

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

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2012, 2011 and 2010**



# MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

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# Cwynar & Company

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## Independent Auditors' Report

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

We have audited the accompanying statements of financial position of Malignant Hyperthermia Association of the United States, Inc. as of September 30, 2012, 2011 and 2010, 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, 2012, 2011 and 2010, 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 14, 2012

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# MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

## STATEMENT OF FINANCIAL POSITION

At September 30,	2012	2011	2010
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and equivalents	\$ 59,468	\$ 215,008	\$ 462,965
Investment in marketable securities	518,712	387,466	335,328
Contributions receivable	87,500	-	-
Accounts receivable	18,605	16,588	23,599
Inventories	36,786	29,222	36,453
Prepaid expenses	31,004	8,740	10,892
Total current assets	752,075	657,024	869,237
ENDOWMENT INVESTMENTS			
Cash and equivalents	178,980	190,271	186,036
Investment in marketable securities	22,530	-	-
Total endowment investments	201,510	190,271	186,036
FIXED ASSETS			
Equipment	45,748	43,250	43,250
Furniture and fixtures	9,226	11,080	11,080
Buildings and improvements	175,527	175,527	-
Leasehold improvements	-	-	1,200
Accumulated depreciation	(53,336)	(49,166)	(44,716)
Total net fixed assets	177,165	180,691	10,814
OTHER ASSETS			
Intangible assets, net	37,499	-	-
Total assets	\$ 1,168,249	\$ 1,027,986	\$ 1,066,087
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Accounts payable	\$ 27,904	\$ 15,829	\$ 30,289
Deferred revenue	675	-	-
Accrued liabilities	8,426	7,806	7,468
Total current liabilities	37,005	23,635	37,757
<b>NET ASSETS</b>			
Unrestricted	842,234	812,580	820,794
Temporarily restricted	129,957	36,447	56,426
Permanently restricted	159,053	155,324	151,110
Total net assets	1,131,244	1,004,351	1,028,330
Total liabilities and net assets	\$ 1,168,249	\$ 1,027,986	\$ 1,066,087

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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,	2012	2011	2010
<b>UNRESTRICTED NET ASSETS</b>			
<b>UNRESTRICTED REVENUE AND GAINS</b>			
Contributions	\$ 92,484	\$ 109,564	\$ 161,692
Program service fees	17,736	9,814	12,899
Gross profit on sales	157,876	128,121	138,858
Investment return	78,813	638	15,481
Rental income, net	10,268	4,567	-
Other income	5,465	1,950	903
<b>Total unrestricted revenue and gains</b>	<b>362,642</b>	<b>254,654</b>	<b>329,833</b>
<b>Net assets released from donor restrictions</b>	<b>306,017</b>	<b>438,549</b>	<b>495,259</b>
<b>Total unrestricted revenues, gains and other support</b>	<b>668,659</b>	<b>693,203</b>	<b>825,092</b>
<b>FUNCTIONAL EXPENSES</b>			
<b>PROGRAM SERVICES</b>			
Education	290,399	330,909	294,442
Research & clinical	170,955	151,895	154,048
Patient	35,072	42,725	38,018
Neuroleptic Malignant Syndrome	39,085	62,939	55,885
<b>Total program services</b>	<b>535,511</b>	<b>588,468</b>	<b>542,393</b>
<b>SUPPORTING SERVICES</b>			
General & Administrative	62,193	61,287	54,384
Fundraising	41,301	51,662	45,138
<b>Total supporting services</b>	<b>103,494</b>	<b>112,949</b>	<b>99,522</b>
<b>Total functional expenses</b>	<b>639,005</b>	<b>701,417</b>	<b>641,915</b>
Change in unrestricted net assets before extraordinary item	29,654	(8,214)	183,177
Extraordinary item - loss	-	-	(9,230)
<b>Change in unrestricted net assets</b>	<b>29,654</b>	<b>(8,214)</b>	<b>173,947</b>
<b>Unrestricted Net Assets - Beginning of the year</b>	<b>812,580</b>	<b>820,794</b>	<b>646,847</b>
<b>Unrestricted Net Assets - End of the year</b>	<b>\$ 842,234</b>	<b>\$ 812,580</b>	<b>\$ 820,794</b>

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See accompanying notes to the financial statements



