

**UNITED MITOCHONDRIAL
DISEASE FOUNDATION, INC.**

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020
AND
INDEPENDENT AUDITOR'S REPORT**

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**UNITED MITOCHONDRIAL
DISEASE FOUNDATION, INC.**

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the United Mitochondrial Disease Foundation, Inc. (the "Foundation") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, 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, 2021 and 2020, 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

February 10, 2022

**UNITED MITOCHONDRIAL
DISEASE FOUNDATION, INC.**

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020**

	2021	2020
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,510,484	\$ 1,270,166
Accounts receivable	34,570	69,711
Grants receivable (Note 3)	350,611	477,748
Note receivable (Note 4)	100,000	100,000
Inventories	8,811	19,550
Investments (Note 5)	3,427,976	2,705,303
Prepaid expenses	56,315	50,747
Fixed assets - net (Note 6)	0	1,755
TOTAL ASSETS	<u>\$ 5,488,767</u>	<u>\$ 4,694,980</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 42,697	\$ 175,428
Loan payable (Note 7)	275,680	247,800
Accrued liabilities	47,897	45,134
Grants payable (Note 8)	1,649,391	1,565,465
Deferred revenue	53,666	67,895
Total liabilities	<u>2,069,331</u>	<u>2,101,722</u>
NET ASSETS		
Without donor restrictions	1,772,746	1,123,714
With donor restrictions (Note 10)	<u>1,646,690</u>	<u>1,469,544</u>
Total net assets	<u>3,419,436</u>	<u>2,593,258</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,488,767</u>	<u>\$ 4,694,980</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, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE						
Support:						
Fundraising	\$ 721,807	\$ 167,720	\$ 889,527	\$ 855,445	\$ 99,254	\$ 954,699
Contributions	777,267	0	777,267	650,750	0	650,750
Tribute giving	137,721	0	137,721	142,776	0	142,776
In kind	0	0	0	3,502	0	3,502
Grants	200,000	367,347	567,347	250,000	561,747	811,747
Cancellation of grants payable	0	0	0	19,666	0	19,666
Total support	1,836,795	535,067	2,371,862	1,922,139	661,001	2,583,140
Revenue:						
Symposium and seminars	245,479	0	245,479	184,001	0	184,001
Sales	403	0	403	3,229	0	3,229
Total revenue	245,882	0	245,882	187,230	0	187,230
Investment income, net of fees (Note 5)	688,336	0	688,336	119,491	0	119,491
PPP loan forgiveness (Note 7)	247,800	0	247,800	0	0	0
Net assets released from program restrictions	357,921	(357,921)	0	519,142	(519,142)	0
Total support and revenue	3,376,734	177,146	3,553,880	2,748,002	141,859	2,889,861
FUNCTIONAL EXPENSES						
Program services:						
Research	1,170,985	0	1,170,985	1,384,246	0	1,384,246
Public awareness	544,474	0	544,474	542,849	0	542,849
Education/member support	526,378	0	526,378	469,364	0	469,364
Total program services	2,241,837	0	2,241,837	2,396,459	0	2,396,459
Supporting services:						
Administrative and general	165,219	0	165,219	235,642	0	235,642
Fundraising	320,646	0	320,646	405,090	0	405,090
Total supporting services	485,865	0	485,865	640,732	0	640,732
Total expenses	2,727,702	0	2,727,702	3,037,191	0	3,037,191
CHANGES IN NET ASSETS	649,032	177,146	826,178	(289,189)	141,859	(147,330)
NET ASSETS - Beginning of year	1,123,714	1,469,544	2,593,258	1,412,903	1,327,685	2,740,588
NET ASSETS - End of year	\$ 1,772,746	\$ 1,646,690	\$ 3,419,436	\$ 1,123,714	\$ 1,469,544	\$ 2,593,258

