

**UNITED MITOCHONDRIAL
DISEASE FOUNDATION, INC.**

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019
AND
INDEPENDENT AUDITOR'S REPORT**

* * * * *

**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

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, 2020 and 2019, 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, 2020 and 2019, 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

XXXXXX XX, 2021

**UNITED MITOCHONDRIAL
DISEASE FOUNDATION, INC.**

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019**

	2020	2019
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,270,166	\$ 1,236,577
Accounts receivable	69,711	57,502
Grants receivable (Note 3)	477,748	417,590
Note receivable (Note 4)	100,000	0
Inventories	19,550	22,134
Investments (Note 5)	2,705,303	2,610,846
Prepaid expenses	50,747	29,147
Fixed assets - net (Note 6)	<u>1,755</u>	<u>21,525</u>
TOTAL ASSETS	<u>\$ 4,694,980</u>	<u>\$ 4,395,321</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 175,428	\$ 417,650
Loan payable (Note 7)	247,800	0
Accrued liabilities	45,134	93,804
Grants payable (Note 8)	1,565,465	1,108,562
Deferred revenue	<u>67,895</u>	<u>34,717</u>
Total liabilities	<u>2,101,722</u>	<u>1,654,733</u>
NET ASSETS		
Without donor restrictions	1,123,714	1,412,903
With donor restrictions (Note 10)	<u>1,469,544</u>	<u>1,327,685</u>
Total net assets	<u>2,593,258</u>	<u>2,740,588</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,694,980</u>	<u>\$ 4,395,321</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, 2020 AND 2019**

	-----2020-----			-----2019-----		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE						
Support:						
Fundraising	\$ 855,445	\$ 99,254	\$ 954,699	\$ 1,062,969	\$ 383,505	\$ 1,446,474
Contributions	650,750	0	650,750	872,673	0	872,673
In honor of	113,039	0	113,039	113,079	0	113,079
In memory of	29,737	0	29,737	49,257	0	49,257
In kind	3,502	0	3,502	38,183	0	38,183
Grants	250,000	561,747	811,747	203,500	486,302	689,802
Cancellation of grants payable	19,666	0	19,666	240	0	240
Total support	1,922,139	661,001	2,583,140	2,339,901	869,807	3,209,708
Revenue:						
Symposium and seminars	184,001	0	184,001	406,994	0	406,994
Sales	3,229	0	3,229	3,945	0	3,945
Total revenue	187,230	0	187,230	410,939	0	410,939
Investment income, net of fees (Note 5)	119,491	0	119,491	168,733	0	168,733
Net assets released from program restrictions	519,142	(519,142)	0	597,231	(597,231)	0
Total support and revenue	2,748,002	141,859	2,889,861	3,516,804	272,576	3,789,380
FUNCTIONAL EXPENSES						
Program services:						
Research	1,384,246	0	1,384,246	1,127,788	0	1,127,788
Public awareness	542,849	0	542,849	569,090	0	569,090
Education/member support	469,364	0	469,364	808,269	0	808,269
Total program services	2,396,459	0	2,396,459	2,505,147	0	2,505,147
Supporting services:						
Administrative and general	235,642	0	235,642	250,590	0	250,590
Fundraising	405,090	0	405,090	548,659	0	548,659
Total supporting services	640,732	0	640,732	799,249	0	799,249
Total expenses	3,037,191	0	3,037,191	3,304,396	0	3,304,396
CHANGES IN NET ASSETS	(289,189)	141,859	(147,330)	212,408	272,576	484,984
NET ASSETS - Beginning of year	1,412,903	1,327,685	2,740,588	1,200,495	1,055,109	2,255,604
NET ASSETS - End of year	\$ 1,123,714	\$ 1,469,544	\$ 2,593,258	\$ 1,412,903	\$ 1,327,685	\$ 2,740,588

