1,236,577	\$ 1,124,589
Investments	2,610,846	2,319,401
Accounts receivable	57,502	48,411
Grants receivable	<u>132,118</u>	<u>61,575</u>
Total financial assets available within one year	4,037,043	3,553,976
Less:		
Amounts unavailable for general expenditures within one year, due to time or purpose restrictions	<u>(1,327,685)</u>	<u>(1,055,109)</u>
Total financial assets available for general expenditures within one year	<u>\$ 2,709,358</u>	<u>\$ 2,498,867</u>

The Foundation has a goal to maintain financial assets, which consist of cash without donor restrictions and accounts receivable, investments, and grants receivable within one year of the statement of financial position to be available as its general expenditures, liabilities, and other obligations come due.