

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

FINANCIAL STATEMENTS

SEPTEMBER 30, 2010 and 2009

MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditors Report	1
Statement of Financial Position At September 30, 2010 and 2009	3
Statement of Activities and Changes in Net Assets For the years ended September 30, 2010 and 2009	4 - 5
Statement of Cash Flows For the years ended September 30, 2010 and 2009	7
Statement of Functional Expenses For the year ended September 30, 2010	8 - 9
Statement of Natural Expenses For the years ended September 30, 2010 and 2009	10
Notes to the Financial Statements	11 - 18

Cwynar & Company

12 South Broad Street
Suite 3
Norwich, New York 13815

Certified Public Accountants
A Professional Limited Liability Company

(607) 334-3838 voice
(607) 334-3837 fax
www.cwynar.com

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, 2010 and 2009, and the related statements of activities and changes in net assets, 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, 2010 and 2009, 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.



Norwich, New York
December 10, 2010

This page is intentionally left blank

MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

STATEMENT OF FINANCIAL POSITION

At September 30,	2010	2009
ASSETS		
CURRENT ASSETS		
Cash and equivalents	\$ 462,965	332,658
Investment in marketable securities	335,328	287,097
Grants receivable	-	20,000
Accounts receivable, net	23,599	15,545
Inventories	36,453	32,927
Prepaid expenses	10,892	8,833
Total current assets	869,237	697,060
ENDOWMENT INVESTMENTS		
Cash and equivalents	186,036	189,971
Total endowment investments	186,036	189,971
FIXED ASSETS		
Equipment	43,250	42,055
Furniture and fixtures	11,080	11,080
Leasehold improvements	1,200	1,200
Accumulated depreciation	(44,716)	(40,766)
Total net fixed assets	10,814	13,569
Total assets	\$ 1,066,087	900,600
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 30,289	33,859
Accrued liabilities	7,468	8,423
Total current liabilities	37,757	42,282
NET ASSETS		
Unrestricted	820,794	646,847
Temporarily restricted	56,426	57,391
Permanently restricted	151,110	154,080
Total net assets	1,028,330	858,318
Total liabilities and net assets	\$ 1,066,087	900,600

See independent auditors' report

See accompanying notes to the financial statements

MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the years ended September 30,	2010	Restated 2009
UNRESTRICTED NET ASSETS		
UNRESTRICTED REVENUE AND GAINS		
Contributions	\$ 161,692	133,855
Program service fees	12,899	15,210
Gross profit on sales	146,058	100,828
Investment return	15,481	4,138
Other income	903	1,354
Total unrestricted revenue and gains	337,033	255,385
Net assets released from donor restrictions	495,259	396,085
Total unrestricted revenues, gains and other support	832,292	651,470
FUNCTIONAL EXPENSES		
PROGRAM SERVICES		
Education	298,690	280,388
Research & clinical	154,912	141,868
Patient	38,666	37,856
Neuroleptic Malignant Syndrome	56,605	53,030
Total program services	548,873	513,142
SUPPORTING SERVICES		
General & Administrative	54,888	54,945
Fundraising	45,354	43,834
Total supporting services	100,242	98,779
Total functional expenses	649,115	611,921
Change in unrestricted net assets before extraordinary item	183,177	39,549
Extraordinary item - loss	(9,230)	-
Change in unrestricted net assets	173,947	39,549
Unrestricted Net Assets - Beginning of the year	646,847	607,298
Unrestricted Net Assets - End of the year	\$ 820,794	646,847
See independent auditors' report		
See accompanying notes to the financial statements		

For the years ended September 30,	2010	2009
TEMPORARILY RESTRICTED NET ASSETS		
Grants from business community	\$ 62,000	68,000
Grants from government agencies	25,000	-
Contributions	398,258	329,022
Interest income	32	1,016
Net assets released from donor restrictions	(486,255)	(396,085)
Change in temporarily restricted net assts	(965)	1,953
Temporarily Restricted Net Assets - Beginning of the year	57,391	55,438
Temporarily Restricted Net Assets - End of the year	\$ 56,426	57,391
See independent auditors' report		
See accompanying notes to the financial statements		