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, 2021 AND 2020**

	-----2021-----						-----2020-----					
	-----Program Services-----			---Supporting Services---			-----Program Services-----			---Supporting Services---		
	Research	Public Awareness	Education Member Support	Admin & General	Fundraising	2021 Total	Research	Public Awareness	Education Member Support	Admin & General	Fundraising	2020 Total
Bank fees	\$150	\$75	\$1,053	\$1,504	\$20,627	\$23,409	\$0	\$0	\$5	\$3,457	\$12,405	\$15,867
Depreciation	0	0	0	1,755	0	1,755	1,977	2,965	2,965	2,966	8,897	19,770
Fundraising	0	0	0	0	39,634	39,634	0	0	0	0	62,468	62,468
Research grants awarded	584,864	0	0	0	0	584,864	897,357	0	0	0	0	897,357
Insurance	3,235	1,730	2,293	169	1,109	8,536	2,005	1,842	1,538	1,457	2,776	9,618
Licenses and fees	334	167	2,336	3,337	500	6,674	0	0	0	2,481	0	2,481
Meetings	5,608	41,376	44,427	0	17,125	108,536	3,732	37,425	58,371	280	16,976	116,784
Merchandise costs	0	0	0	0	0	0	0	0	0	0	2,584	2,584
Miscellaneous	309	30	3,222	0	4,000	7,561	0	100	125	0	0	225
Payroll taxes	33,080	17,336	25,923	7,790	13,350	97,479	27,904	18,164	23,639	8,228	15,137	93,072
Postage and shipping	87	45	2,570	874	1,722	5,298	0	51	1,139	1,387	2,683	5,260
Printing	289	411	306	241	554	1,801	0	1,399	0	531	673	2,603
Professional fees	1,968	1,061	5,337	6,070	969	15,405	624	638	589	11,604	1,229	14,684
Promotion and marketing	2,587	133,361	5,328	0	12,917	154,193	1,122	127,390	1,379	1,777	11,214	142,882
Rent	23,024	13,641	16,181	14,597	7,978	75,421	14,224	13,238	3,162	33,986	18,063	82,673
Recruiting and relocation	0	0	0	0	0	0	91	0	0	0	0	91
Salaries and benefits	506,209	287,034	394,773	115,696	196,364	1,500,076	419,788	300,382	363,490	124,116	227,694	1,435,470
Repairs and maintenance	1,228	40,890	4,929	6,608	558	54,213	1,376	27,882	212	21,137	1,877	52,484
Staff development	0	0	0	0	0	0	2,431	2,431	1,620	855	1,337	8,674
Supplies	1,696	3,682	8,092	4,060	0	17,530	703	4,276	2,847	7,185	1,196	16,207
Telephone	6,317	3,635	9,608	2,518	3,239	25,317	4,294	3,653	5,502	14,195	7,582	35,226
Travel	0	0	0	0	0	0	6,618	1,013	2,781	0	10,299	20,711
Total functional expenses	\$1,170,985	\$544,474	\$526,378	\$165,219	\$320,646	\$2,727,702	\$1,384,246	\$542,849	\$469,364	\$235,642	\$405,090	\$3,037,191

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, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 826,178	\$ (147,330)
Adjustments to reconcile change in net assets provided by (used in) operating activities:		
Depreciation	1,755	19,770
Realized (gain) on sale of investments	(109,304)	(5,645)
Unrealized (gain) on investment	(509,148)	(44,309)
(Gain) on PPP loan forgiveness	(247,800)	0
Changes in assets (increase)/decrease:		
Accounts and pledges receivable	162,278	(72,367)
Note receivable	0	(100,000)
Inventories	10,739	2,584
Prepaid expenses	(5,568)	(21,600)
Changes in liabilities (decrease)/increase:		
Accounts payable	(132,731)	(242,222)
Accrued expenses	2,763	(48,670)
Grants payable	83,926	456,903
Deferred revenue	(14,229)	33,178
Net cash provided by (used in) operating activities	<u>68,859</u>	<u>(169,708)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of investments	629,897	657,962
Purchase of investments	<u>(734,118)</u>	<u>(702,465)</u>
Net cash provided by (used in) investing activities	<u>(104,221)</u>	<u>(44,503)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
New borrowings:		
Payroll protection loan	<u>275,680</u>	<u>247,800</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	240,318	33,589
CASH AND CASH EQUIVALENTS – Beginning of year	<u>1,270,166</u>	<u>1,236,577</u>
CASH AND CASH EQUIVALENTS – End of year	<u>\$ 1,510,484</u>	<u>\$ 1,270,166</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, 2021 AND 2020**

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, 2021 and 2020, the Foundation had no noncash investing or financing activities for cash flow purposes.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

Accounts Receivable

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

Inventories

Inventories consist of merchandise and are stated at the lower of cost (first-in-first-out) or market.

