

**MALIGNANT HYPERTHERMIA ASSOCIATION  
OF THE UNITED STATES, INC.**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2008, 2007 AND 2006**



# MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

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## Independent Auditors' Report

To the Board of Directors  
Malignant Hyperthermia Association of the United States, Inc.  
Sherburne, New York

We have audited the accompanying statements of financial position of Malignant Hyperthermia Association of the United States, Inc. as of September 30, 2008, 2007 and 2006, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Malignant Hyperthermia Association of the United States, Inc. as of September 30, 2008, 2007 and 2006, 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.

The logo for Cwynar & Company is written in a cursive, handwritten-style font. The word "Cwynar" is followed by a small ampersand and the word "Company".

Norwich, New York  
December 1, 2008

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# MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

## STATEMENT OF FINANCIAL POSITION

At September 30,	2008	2007	2006
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and equivalents	\$ 428,963	426,270	364,884
Investment in marketable securities	193,924	343,557	368,230
Pledges receivable, net	100	52	206
Inventories	23,697	42,185	49,629
Prepaid expenses	2,666	13,731	43,600
Total current assets	649,350	825,795	826,549
ENDOWMENT INVESTMENTS			
Cash and equivalents	185,907	155,364	140,027
Investment in marketable securities	-	19,968	19,711
Total endowment investments	185,907	175,332	159,738
FIXED ASSETS			
Equipment	34,590	32,475	28,857
Furniture and fixtures	11,080	11,080	11,080
Leasehold improvements	1,200	1,200	-
Accumulated depreciation	(35,571)	(33,103)	(28,236)
Total net fixed assets	11,299	11,652	11,701
Total assets	\$ 846,556	1,012,779	997,988
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Accounts payable	\$ 28,220	18,489	18,401
Accrued liabilities	4,568	5,695	4,390
Total current liabilities	32,788	24,184	22,791
<b>NET ASSETS</b>			
Unrestricted	607,298	813,262	714,246
Temporarily restricted	55,438	32,251	125,341
Permanently restricted	151,032	143,082	135,610
Total net assets	813,768	988,595	975,197
Total liabilities and net assets	\$ 846,556	1,012,779	997,988

See independent auditors' report

See accompanying notes to the financial statements

# MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

## STATEMENT OF ACTIVITIES

For the years ended September 30,	2008	2007	2006
<b>UNRESTRICTED NET ASSETS</b>			
UNRESTRICTED REVENUE AND GAINS			
CONTRIBUTIONS			
General public	\$ 121,577	107,213	158,860
PROGRAM SERVICE FEES			
General public	82,668	79,263	86,850
Business community	62,622	62,841	58,437
INVESTMENT TRANSACTIONS			
Interest income	22,189	28,698	18,885
Dividend income	1,480	2,697	1,549
Unrealized gains (losses) on investments	(20,604)	9,956	4,614
Realized gains (losses) on investments	5,397	14,571	395
Other gains (losses)	2,974	620	(97)
Total unrestricted revenue and gains	278,303	305,859	329,493
Net assets released from donor restrictions	260,450	518,184	407,138
Total unrestricted revenues, gains and other support	538,753	824,043	736,631
FUNCTIONAL EXPENSES			
PROGRAM SERVICES			
Education	327,295	311,245	282,194
Research & clinical	178,910	180,484	142,269
Patient	40,630	38,781	38,396
Neuroleptic Malignant Syndrome	63,103	66,934	60,428
Total program services	609,938	597,444	523,287
SUPPORTING SERVICES			
General & Administrative	88,157	79,735	56,318
Fundraising	46,622	47,848	48,140
Total supporting services	134,779	127,583	104,458
Total functional expenses	744,717	725,027	627,745
Change in unrestricted net assets	(205,964)	99,016	108,886
Beginning of the year	813,262	714,246	605,360
End of the year	\$ 607,298	813,262	714,246

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See accompanying notes to the financial statements



