

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

FINANCIAL STATEMENTS

SEPTEMBER 30, 2013, 2012 and 2011

MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Malignant Hyperthermia Association of the United States, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2013, 2012 and 2011, and the related statements of activities and changes in net assets, 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 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 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.

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, 2013, 2012 and 2011, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Cwynar & Company

Norwich, New York
January 24, 2014

MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

STATEMENT OF FINANCIAL POSITION

At September 30,	2013	2012	2011
ASSETS			
CURRENT ASSETS			
Cash and equivalents	\$ 289,376	\$ 59,468	\$ 215,008
Investment in marketable securities	588,260	518,712	387,466
Contributions receivable	-	87,500	-
Accounts receivable	4,212	18,605	16,588
Inventories	44,956	36,786	29,222
Prepaid expenses	11,688	31,004	8,740
Total current assets	938,492	752,075	657,024
ENDOWMENT INVESTMENTS			
Cash and equivalents	52,786	178,980	190,271
Investment in marketable securities	181,195	22,530	-
Total endowment investments	233,981	201,510	190,271
FIXED ASSETS			
Equipment	47,998	45,748	43,250
Furniture and fixtures	9,226	9,226	11,080
Buildings and improvements	177,120	175,527	175,527
Accumulated depreciation	(61,127)	(53,336)	(49,166)
Total net fixed assets	173,217	177,165	180,691
OTHER ASSETS			
Intangible assets, net	22,499	37,499	-
Total assets	\$ 1,368,189	\$ 1,168,249	\$ 1,027,986
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 21,840	\$ 27,904	\$ 15,829
Deferred revenue	-	675	-
Accrued liabilities	10,175	8,426	7,806
Total current liabilities	32,015	37,005	23,635
NET ASSETS			
Unrestricted	1,102,192	842,234	812,580
Temporarily restricted	73,279	129,957	36,447
Permanently restricted	160,703	159,053	155,324
Total net assets	1,336,174	1,131,244	1,004,351
Total liabilities and net assets	\$ 1,368,189	\$ 1,168,249	\$ 1,027,986

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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,	2013	2012	2011
UNRESTRICTED NET ASSETS			
UNRESTRICTED REVENUE AND GAINS			
Contributions	\$ 180,013	\$ 92,484	\$ 109,564
Program service fees	19,273	17,736	9,814
Gross profit on sales	163,910	157,876	128,121
Investment return	62,415	78,813	638
Rental income, net	11,473	10,268	4,567
Other income	5,768	5,465	1,950
Total unrestricted revenue and gains	442,852	362,642	254,654
Net assets released from donor restrictions	479,886	306,017	438,549
Total unrestricted revenues, gains and other support	922,738	668,659	693,203
FUNCTIONAL EXPENSES			
PROGRAM SERVICES			
Education	295,722	290,399	330,909
Research & clinical	159,792	170,955	151,895
Patient	40,961	35,072	42,725
Neuroleptic Malignant Syndrome	52,840	39,085	62,939
Total program services	549,315	535,511	588,468
SUPPORTING SERVICES			
General & Administrative	63,653	62,193	61,287
Fundraising	49,812	41,301	51,662
Total supporting services	113,465	103,494	112,949
Total functional expenses	662,780	639,005	701,417
Change in unrestricted net assets	259,958	29,654	(8,214)
Unrestricted Net Assets - Beginning of the year	842,234	812,580	820,794
Unrestricted Net Assets - End of the year	\$ 1,102,192	\$ 842,234	\$ 812,580

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For the years ended September 30,	2013	2012	2011
TEMPORARILY RESTRICTED NET ASSETS			
Grants from business community	\$ 40,925	\$ 38,700	\$ 42,000
Contributions	378,050	360,327	376,549
Investment returns	4,233	500	21
Net assets released from donor restrictions	(479,886)	(306,017)	(438,549)
Change in temporarily restricted net assts	(56,678)	93,510	(19,979)
Temporarily Restricted Net Assets - Beginning of the year	129,957	36,447	56,426
Temporarily Restricted Net Assets - End of the year	\$ 73,279	\$ 129,957	\$ 36,447
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For the years ended September 30,	2013	2012	2011
PERMANENTLY RESTRICTED NET ASSETS			
Contributions from general public	\$ 1,650	\$ 3,729	\$ 4,214
Change in permanently restricted net assets	1,650	3,729	4,214
Permanently Restricted Net Assets - Beginning of the year	159,053	155,324	151,110
Permanently Restricted Net Assets - End of the year	\$ 160,703	\$ 159,053	\$ 155,324
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MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