(Continued)

UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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 \$1,755 and \$19,770 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020, the Foundation had no such income. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

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

Concentration of Credit Risk

Financial instruments which potentially subject the organization to a concentration of credit risk consist principally of cash, temporary cash investments and marketable securities. The cash, temporary cash investments and marketable security accounts of the organization are maintained at high quality financial institutions. At times such accounts may be in excess of FDIC insurance limits but pose no significant concentration of credit risk.

(Continued)

UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Changes in Presentation of Comparative Statements

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

Subsequent Events

Management has evaluated subsequent events through February 10, 2022, 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.

UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

3. GRANTS RECEIVABLE

Grants receivable consist of the following:

	<u>2021</u>	<u>2020</u>
Amounts due from Mitocon	\$ 96,209	\$ 132,227
Amounts due from AMDF	134,682	189,930
Amounts due from PALS	59,881	78,755
Amounts due from Lily	<u>59,839</u>	<u>76,836</u>
 Total grants receivable	 <u>\$ 350,611</u>	 <u>\$ 477,748</u>

Aging of grants receivable is as follows:

Amounts due in one year	\$ 185,568	\$ 192,849
Amounts due in one to five years	<u>165,043</u>	<u>284,899</u>
 Total grants receivable	 <u>\$ 350,611</u>	 <u>\$ 477,748</u>

4. NOTES RECEIVABLE

The Foundation entered into a note purchase agreement on October 25, 2019 with Napigen, Inc. which amounted to \$100,000. For the \$100,000, the Foundation received a convertible promissory note from Napigen. At the maturity date of the note the outstanding principal and interest accruing at 6% per annum shall convert to preferred stock in Napigen, Inc.

5. INVESTMENTS

Investments at June 30, 2021 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	\$ 1,117,089	\$ 39,342	\$ 0	\$ 1,156,431
Equities	<u>1,246,437</u>	<u>1,025,108</u>	<u>0</u>	<u>2,271,545</u>
 Total	 <u>\$ 2,363,526</u>	 <u>\$ 1,064,450</u>	 <u>\$ 0</u>	 <u>\$ 3,427,976</u>

Investments at June 30, 2020 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	\$ 1,031,917	\$ 47,870	\$ 0	\$ 1,079,787
Equities	<u>1,118,084</u>	<u>507,432</u>	<u>0</u>	<u>1,625,516</u>
 Total	 <u>\$ 2,150,001</u>	 <u>\$ 555,302</u>	 <u>\$ 0</u>	 <u>\$ 2,705,303</u>

UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

5. INVESTMENTS, Continued

The following schedule summarizes the investment return and its classification in the Statements of Activities for the years ended June 30, 2021 and 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>2021</u>			
Interest and dividend income	\$ 86,194	\$ 0	\$ 86,194
Realized gains	109,304	0	109,304
Unrealized gains	509,148	0	509,148
Subtotal investment return	704,646	0	704,646
Less investment fees	(16,310)	0	(16,310)
 Total investment return	 \$ 688,336	 \$ 0	 \$ 688,336
<u>2020</u>			
Interest and dividend income	\$ 82,422	\$ 0	\$ 82,422
Realized gains	5,645	0	5,645
Unrealized gains	44,309	0	44,309
Subtotal investment return	132,376	0	132,376
Less investment fees	(12,885)	0	(12,885)
 Total investment return	 \$ 119,491	 \$ 0	 \$ 119,491

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.