For the years ended September 30,	2010	2009
PERMANENTLY RESTRICTED NET ASSETS		
Contributions from general public	\$ 6,034	3,048
Net assets released from donor restrictions	(9,004)	-
Change in permanently restricted net assets	(2,970)	3,048
Permanently Restricted Net Assets - Beginning of the year	154,080	151,032
Permanently Restricted Net Assets - End of the year	\$ 151,110	154,080
See independent auditors' report		
See accompanying notes to the financial statements		

This page is intentionally left blank

MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

STATEMENT OF CASH FLOWS

For the years ended September 30,	2010	2009
OPERATING ACTIVITIES		
Change in net assets	\$ 170,012	44,550
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	3,950	5,195
Unrealized (Gain)Loss on marketable securities	(7,563)	6,249
Realized (Gain)Loss on marketable securities	5	(2,563)
Accounts receivable	11,946	(35,445)
Prepaid expenses	(2,059)	(6,167)
Inventories	(3,526)	(9,230)
Accounts payable	(3,570)	5,639
Accrued liabilities	(955)	3,853
CASH FROM OPERATING ACTIVITIES	168,240	12,081
INVESTING ACTIVITIES		
Purchase of equipment	(1,196)	(7,465)
Proceeds from sale of marketable securities	132,000	104,105
Purchase of marketable securities	(172,672)	(200,963)
Net change in endowment cash investments	3,935	(4,063)
CASH USED FOR INVESTING ACTIVITIES	(37,933)	(108,386)
INCREASE (DECREASE) IN CASH DURING YEAR	130,307	(96,305)
Cash at the beginning of the year	332,658	428,963
Cash at the end of the year	\$ 462,965	332,658

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, 2010	Education	Research & Clinical	Patient	Neuroleptic Malignant Syndrome	Total
Salaries & Wages	\$ 118,186	27,808	20,856	23,174	\$ 190,024
Payroll expenses	29,299	6,894	5,170	5,745	47,108
Materials	15,994	3,763	2,822	3,136	25,715
Telephone	2,622	617	463	514	4,216
Postage & Shipping	6,770	1,593	1,195	1,327	10,885
Insurance	-	1,000	-	1,000	2,000
Occupancy	7,262	1,709	1,282	1,424	11,677
Bank charges	-	-	-	-	-
Professional fees	8,400	1,977	1,482	1,647	13,506
Contracted services	18,433	4,337	3,253	3,614	29,637
Printing & Publications	14,051	2,858	2,143	2,382	21,434
Conferences & Meetings	31,689	5,356	-	4,463	41,508
Awards & Honors	3,000	-	-	3,000	6,000
Research grants	-	97,000	-	-	97,000
Travel	42,984	-	-	5,179	48,163
Other	-	-	-	-	-
Depreciation	-	-	-	-	-
Total program services	\$ 298,690	154,912	38,666	56,605	\$ 548,873

See independent auditors' report

See accompanying notes to the financial statements

SUPPORTING SERVICES

For the year ended September 30, 2010	General & Administrative	Fundraising	Total	2010
Salaries & Wages	\$ 16,222	25,491	\$ 41,713	\$ 231,737
Payroll expenses	4,021	6,319	10,340	57,448
Materials	2,195	3,450	5,645	31,360
Telephone	360	566	926	5,142
Postage & Shipping	929	1,460	2,389	13,274
Insurance	2,303	-	2,303	4,303
Occupancy	997	1,566	2,563	14,240
Bank charges	3,770	-	3,770	3,770
Professional fees	8,628	1,812	10,440	23,946
Contracted services	2,530	3,976	6,506	36,143
Printing & Publications	1,667	714	2,381	23,815
Conferences & Meetings	3,124	-	3,124	44,632
Awards & Honors	-	-	-	6,000
Research grants	-	-	-	97,000
Travel	3,625	-	3,625	51,788
Other	567	-	567	567
Depreciation	3,950	-	3,950	3,950
Total supporting services	\$ 54,888	45,354	\$ 100,242	\$ 649,115

MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

STATEMENT OF NATURAL EXPENSES

For the years ended September 30,	2010	Restated 2009
Salaries & Wages	\$ 231,737	227,513
Payroll expenses	57,448	58,948
Materials	31,360	32,918
Telephone	5,142	4,862
Postage & Shipping	13,274	8,238
Insurance	4,303	5,147
Occupancy	14,240	14,250
Bank charges	3,770	4,315
Professional fees	23,946	29,288
Contracted services	36,143	22,326
Printing & Publications	23,815	30,248
Conferences & Meetings	44,632	28,275
Awards & Honors	6,000	12,000
Research grants	97,000	87,000
Travel	51,788	41,398
Other	567	-
Depreciation	3,950	5,195
Total natural expenses	\$ 649,115	611,921

See independent auditors' report

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

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.