For the years ended September 30,	2012	2011	2010
<b>TEMPORARILY RESTRICTED NET ASSETS</b>			
Grants from business community	\$ 38,700	\$ 42,000	\$ 62,000
Grants from government agencies	-	-	25,000
Contributions	360,327	376,549	398,258
Investment returns	500	21	32
Net assets released from donor restrictions	(306,017)	(438,549)	(486,255)
Change in temporarily restricted net assts	93,510	(19,979)	(965)
Temporarily Restricted Net Assets - Beginning of the year	36,447	56,426	57,391
Temporarily Restricted Net Assets - End of the year	\$ 129,957	\$ 36,447	\$ 56,426
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For the years ended September 30,	2012	2011	2010
<b>PERMANENTLY RESTRICTED NET ASSETS</b>			
Contributions from general public	\$ 3,729	\$ 4,214	\$ 6,034
Net assets released from donor restrictions	-	-	(9,004)
Change in permanently restricted net assets	3,729	4,214	(2,970)
Permanently Restricted Net Assets - Beginning of the year	155,324	151,110	154,080
Permanently Restricted Net Assets - End of the year	\$ 159,053	\$ 155,324	\$ 151,110
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# MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

## STATEMENT OF CASH FLOWS

For the years ended September 30,	2012	2011	2010
<b>OPERATING ACTIVITIES</b>			
Change in net assets	\$ 126,893	\$ (23,979)	\$ 170,012
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:			
Depreciation and amortization	15,381	5,178	3,950
Unrealized (Gain)Loss on marketable securities	(66,664)	11,227	(7,563)
Realized (Gain)Loss on marketable securities	311	3	5
Loss on disposal of fixed assets	-	472	-
Grants receivable	(87,500)	-	-
Accounts receivable	(2,017)	7,011	11,946
Prepaid expenses	(22,264)	2,152	(2,059)
Inventories	(7,564)	7,231	(3,526)
Accounts payable	12,075	(14,460)	(3,570)
Deferred revenue	675	-	-
Accrued liabilities	620	338	(955)
<b>CASH FROM OPERATING ACTIVITIES</b>	<b>(30,054)</b>	<b>(4,827)</b>	<b>168,240</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of fixed and intangible assets	(49,354)	(175,527)	(1,196)
Proceeds from sale of marketable securities	9,625	50,000	132,000
Purchase of marketable securities	(97,048)	(113,368)	(172,672)
Net change in endowment cash investments	11,291	(4,235)	3,935
<b>CASH USED FOR INVESTING ACTIVITIES</b>	<b>(125,486)</b>	<b>(243,130)</b>	<b>(37,933)</b>
<b>INCREASE (DECREASE) IN CASH DURING YEAR</b>	<b>(155,540)</b>	<b>(247,957)</b>	<b>130,307</b>
Cash at the beginning of the year	215,008	462,965	332,658
Cash at the end of the year	\$ 59,468	\$ 215,008	\$ 462,965

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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, 2012	Education	Research & Clinical	Patient	Neuroleptic Malignant Syndrome	Total
Compensation and related expenses:					
Salaries & Wages	\$ 124,486	29,291	21,968	24,409	\$ 200,154
Employee benefits	30,753	7,236	5,427	6,030	49,446
Payroll taxes	10,519	2,475	1,856	2,063	16,913
	<u>165,758</u>	<u>39,002</u>	<u>29,251</u>	<u>32,502</u>	<u>266,513</u>
Materials	7,307	1,719	1,290	1,433	11,749
Telephone	1,556	366	274	305	2,501
Postage & Shipping	6,582	647	895	9	8,133
Insurance	-	1,000	-	1,000	2,000
Occupancy	4,882	1,149	862	957	7,850
Financial charges	-	-	-	-	-
Professional fees	11,167	2,627	1,971	2,189	17,954
Contracted services	46,695	32,245	-	102	79,042
Printing & Publications	3,469	706	529	588	5,292
Conferences & Meetings	18,317	-	-	-	18,317
Awards & Honors	-	1,550	-	-	1,550
Research grants	-	87,500	-	-	87,500
Travel	17,061	2,354	-	-	19,415
Other	105	90	-	-	195
Depreciation and amortization	7,500	-	-	-	7,500
<b>Total program services</b>	<b>\$ 290,399</b>	<b>170,955</b>	<b>35,072</b>	<b>39,085</b>	<b>\$ 535,511</b>