For the years ended September 30,	2008	2007	2006
<b>TEMPORARILY RESTRICTED NET ASSETS</b>			
Grants	\$ 59,500	43,750	51,500
Contributions	215,000	370,000	433,285
Contributions from general public	3,182	2,972	7,871
Interest income	5,923	8,115	5,991
Unrealized gains (losses) on investments	-	257	(289)
Realized gains (losses) on investments	32	-	-
Net assets released from donor restrictions	(260,450)	(518,184)	(407,138)
Change in temporarily restricted net assts	23,187	(93,090)	91,220
Beginning of the year	32,251	125,341	34,121
End of the year	\$ 55,438	32,251	125,341
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For the years ended September 30,	2008	2007	2006
<b>PERMANENTLY RESTRICTED NET ASSETS</b>			
Contributions from general public	\$ 7,950	7,472	5,419
Net assets released from donor restrictions	-	-	-
Change in permanently restricted net assets	7,950	7,472	5,419
Beginning of the year	143,082	135,610	130,191
End of the year	\$ 151,032	143,082	135,610
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# MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

## STATEMENT OF CASH FLOWS

For the years ended September 30,	2008	2007	2006
<b>OPERATING ACTIVITIES</b>			
Change in net assets	\$ (174,827)	13,398	205,525
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:			
Depreciation	4,438	4,867	4,791
Unrealized (Gain)Loss on marketable securities	20,604	(10,213)	(4,325)
Realized (Gain)Loss on marketable securities	(5,429)	(14,571)	42
Accounts receivable	(48)	154	4,651
Prepaid expenses	11,065	29,869	(30,862)
Inventories	18,488	7,444	(4,428)
Accounts payable	9,731	88	1,862
Accrued liabilities	(1,127)	1,305	735
<b>CASH FROM OPERATING ACTIVITIES</b>	<b>(117,105)</b>	<b>32,341</b>	<b>177,991</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of equipment	(4,085)	(4,818)	(3,247)
Proceeds from sale of marketable securities	160,816	231,654	99,637
Purchase of marketable securities	(6,390)	(182,454)	(225,603)
Net change in endowment cash investments	(30,543)	(15,337)	(11,216)
<b>CASH USED FOR INVESTING ACTIVITIES</b>	<b>119,798</b>	<b>29,045</b>	<b>(140,429)</b>
<b>INCREASE (DECREASE) IN CASH DURING YEAR</b>	<b>2,693</b>	<b>61,386</b>	<b>37,562</b>
Cash at the beginning of the year	426,270	364,884	327,322
Cash at the end of the year	\$ 428,963	426,270	364,884
<b>SUPPLEMENTAL CASH FLOW DISCLOSURES</b>			
Bank charges	\$ (450)	(456) \$	(456)

See independent auditors' report

See accompanying notes to the financial statements

# MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

### PROGRAM SERVICES

For the year ended September 30, 2008	Education	Research & Clinical	Patient	Neuroleptic Malignant Syndrome	Total
Salaries & Wages	\$ 120,501	28,353	21,265	23,628	\$ 193,747
Payroll expenses	28,881	6,795	5,097	5,663	46,436
Materials	23,687	5,573	4,180	4,645	38,085
Telephone	2,584	608	456	507	4,155
Postage & Shipping	15,677	3,689	2,767	3,074	25,207
Insurance	-	1,000	-	1,000	2,000
Occupancy	-	-	-	-	-
Bank charges	-	-	-	-	-
Professional fees	5,625	-	-	1,359	6,984
Contracted services	14,281	3,360	2,520	2,800	22,961
Printing & Publications	28,912	5,794	4,345	5,386	44,437
Conferences & Meetings	35,129	5,659	-	4,715	45,503
Awards & Honors	-	7,450	-	4,000	11,450
Research grants	-	110,629	-	-	110,629
Travel	52,018	-	-	6,326	58,344
Other	-	-	-	-	-
Depreciation	-	-	-	-	-
<b>Total program services</b>	<b>\$ 327,295</b>	<b>178,910</b>	<b>40,630</b>	<b>63,103</b>	<b>\$ 609,938</b>