Financial Statement Presentation

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements for Not-for-Profit Organizations". Under SFAS No. 117, the Organization is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. In addition, SFAS No. 117 requires the Organization to present a statement of functional expenses and a statement of cash flows.

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and the changes therein are classified and reported as follows:

Unrestricted net assets - Net assets not subject to donor-imposed restrictions.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of MHAUS and/or by the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by MHAUS. Generally, the donors of these assets permit MHAUS to use all or part of the income earned on any related investments for general or specific purposes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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.

MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

NOTES TO THE FINANCIAL STATEMENTS

Contributions and Grants

All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specified purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When temporary restrictions expire, temporarily restricted net assets become unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

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.

Sale of Educational Materials

These revenues are shown on the accompanying Statement of Activities net of cost of sales. Shipping and handling costs are included in the cost of sales. The amount was calculated as follows:

For the years ended September 30,	Restated	
	2010	2009
Sales revenue	\$ 190,912	\$ 134,911
Cost of sales	44,854	34,083
Gross profit on sales	<u>\$ 146,058</u>	<u>\$ 100,828</u>

Expense Allocation

Certain expenses have been allocated between program expenses, management and general expenses and fundraising expenses. These allocations were based on management's estimates.

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.

Accounts Receivable

The Organization uses the allowance for doubtful accounts method for valuing accounts receivable. This reduces the current balance of accounts 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. Donations of property and equipment are recorded as support at their estimated fair value on the date of the donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

NOTES TO THE FINANCIAL STATEMENTS

Equipment and furniture	2-10 years
Leasehold improvements	5-15 years

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.

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.

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.

MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

NOTES TO THE FINANCIAL STATEMENTS

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. The liability for compensated absences as of September 30, 2010 and 2009 was \$6,069 and \$7,476, respectively. Compensated absences are shown as accrued liabilities on the statement of financial position.

There are no unfunded health care or retirement plans.

Concentrations of Credit Risk

The Organization maintains its cash in bank deposit accounts which at times may exceed federally insured limits.

Subsequent Events

The Organization has evaluated events and transactions that occurred between October 1, 2010 and December 10, 2010, which is the date the financial statements were available to be issued, for matters that would require disclosure and/or recognition in the financial statements. No significant matters were noted during that time period that would require such disclosure or recognition.

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,	2010	
Designated for property and equipment	\$	10,814
Undesignated		809,980
Unrestricted net assets	\$	820,794

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

September 30, 2010	Permanent	Temporary	Total
Lila and Jerry Lewis Memorial Fund	\$ 91,222	23,276	\$ 114,498
Rosenberg Research Fund	38,165	7,809	45,974
Shah Educational Awareness Fund	21,723	3,841	25,564
Daniel Massik Memorial Fund	-	1,500	1,500
American Society of Anesthesiologists	-	20,000	20,000
Restricted net assets	\$ 151,110	56,426	\$ 207,536

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, 2010	Permanent	Temporary	Total
National Institutes of Health	\$ -	25,000	\$ 25,000
American Society of Anesthesiologists	-	20,000	20,000
American Association of Nurse Anesthetists	-	5,500	5,500
North American Partners in Anesthesia	-	5,000	5,000
Mercy Hospital of Pittsburgh	-	10,000	10,000
Eagle Pharmaceuticals	-	6,000	6,000
Daniel Massik Memorial Fund	-	1,500	1,500
OMJ Scientific Affairs, LLC	-	8,000	8,000
Bristol-Meyers Squibb	-	5,000	5,000
US WorldMeds, LLC	-	10,000	10,000
JHP Pharmaceuticals	-	386,500	386,500
NYCON	-	1,000	1,000
Neuroleptic Malignant Syndrome Donors	-	1,759	1,759
Rosenberg Fund	9,004	996	10,000
Total net assets released from restrictions	\$ 9,004	486,255	\$ 495,259

MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3

Endowment Funds and Trusts

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.