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**SUPPORTING SERVICES**

				<b>Total</b>
For the year ended September 30, 2012	<b>General &amp; Administrative</b>	<b>Fundraising</b>	<b>Total</b>	<b>2012</b>
Compensation and related expenses:				
Salaries & wages	\$ 17,086	26,850	\$ 43,936	<b>\$ 244,090</b>
Employee benefits	4,221	6,633	10,854	<b>60,300</b>
Payroll taxes	1,444	2,269	3,713	<b>20,626</b>
	<u>22,751</u>	<u>35,752</u>	<u>58,503</u>	<b><u>325,016</u></b>
Materials	1,003	1,576	2,579	<b>14,328</b>
Telephone	213	336	549	<b>3,050</b>
Postage & Shipping	5,098	-	5,098	<b>13,231</b>
Insurance	3,930	-	3,930	<b>5,930</b>
Occupancy	670	1,053	1,723	<b>9,573</b>
Financial charges	127	-	127	<b>127</b>
Professional fees	9,226	2,408	11,634	<b>29,588</b>
Contracted services	6,183	-	6,183	<b>85,225</b>
Printing & Publications	412	176	588	<b>5,880</b>
Conferences & Meetings	-	-	-	<b>18,317</b>
Awards & Honors	-	-	-	<b>1,550</b>
Research grants	-	-	-	<b>87,500</b>
Travel	6,161	-	6,161	<b>25,576</b>
Other	-	-	-	<b>195</b>
Depreciation and amortization	6,419	-	6,419	<b>13,919</b>
<b>Total supporting services</b>	<b>\$ 62,193</b>	<b>41,301</b>	<b>\$ 103,494</b>	<b><u>\$ 639,005</u></b>

# MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

## STATEMENT OF NATURAL EXPENSES

For the years ended September 30,	2012	2011	2010
Compensation and related expenses:			
Salaries & Wages	\$ 244,090	\$ 247,989	\$ 231,737
Employee benefits	60,300	50,056	37,258
Payroll taxes	20,626	21,144	20,190
	<b>325,016</b>	319,189	289,185
Materials	14,328	14,125	31,360
Telephone	3,050	7,059	5,142
Postage & Shipping	13,231	13,807	13,274
Insurance	5,930	7,144	4,303
Occupancy	9,573	14,973	14,240
Financial charges	127	55	3,770
Professional fees	29,588	33,071	23,946
Contracted services	85,225	73,170	46,383
Printing & Publications	5,880	6,962	6,375
Conferences & Meetings	18,317	57,741	44,632
Awards & Honors	1,550	3,000	6,000
Research grants	87,500	87,000	97,000
Travel	25,576	56,927	51,788
Other	195	2,554	567
Depreciation and amortization	13,919	4,640	3,950
<b>Total natural expenses</b>	<b>\$ 639,005</b>	<b>\$ 701,417</b>	<b>\$ 641,915</b>

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# MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

## NOTES TO THE FINANCIAL STATEMENTS

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### 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. The Organization's major support comes from contributions and grants from the business community and sales of educational materials.

#### Financial Statement Presentation

The Organization has adopted FASB ASC 958-205-45-15 (formerly SFAS No. 117, para. 100). Under FASB ASC 958-205-45-15 (formerly SFAS No. 117), the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

- **Unrestricted net assets** - Net assets that are neither temporarily nor permanently restricted by donor –imposed restrictions.
- **Temporarily restricted net assets** - Temporarily restricted net assets result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to these stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes.
- **Permanently restricted net assets** – Permanently restricted net assets result from those contributions whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Organization's actions.

#### 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:

#### 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

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### 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

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 average cost.

### 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,	2012	2011	2010
Sales revenue	\$ 216,203	\$ 206,173	\$ 190,912
Cost of sales	<u>58,327</u>	<u>78,052</u>	<u>52,054</u>
Gross profit on sales	<u>\$ 157,876</u>	<u>\$ 128,121</u>	<u>\$ 138,858</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 considers accounts to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when the determination is made.

### 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 (See Note 6):



# MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

## NOTES TO THE FINANCIAL STATEMENTS

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Equipment and furniture	2 - 10 years
Buildings and improvements	15 - 40 years

### **Intangibles**

Intangibles consist of website and inventory development costs, which are amortized using the straight-line method over the estimated life of the asset (See Note 7).