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, 2020 AND 2019**

	-----2020-----					-----2019-----						
	-----Program Services-----			---Supporting Services---		2020 Total	-----Program Services-----			---Supporting Services---		2019 Total
	Research	Public Awareness	Education Member Support	Admin & General	Fundraising		Research	Public Awareness	Education Member Support	Admin & General	Fundraising	
Bank fees	\$0	\$0	\$5	\$3,457	\$12,405	\$15,867	\$0	\$0	\$1,291	\$3,116	\$13,418	\$17,825
Depreciation	1,977	2,965	2,965	2,966	8,897	19,770	2,004	3,007	2,004	3,007	10,022	20,044
Fundraising	0	0	0	0	62,468	62,468	0	0	0	0	146,387	146,387
Research grants awarded	897,357	0	0	0	0	897,357	774,850	0	0	0	0	774,850
Insurance	2,005	1,842	1,538	1,457	2,776	9,618	2,004	1,978	1,822	1,376	2,839	10,019
Licenses and fees	0	0	0	2,481	0	2,481	0	0	0	6,878	0	6,878
Meetings	3,732	37,425	58,371	280	16,976	116,784	27,530	54,683	372,104	668	9,559	464,544
Merchandise costs	0	0	0	0	2,584	2,584	0	0	0	0	4,998	4,998
Miscellaneous	0	100	125	0	0	225	579	0	0	0	789	1,368
Payroll taxes	27,904	18,164	23,639	8,228	15,137	93,072	19,213	18,287	24,323	10,117	20,241	92,181
Postage and shipping	0	51	1,139	1,387	2,683	5,260	0	46	1,176	967	4,172	6,361
Printing	0	1,399	0	531	673	2,603	136	12,920	1,249	8	1,806	16,119
Professional fees	624	638	589	11,604	1,229	14,684	552	552	910	11,872	676	14,562
Promotion and marketing	1,122	127,390	1,379	1,777	11,214	142,882	1,551	145,832	4,665	777	9,660	162,485
Rent	14,224	13,238	3,162	33,986	18,063	82,673	16,538	17,239	16,974	18,872	15,663	85,286
Recruiting and relocation	91	0	0	0	0	91	300	0	0	0	0	300
Salaries and benefits	419,788	300,382	363,490	124,116	227,694	1,435,470	271,043	276,880	353,039	152,783	288,001	1,341,746
Repairs and maintenance	1,376	27,882	212	21,137	1,877	52,484	1,642	26,503	3,683	17,682	1,543	51,053
Staff development	2,431	2,431	1,620	855	1,337	8,674	1,151	1,151	767	1,592	575	5,236
Supplies	703	4,276	2,847	7,185	1,196	16,207	854	2,930	6,518	6,289	2,034	18,625
Telephone	4,294	3,653	5,502	14,195	7,582	35,226	5,528	4,935	10,817	4,290	5,435	31,005
Travel	6,618	1,013	2,781	0	10,299	20,711	2,313	2,147	6,927	10,296	10,841	32,524
Total functional expenses	\$1,384,246	\$542,849	\$469,364	\$235,642	\$405,090	\$3,037,191	\$1,127,788	\$569,090	\$808,269	\$250,590	\$548,659	\$3,304,396

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, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (147,330)	\$ 484,984
Adjustments to reconcile change in net assets provided by (used in) operating activities:		
Depreciation	19,770	20,044
Realized (gain) on sale of investments	(5,645)	(28,422)
Unrealized (gain) on investment	(44,309)	(65,164)
Changes in assets (increase)/decrease:		
Accounts and pledges receivable	(72,367)	(361,606)
Note receivable	(100,000)	0
Inventories	2,584	5,876
Prepaid expenses	(21,600)	(8,348)
Changes in liabilities (decrease)/increase:		
Accounts payable	(242,222)	44,924
Accrued expenses	(48,670)	22,269
Grants payable	456,903	186,639
Deferred revenue	33,178	8,651
Net cash provided by (used in) operating activities	<u>(169,708)</u>	<u>309,847</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of investments	657,962	362,234
Purchase of investments	<u>(702,465)</u>	<u>(560,093)</u>
Net cash provided by (used in) investing activities	<u>(44,503)</u>	<u>(197,859)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
New borrowings:		
Payroll protection loan	<u>247,800</u>	<u>0</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	33,589	111,988
CASH AND CASH EQUIVALENTS – Beginning of year	<u>1,236,577</u>	<u>1,124,589</u>
CASH AND CASH EQUIVALENTS – End of year	<u>\$ 1,270,166</u>	<u>\$ 1,236,577</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, 2020 AND 2019**