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## SUPPORTING SERVICES

For the year ended September 30, 2008	General & Administrative	Fundraising	Total	2008
Salaries & Wages	\$ 16,539	25,990	\$ 42,529	\$ 236,276
Payroll expenses	3,964	6,229	10,193	56,629
Materials	3,251	5,109	8,360	46,445
Telephone	355	557	912	5,067
Postage & Shipping	2,152	3,381	5,533	30,740
Insurance	3,070	-	3,070	5,070
Occupancy	14,418	-	14,418	14,418
Bank charges	450	-	450	450
Professional fees	28,966	-	28,966	35,950
Contracted services	1,960	3,080	5,040	28,001
Printing & Publications	2,409	1,436	3,845	48,282
Conferences & Meetings	1,594	58	1,652	47,155
Awards & Honors	-	-	-	11,450
Research grants	-	-	-	110,629
Travel	4,138	782	4,920	63,264
Other	453	-	453	453
Depreciation	4,438	-	4,438	4,438
<b>Total supporting services</b>	<b>\$ 88,157</b>	<b>46,622</b>	<b>\$ 134,779</b>	<b>\$ 744,717</b>

# MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

## STATEMENT OF NATURAL EXPENSES

For the years ended September 30,		2008	2007	2006
Salaries & Wages	\$	236,276	227,580	220,200
Payroll expenses		56,629	55,404	51,957
Materials		46,445	51,313	36,213
Telephone		5,067	5,861	6,646
Postage & Shipping		30,740	21,549	21,914
Insurance		5,070	6,768	5,118
Occupancy		14,418	14,316	11,455
Bank charges		450	470	456
Professional fees		35,950	30,179	14,592
Contracted services		28,001	30,375	39,282
Printing & Publications		48,282	38,828	47,836
Conferences & Meetings		47,155	45,799	35,409
Awards & Honors		11,450	8,600	7,155
Research grants		110,629	117,031	84,902
Travel		63,264	65,519	37,235
Other		453	568	2,584
Depreciation		4,438	4,867	4,791
Total natural expenses	\$	744,717	725,027	627,745

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See accompanying notes to the financial statements

# MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1

#### Nature of Activities and Significant Accounting Policies

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The Malignant Hyperthermia Association of the United States, Inc. (MHAUS or the Organization) is a not-for-profit corporation that was formed for the purpose of increasing the medical professions' and the general public's awareness and understanding of the syndrome, malignant hyperthermia (MH). MHAUS is dedicated to reducing the morbidity and mortality of MH by improving medical care related to MH, providing support information for patients and improving the scientific understanding and research related to MH. It performs these objectives by publishing newsletters and articles, hosting educational seminars, attending appropriate professional and public seminars to disseminate information about the syndrome and performing such other functions as required to increase the knowledge of the syndrome.

#### Basis of Presentation

The Organization reports 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.

#### Use of Estimates

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent liabilities, and the reported revenue and expenses.

#### Inventory

Consists of educational materials. Videotapes, audio tapes, brochures, pamphlets, etc. in inventory are stated at the lower of cost or market, cost being determined using the first-in, first-out (FIFO) method.

#### Investments

Investments are carried at fair value. Unrealized gains and losses, if any, are included in the change in net assets.

#### Securities Transactions

The Organization records securities transactions and recognizes related revenues on a trade date basis. Investment banking fees and expenses are recorded on an accrual basis.

#### Promises to Give

Contributions from the public are recognized when the donor makes an unconditional promise to give cash (or any other valuable asset) to the Organization. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine collectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

At the balance sheet date, there are no significant promises to give.

# **MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Cash and Cash Equivalents**

The Organization considers cash in operating bank accounts, cash on hand, and certificates of deposit, U.S. Treasury Bills and other highly liquid debt instruments purchased with maturity of three months or less to be cash and cash equivalents.

### **Pledges Receivable**

The Organization uses the allowance for doubtful accounts method for valuing accounts receivable. This reduces the current balance of pledges receivable by the estimated bad debts expected to occur based on previous experience.