### **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**

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### **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, 2012, 2011 and 2010 was \$6,654, \$6,245 and \$6,069, 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, 2012 and December 14, 2012, 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,	<b>2012</b>	
Designated for property and equipment	\$	<b>177,165</b>
Undesignated		<b>665,069</b>
<b>Unrestricted net assets</b>	<b>\$</b>	<b>842,234</b>

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

September 30, 2012	Permanent	Temporary	<b>Total</b>
Lila and Jerry Lewis Memorial Fund	\$ 98,465	23,302	<b>\$ 121,767</b>
Rosenberg Research Fund	38,865	8,284	<b>47,149</b>
Shah Educational Awareness Fund	21,723	3,846	<b>25,569</b>
JHP Pharmaceuticals	-	87,500	<b>87,500</b>
Napolitano Memorial Fund	-	7,025	<b>7,025</b>
<b>Restricted net assets</b>	<b>\$ 159,053</b>	<b>129,957</b>	<b>\$ 289,010</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, 2012	Permanent	Temporary	<b>Total</b>
Rosenberg Fund	\$ -	15	<b>\$ 15</b>
American Society of Anesthesiologists	-	20,000	<b>20,000</b>
American Association of Nurse Anesthetists	-	5,500	<b>5,500</b>
North American Partners in Anesthesia	-	10,000	<b>10,000</b>
Daniel Massik Memorial Fund	-	3,500	<b>3,500</b>
Prevention Genetics, LLC	-	1,200	<b>1,200</b>
JHP Pharmaceuticals	-	262,500	<b>262,500</b>
Neuroleptic Malignant Syndrome Donors	-	3,302	<b>3,302</b>
<b>Total net assets released from restrictions</b>	<b>\$ -</b>	<b>306,017</b>	<b>\$ 306,017</b>

# 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.

##### 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.

##### VINCENT A. NAPOLITANO MEMORIAL FUND

This fund was established by the MHAUS Board of Directors. The purpose of the Fund is to alert and educate medical professionals in addition to anesthesiologists who may come in contact with an MH episode, to work towards a goal of having a diagnosis and treatment of malignant hyperthermia made part of the medical curricula and certifying examinations of these professional groups, and furthering the cause of controlling malignant hyperthermia as deemed appropriate by the Board of Directors.

	Lila and Jerry Lewis Memorial Fund	Rosenberg Research Fund	Shah Educational Awareness Fund	Vincent A. Napolitano Memorial Fund
Balance 10/1/2011	\$ 118,225	\$ 46,479	\$ 25,567	\$ -
Investment returns	13	485	2	-
Donor contributions	3,529	200	-	7,025
Appropriated for expenditure	-	(15)	-	-
Balance 9/30/2012	\$ 121,767	\$ 47,149	\$ 25,569	\$ 7,025

#### 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, 2012	Cost	Market	Unrealized Gain(Loss)
Domestic Equity Securities	\$ 182,099	\$ 220,210	\$ 38,111
Foreign Equity Securities	21,321	25,052	3,731
Mutual Funds	234,590	248,180	13,590
Fixed Income Securities	25,002	25,101	99
	<u>\$ 463,012</u>	<u>\$ 518,543</u>	<u>\$ 55,531</u>

September 30, 2011	Cost	Market	Unrealized Gain(Loss)
Domestic Equity Securities	\$ 158,064	\$ 150,466	\$ (7,598)
Foreign Equity Securities	20,449	21,840	1,391
Mutual Funds	195,078	189,525	(5,553)
Fixed Income Securities	25,171	25,635	464
	<u>\$ 398,762</u>	<u>\$ 387,466</u>	<u>\$ (11,296)</u>

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>

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.

# MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

## NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30,	2012	2011	2010
<b>Capital Gains</b>			
Realized gains (loss)	\$ (311)	\$ (3)	(5)
Unrealized gains (loss)	66,827	(11,227)	7,563
Capital gain distributions	261	1,519	341
<b>Interest earned</b>			
Fixed income securities	2,138	1,291	3,220
Government obligations	5	8	10
<b>Dividends</b>			
Equities	9,893	9,050	4,352
	<b>\$ 78,813</b>	<b>\$ 638</b>	<b>15,481</b>

### NOTE 5 Fair Value Measurements

Fair values of assets measured on a recurring basis at September 30, 2012 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 541,242	\$ 541,242	\$ -	\$ -
Grants receivable	87,500	-	87,500	-
	<b>\$ 628,742</b>	<b>\$ 541,242</b>	<b>\$ 87,500</b>	<b>\$ -</b>