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, 2020 and 2019, 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, 2020 AND 2019

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 \$19,770 and \$20,044 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019, 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, 2020 AND 2019

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 XXXXX XX, 2021, 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, 2020 AND 2019**

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>2020</u>	<u>2019</u>
Amounts due from Mitocon	\$ 132,227	\$ 192,925
Amounts due from AMDF	189,930	224,665
Amounts due from PALS	78,755	0
Amounts due from Lily	<u>76,836</u>	<u>0</u>
Total grants receivable	<u>\$ 477,748</u>	<u>\$ 417,590</u>

Aging of grants receivable is as follows:

Amounts due in one year	\$ 192,849	\$ 132,118
Amounts due in one to five years	<u>284,899</u>	<u>285,472</u>
Total grants receivable	<u>\$ 477,748</u>	<u>\$ 417,590</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, 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, 2020 AND 2019

5. INVESTMENTS, Continued

Investments at June 30, 2019 are summarized as follows:

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

The following schedule summarizes the investment return and its classification in the Statements of Activities for the years ended June 30, 2020 and 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
<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	<u>\$ 119,491</u>	<u>\$ 0</u>	<u>\$ 119,491</u>

	Without Donor Restrictions	With Donor Restrictions	Total
<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	<u>\$ 168,733</u>	<u>\$ 0</u>	<u>\$ 168,733</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, 2020 AND 2019

5. INVESTMENTS, Continued

The following tables summarize fair value measurements by level at June 30, 2020 and 2019 for investments measured at fair value on a recurring basis:

<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>

<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>

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>2020</u>	<u>2019</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>166,547</u>	<u>146,777</u>
Fixed assets – net	<u>\$ 1,755</u>	<u>\$ 21,525</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. 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, 2020 AND 2019

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, 2020
May 2015	\$ 693,658	\$ 21,940
May 2016	699,542	140,985
May 2017	450,450	55,334
May 2019	656,156	549,831
May 2020	866,357	<u>797,375</u>
Total grants payable		<u>\$ 1,565,465</u>

In addition, during the year ended June 30, 2020, \$19,666 of the May 2012, 2014, 2016, 2017, and 2019 grants were cancelled.

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 \$78,500 and \$79,300 for the years ended June 30, 2020 and 2019, respectively.

10. NET ASSETS

Net assets with donor restrictions at June 30, 2020 and 2019 are available for the following purposes:

	<u>2020</u>	<u>2019</u>
Research	\$ 1,469,544	\$ 1,327,685

UNITED MITOCHONDRIAL DISEASE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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, 2020 are:

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2021	\$ 53,796
2022	53,198
2023	17,500
Thereafter	<u>0</u>
Total	<u>\$ 124,494</u>

Rental expense amounted to \$53,396 and \$52,818 for the years ended June 30, 2020 and 2019, 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 \$3,502 and \$38,183 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,270,166	\$ 1,236,577
Investments	2,705,303	2,610,846
Accounts receivable	69,711	57,502
Grants receivable	<u>192,849</u>	<u>132,118</u>
Total financial assets available within one year	4,238,029	4,037,043
Less:		
Amounts unavailable for general expenditures within one year, due to time or purpose restrictions	<u>(1,469,544)</u>	<u>(1,327,685)</u>
Total financial assets available for general expenditures within one year	<u>\$ 2,768,485</u>	<u>\$ 2,709,358</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.

(Concluded)