### **Property and Equipment**

The Organization capitalizes all expenditures for land and land improvements, buildings, and equipment costing \$500 or more at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Equipment and furniture	2-10 years
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Contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted support. If the donor does not stipulate how long those assets must be maintained, the Organization reports expirations of donor restrictions when the acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

### **Restricted and Unrestricted Revenue and Support**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

### **Donated Materials and Services**

Donated materials are recorded as contributions at their estimated fair values at the date of donation. Contribution of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided. The financial statements contain \$1,000 in donated airline tickets and \$500 in donated services in the form of a professional speaker at a conference deciding not to accept payment for his services, which are reflected in unrestricted contributions from the general public.

### **Advertising**

Advertising costs are generally charged to operations as incurred.

### **Income Taxes**

MHAUS has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code.



# **MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Functional Classification of Expenses**

Functional expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to a program based on units of service and support costs are allocated to a program based on total program costs. Salaries and related expenses are allocated to the various program and supporting services based on actual or estimated time employees spend on each function.

#### **Education**

The Malignant Hyperthermia Association of the United States, Inc provides a variety of educational support services for medical professionals and patients susceptible to malignant hyperthermia. These include videos, audio tapes, literature, monographs, professional conferences, special meetings, Web site, and newsletters.

#### **Research & Clinical**

This includes all activities that support the Malignant Hyperthermia Hotline, North American Malignant Hyperthermia Registry of MHAUS (located at the University of Pittsburgh Medical School, Pennsylvania) and research programs.

#### **Patient**

This includes programs directed to educate and support Malignant Hyperthermia Susceptible (MHS) patients and their families. The programs include all the materials mentioned under the education section but with the expansion emphasis on a patient educational conference and seminars, a patient identification tag program, a patient news bulletin and a patient liaison committee program where MHS patients work together to provide local and national support.

#### **Neuroleptic Malignant Syndrome (NMS)**

This category includes formation of a NMS hotline, educational support services and a database for medical professionals and patients' involvement in this syndrome caused by antipsychotic drugs.

#### **General & Administrative**

Expenditures associated with the overall operation of the Organization. These expenditures are not directly part of the program services operating at the Organization. They are indirect and necessary for the Organization's existence.

#### **Fundraising**

Expenditures associated with fundraising activities of the Organization. These expenditures are not directly part of the program services operating at the Organization.

### **Compensated Absences and Employee Benefits**

Employees of the Organization are entitled to paid vacations, sick days, and personal days off, depending on job classification, length of service, and other factors.

There are no unfunded health care or retirement plans.

# MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 2

#### Restrictions on Net Assets

The Organization's unrestricted net assets:

September 30,	<b>2008</b>	
Designated for property and equipment	\$	<b>11,299</b>
Undesignated		<b>595,999</b>
Unrestricted net assets	\$	<b>607,298</b>

Restricted net assets are available for the following purposes or periods:

September 30, 2008	Permanent	Temporary	Total
Lila and Jerry Lewis Memorial Fund	\$ 84,840	22,676	\$ <b>107,516</b>
Rosenberg Research Fund	44,469	8,499	<b>52,968</b>
Shah Educational Awareness Fund	21,723	3,700	<b>25,423</b>
P&GP Specific Project Grant	-	9,063	<b>9,063</b>
Daniel Massik Memorial Fund Grant	-	1,500	<b>1,500</b>
Janssen Medical Affairs, LLC Grant	-	10,000	<b>10,000</b>
Restricted net assets	\$ 151,032	55,438	\$ <b>206,470</b>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

September 30, 2008	Permanent	Temporary	Total
Procter & Gamble Pharmaceuticals	\$ -	205,937	\$ <b>205,937</b>
American Society of Anesthesiologists	-	20,000	<b>20,000</b>
American Association of Nurse Anesthetists	-	5,500	<b>5,500</b>
Sharn	-	3,000	<b>3,000</b>
Daniel Massik Memorial Fund	-	2,000	<b>2,000</b>
Janssen Medical Affairs, LLC	-	10,000	<b>10,000</b>
Eli Lilly & Company	-	5,000	<b>5,000</b>
Stephanie J Kuleba Awareness	-	1,219	<b>1,219</b>
US WorldMeds, LLC	-	2,500	<b>2,500</b>
Napolitano Fund	-	150	<b>150</b>
Neuroleptic Malignant Syndrome Donors	-	1,813	<b>1,813</b>
Rosenberg Research Fund	-	3,230	<b>3,230</b>
Lila and Jerry Lewis Memorial Fund	-	101	<b>101</b>
Total net assets released from restrictions	\$ -	260,450	\$ <b>260,450</b>

# MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 3

#### Endowment Funds and Trusts

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##### LILA & JERRY LEWIS MEMORIAL FUND

During fiscal 1987, the Organization became the recipient of this memorial fund. Use of monies contributed to this fund and any earnings are restricted for use in special programs, as designated and approved by the Board of Directors. The programs increase the general understanding of malignant hyperthermia. The fund is further restricted in that the Board may not use more than 20% of the corpus in any one fiscal year for such programs. It may, however, use any and all of the earnings from the fund for these programs.

##### ROSENBERG RESEARCH FUND

During fiscal 1995, the Organization became the recipient of this research fund. Use of monies contributed to this fund and any earnings are restricted for use in support of any type of research related to malignant hyperthermia or allied syndromes. The Board of Directors has ultimate authority on the use of the funds. However, the fund is further restricted in that the Board may not use more than 20% of the corpus at any one time. It may, however, use any and all of the earnings from the fund for these purposes.

##### SHAH EDUCATIONAL AWARENESS FUND

During fiscal 2000, the Organization established this fund. The purpose of the fund is to alert and educate medical professionals, assist patients, and disseminate new knowledge about Neuroleptic Malignant Syndrome. NMSIS will use publications, educational brochures, conferences and other methods for increasing awareness and ensuring that patients with NMS are recognized and treated efficiently and effectively. The Board of Directors has ultimate authority on the use of the funds.

### NOTE 4

#### Investments in Marketable Securities

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A Board of Directors governs the Organization's investment policies. The Organization has entered into an investment management agreement with a local financial institution in order to maximize return on their idle cash.

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Investments in marketable securities are summarized as follows:

September 30, 2008	Cost	Market	Unrealized Gain(Loss)
Domestic Equity Securities	\$ 59,539	\$ 57,482	\$ (2,057)
Mutual Funds	7,758	7,343	(415)
Fixed Income Securities	128,010	129,099	1,089
	<u>\$ 195,307</u>	<u>\$ 193,924</u>	<u>\$ (1,383)</u>

# MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

## NOTES TO THE FINANCIAL STATEMENTS

The investments are sold when cash needs develop or when good investment management dictates a change in the securities held. The difference between the net proceeds from sale and cost represents the realized gain or loss on the sale of securities. The unrealized gain or loss for a year is the relative change in the market values from the beginning to the end of the year for securities that were not sold.

For the years ended September 30,	2008	2007	2006
<b>Capital Gains</b>			
Realized gains (loss)	\$ 5,429	14,571	395
Unrealized gains (loss)	(20,604)	10,213	4,325
Capital gain distributions	661	347	259
<b>Interest earned</b>			
Fixed income securities	10,928	13,434	7,017
Government obligations	13,864	18,189	16,103
Insurance company CD	2,463	2,450	1,756
<b>Dividends</b>			
Equities	1,480	2,697	1,549
	<u>\$ 14,221</u>	<u>61,901</u>	<u>31,404</u>

The Organization may, at times throughout the year, maintain certain bank accounts in excess of the FDIC insured limits.

### NOTE 5 Post Employment Employee Benefits

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The Organization currently has no retirement plan or post employment benefit package.

### NOTE 6 Economic Dependency

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A major part of the Organization's contributions come from Procter & Gamble. Procter & Gamble's Pharmaceuticals division produces the drug dantrolene sodium (Dantrium). Dantrium has been found to be a fast acting, effective treatment of malignant hyperthermia. A loss of the Procter & Gamble contribution could have a materially adverse effect on the Organization.