Fair values of assets measured on a recurring basis at September 30, 2011 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 387,466	\$ 387,466	\$ -	\$ -

Fair values of assets measured on a recurring basis at September 30, 2010 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 335,328	\$ 335,328	\$ -	\$ -

# MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

## NOTES TO THE FINANCIAL STATEMENTS

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Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair value for grants and contributions receivable is determined by discounting the total promised using the short term annual applicable federal rates for contributions expected to be paid over a period of more than one year. All contributions receivable are due in one year or less. Therefore, no discount is reflected in the table above.

### Promises to Give - Fair Value Election

Unconditional promises to give are reported at a net realizable value if at the time the promise is made payment is expected to be received in one year or less. Unconditional promises to give that are expected to be collected in more than one year are reported at a net realizable value over the term of the promise as the Organization has not elected the fair value option in relation to unconditional promises to give. There were no unconditional promises to give expected to be collected in more than one year at September 30, 2012, 2011 and 2010.

## NOTE 6

### Property and Equipment

Property and equipment consist of the following:

At September 30,	9/30/2011	Additions	Disposals	9/30/2012
Buildings and improvements	\$ 117,018	-	-	\$ 117,018
Buildings and improvements - rental units	58,509	-	-	58,509
Furniture and fixtures	11,080	-	1,854	9,226
Machinery and equipment	43,250	4,355	1,857	45,748
Total fixed assets	229,857	4,355	3,711	230,501
Accumulated depreciation	(49,166)	(7,881)	(3,711)	(53,336)
Fixed assets, net	\$ 180,691	(3,526)	-	\$ 177,165

Depreciation expense for the years 2012, 2011 and 2010 totaled \$7,881, \$5,178, and \$3,950, respectively. Depreciation on rental units is presented net of rental income on the statement of activities. Depreciation expense included in net rental income was \$1,462 in 2012 and \$538 in 2011.

# MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 7 Intangibles

Intangibles consist of the following:

At September 30,	9/30/2011	Additions	Disposals	9/30/2012
Website development	\$ -	9,999	-	\$ 9,999
Inventory development	-	35,000	-	35,000
Total intangible assets	-	44,999	-	44,999
Accumulated amortization	-	(7,500)	-	(7,500)
Intangible assets, net	\$ -	37,499	-	\$ 37,499

Amortization expense for the years 2012 and 2011 totaled \$7,500 and \$-0- respectively. Amortization expenses to be recorded on development costs for the year ended September 30, 2012 in future years are as follows:

<u>For the year ended September 30,</u>	
2013	\$ 15,000
2014	15,000
2015	7,499
	<u>\$ 37,499</u>

### NOTE 8 Leasing Arrangements

The Organization leases a portion of its building to unrelated individuals as residential rental space. Rents collected in 2012 and 2011 totaled \$13,950 and \$5,807. All tenant rental agreements are month to month leases.

### NOTE 9 Post-Employment Employee Benefits

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

### NOTE 10 Concentrations

The Organization maintains cash in bank accounts which, at times, may exceed federally insured limits. At September 30, 2012, 2011 and 2010, there were no balances in excess of FDIC limits.

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. The Organization believes that the concentration of credit risk is limited due to the reputation, reliability, and the Organization's history with the donor.



# MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 11

#### Reclassifications

The financial statement presentation for September 30, 2011 and 2010 have been changed to conform to the presentation for September 30, 2012.

### NOTE 12

#### Related Party Transactions

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

The Organization may at times throughout the year receive legal advice from an attorney that is a member of the governing board. No fees were paid during the year to the board member or his law firm.

### NOTE 13

#### Extraordinary Item

A fraud committed by a payroll service vendor was exposed in 2010. The payroll service vendor failed to remit employee withholdings and employer payroll tax deposits to the Internal Revenue Service (IRS) for several pay periods during 2010. Since the organization is responsible for payment of amounts withheld from employees and the employer portion of taxes due, the Organization had no legal recourse but to remit \$9,230 to the Internal Revenue Service which included taxes, interest and penalties. The amount has been recorded as an extraordinary loss for the year ended September 30, 2010. Amounts paid to the payroll service vendor are recorded as payroll expenses. The total amount recovered in the fiscal year ended September 30, 2012 from this loss was \$-0-.