The following tables summarize fair value measurements by level at June 30, 2021 and 2020 for investments measured at fair value on a recurring basis:

	Level 1	Total Fair Value
<u>June 30, 2021</u>		
Fixed income	\$ 1,156,431	\$ 1,156,431
Equities	2,271,545	2,271,545
 Total	 \$ 3,427,976	 \$ 3,427,976

(Continued)

UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

5. INVESTMENTS, Continued

<u>June 30, 2020</u>	<u>Level 1</u>	<u>Total Fair Value</u>
Fixed income	\$ 1,079,787	\$ 1,079,787
Equities	<u>1,625,516</u>	<u>1,625,516</u>
Total	<u>\$ 2,705,303</u>	<u>\$ 2,705,303</u>

Level 1 Fair Value Measurements

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

6. FIXED ASSETS

Fixed assets are summarized as follows at June 30:

	<u>2021</u>	<u>2020</u>
Furniture and fixtures	\$ 22,513	\$ 22,513
Computer equipment	140,564	140,564
Leasehold improvements	<u>5,225</u>	<u>5,225</u>
Total fixed assets	168,302	168,302
Less accumulated depreciation	<u>168,302</u>	<u>166,547</u>
Fixed assets – net	<u>\$ 0</u>	<u>\$ 1,755</u>

7. PAYROLL PROTECTION PROGRAM LOAN

On May 11, 2020, the Foundation was granted a loan of \$247,800 from First Commonwealth Bank pursuant to Paycheck Protection Program (“PPP”) under the CARES Act enacted in March 2020. The loan is forgivable as long as the proceeds are used for eligible purposes, including payroll, benefits, rent, and utilities and the Foundation maintains payroll levels. On February 11, 2021, the Foundation received formal notice that it has used the proceeds for purposes consistent with the PPP and the loan has been forgiven. It has been included as other income on the accompanying statements of activities and changes in net assets.

On February 19, 2021, the Foundation was granted a second loan of \$275,680 from First Commonwealth Bank pursuant to Paycheck Protection Program (“PPP”) under the Economic Aid Act enacted in December 2020. The loan is forgivable as long as the proceeds are used for eligible purposes, including payroll, benefits, rent, and utilities and the Foundation maintains payroll levels. The unforgiven portion of the PPP loan is payable over two years with interest at 1.0%, with deferral of payments for the first six months. The Foundation intends to use the proceeds for purposes consistent with the PPP and expects a significant portion of the loan to be forgiven. It has been classified as a liability on the accompanying statement of financial position until the forgiveness amount is determined.

(Continued)

UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

8. 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, 2021
May 2015	\$ 693,658	\$ 21,940
May 2016	699,542	136,985
May 2017	450,450	55,334
May 2019	656,156	403,767
May 2020	866,357	479,510
May 2021	563,558	<u>551,855</u>
Total grants payable		<u>\$ 1,649,391</u>

9. RETIREMENT PLANS

403(b) Tax Deferred Annuity Plan

The Foundation has a 403(b) Tax Deferred Annuity Plan covering substantially all of its employees. Employees may make voluntary pre-tax contributions to the plan subject to maximums allowed by the Internal Revenue Code. The Company does not match any of the contributions.

SEP-IRA Plan

The Foundation also has established a SEP-IRA retirement plan for substantially all employees. Contributions are determined by management and are totally discretionary. Contributions amounted to approximately \$87,400 and \$78,500 for the years ended June 30, 2021 and 2020, respectively.

10. NET ASSETS

Net assets with donor restrictions at June 30, 2021 and 2020 are available for the following purposes:

	<u>2021</u>	<u>2020</u>
Research	\$ 1,646,690	<u>\$ 1,469,544</u>

UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

11. 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, 2021 are:

Year Ended <u>June 30,</u>	<u>Amount</u>
2022	\$ 53,198
2023	17,500
Thereafter	<u>0</u>
Total	<u>\$ 70,698</u>

Rental expense amounted to \$53,771 and \$53,396 for the years ended June 30, 2021 and 2020, respectively.

12. 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 \$0 and \$3,502 for the years ended June 30, 2021 and 2020, respectively, and is included in the accompanying Statements of Activities as revenue and expense.

13. 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, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Cash	\$ 1,510,484	\$ 1,270,166
Investments	3,427,976	2,705,303
Accounts receivable	34,570	69,711
Grants receivable	<u>185,568</u>	<u>192,849</u>
Total financial assets available within one year	5,158,598	4,238,029
Less:		
Amounts unavailable for general expenditures within one year, due to time or purpose restrictions	<u>(1,646,690)</u>	<u>(1,469,544)</u>
Total financial assets available for general expenditures within one year	<u>\$ 3,511,908</u>	<u>\$ 2,768,485</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.