During the fiscal year ended September 30, 2010, \$10,000 was distributed from the Rosenberg Research Fund to Columbia University in the form of a research grant. Of this amount, 20% or \$9,004 of corpus was used to fund the grant.

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.

	Lila and Jerry Lewis Memorial Fund	Rosenberg Research Fund	Shah Educational Awareness Fund
Balance 10/1/2009	\$ 110,595	\$ 53,816	\$ 25,559
Interest earned	19	8	5
Contributions	3,884	2,150	-
Appropriated for expenditure	-	(10,000)	-
Balance 9/30/2010	<u>\$ 114,498</u>	<u>\$ 45,974</u>	<u>\$ 25,564</u>

Return Objectives and Risk Parameters

The Board has adopted investment and spending procedures for endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment assets. The goal is to provide an investment return while reducing market risk.

MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4

Investments in Marketable Securities

A Board of Directors governs the Organization's investment policies. The Organization has entered into an investment management agreements with local financial institutions 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, 2010	Cost	Market	Unrealized Gain(Loss)
Domestic Equity Securities	\$ 136,538	\$ 130,564	\$ (5,974)
Foreign Equity Securities	14,787	16,644	1,857
Mutual Funds	108,850	111,887	3,037
Fixed Income Securities	75,223	76,233	1,010
	<u>\$ 335,398</u>	<u>\$ 335,328</u>	<u>\$ (70)</u>

September 30, 2009	Cost	Market	Unrealized Gain(Loss)
Domestic Equity Securities	\$ 70,137	\$ 61,497	\$ (8,640)
Foreign Equity Securities	4,576	5,038	462
Mutual Funds	38,010	38,599	589
Fixed Income Securities	182,007	181,963	(44)
	<u>\$ 294,730</u>	<u>\$ 287,097</u>	<u>\$ (7,633)</u>

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,	2010	2009
Capital Gains		
Realized gains (loss)	\$ (5)	2,563
Unrealized gains (loss)	7,563	(6,249)
Capital gain distributions	341	-
Interest earned		
Fixed income securities	3,220	4,337
Government obligations	10	2,217
Dividends		
Equities	4,352	1,270
	<u>\$ 15,481</u>	<u>4,138</u>

MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5

Post Employment Employee Benefits

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

NOTE 6

Economic Dependency

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

NOTE 7

Lease Commitments

The Organization is obligated under a lease agreement for its office space. The lease expense for the years ended September 30, 2010 and 2009 was \$13,200 and \$13,200, respectively.

NOTE 8

Reclassifications

The financial statement presentation for September 30, 2009 has been changed to conform to the presentation for September 30, 2010.

NOTE 9

Restated 2009 Financial Statements

The statement of activities and changes in net assets and statement of natural expenses presented for 2009 have been restated to reflect a reclassification of certain revenues and expenses to conform to the presentation of the 2010 financial statements. Revenues of \$134,911 recorded as program service fees in 2009 were reclassified as inventory sales revenue. Expenses of \$34,083 recorded as materials, printing and publications, and postage and shipping expenses in 2009 were reclassified and recorded as cost of sales. This restatement had no effect on the statement of financial position or changes in net assets for the Organization.

NOTE 10

Related Party Transactions

The Vice President of the bank with which the Organization maintains cash and investment accounts is a member of the governing board of the Organization. Fees paid to NBT Bank during the year comprised of checking account service charges and are considered nominal in amount.

NOTE 11

Extraordinary Item

The Organization has recorded a loss on the statement of activities for \$9,230. The loss is due to a fraud committed by the Organization's outside payroll service. The payroll service failed to remit employee withholdings and employer payroll tax deposits to the Internal Revenue Service (IRS) for several pay periods. Due to the fraud committed by the service provider, the Organization was required to remit the payments directly to the IRS. The amount paid directly to the IRS including interest and penalties has been recorded as an extraordinary loss. Amounts paid to the service provider are recorded as payroll expenses. A recovery of monies lost due to this fraud is not reasonably estimable.