STATEMENT OF CASH FLOWS

For the years ended September 30,	2013	2012	2011
OPERATING ACTIVITIES			
Change in net assets	\$ 204,930	\$ 126,893	\$ (23,979)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:			
Depreciation and amortization	22,791	15,381	5,178
Unrealized (Gain)Loss on marketable securities	(47,182)	(66,664)	11,227
Realized (Gain)Loss on marketable securities	(763)	311	3
Loss on disposal of fixed assets	-	-	472
Grants receivable	87,500	(87,500)	-
Accounts receivable	14,393	(2,017)	7,011
Prepaid expenses	19,316	(22,264)	2,152
Inventories	(8,170)	(7,564)	7,231
Accounts payable	(6,064)	12,075	(14,460)
Deferred revenue	(675)	675	-
Accrued liabilities	1,749	620	338
CASH FROM OPERATING ACTIVITIES	287,825	(30,054)	(4,827)
INVESTING ACTIVITIES			
Purchase of fixed and intangible assets	(3,843)	(49,354)	(175,527)
Proceeds from sale of marketable securities	45,750	9,625	50,000
Purchase of marketable securities	(226,018)	(97,048)	(113,368)
Net change in endowment cash investments	126,194	11,291	(4,235)
CASH USED FOR INVESTING ACTIVITIES	(57,917)	(125,486)	(243,130)
INCREASE (DECREASE) IN CASH DURING YEAR	229,908	(155,540)	(247,957)
Cash at the beginning of the year	59,468	215,008	462,965
Cash at the end of the year	\$ 289,376	\$ 59,468	\$ 215,008

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MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

PROGRAM SERVICES

For the year ended September 30, 2013	Education	Research & Clinical	Patient	Neuroleptic Malignant Syndrome	Total
Compensation and related expenses:					
Salaries & Wages	\$ 115,714	27,227	20,420	22,689	\$ 186,050
Employee benefits	34,055	8,012	6,010	6,677	54,754
Payroll taxes	9,560	2,250	1,687	1,875	15,372
	<u>159,329</u>	<u>37,489</u>	<u>28,117</u>	<u>31,241</u>	<u>256,176</u>
Materials	5,302	1,248	936	1,040	8,526
Telephone	491	116	87	96	790
Postage & Shipping	5,931	1,395	1,047	1,163	9,536
Insurance	-	-	-	-	-
Occupancy	5,205	1,225	918	1,020	8,368
Financial charges	-	-	-	-	-
Professional fees	12,148	2,858	2,143	2,382	19,531
Contracted services	42,099	9,906	7,429	8,255	67,689
Printing & Publications	1,864	379	284	316	2,843
Conferences & Meetings	22,445	3,794	-	3,161	29,400
Awards & Honors	2,371	1,550	-	-	3,921
Research grants	-	96,000	-	-	96,000
Travel	23,537	3,832	-	4,166	31,535
Other	-	-	-	-	-
Depreciation and amortization	15,000	-	-	-	15,000
Total program services	\$ 295,722	159,792	40,961	52,840	\$ 549,315

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SUPPORTING SERVICES

				Total
For the year ended September 30, 2013	General & Administrative	Fundraising	Total	2013
Compensation and related expenses:				
Salaries & wages	\$ 15,882	24,958	\$ 40,840	\$ 226,890
Employee benefits	4,674	7,345	12,019	66,773
Payroll taxes	1,312	2,062	3,374	18,746
	<u>21,868</u>	<u>34,365</u>	<u>56,233</u>	<u>312,409</u>
Materials	728	1,144	1,872	10,398
Telephone	67	106	173	963
Postage & Shipping	814	1,279	2,093	11,629
Insurance	5,438	-	5,438	5,438
Occupancy	714	1,123	1,837	10,205
Financial charges	-	-	-	-
Professional fees	9,360	2,620	11,980	31,511
Contracted services	5,778	9,080	14,858	82,547
Printing & Publications	221	95	316	3,159
Conferences & Meetings	2,213	-	2,213	31,613
Awards & Honors	-	-	-	3,921
Research grants	-	-	-	96,000
Travel	10,123	-	10,123	41,658
Other	-	-	-	-
Depreciation and amortization	6,329	-	6,329	21,329
Total supporting services	\$ 63,653	49,812	\$ 113,465	\$ 662,780

MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

STATEMENT OF NATURAL EXPENSES

For the years ended September 30,	2013	2012	2011
Compensation and related expenses:			
Salaries & Wages	\$ 226,890	\$ 244,090	\$ 247,989
Employee benefits	66,774	60,300	50,056
Payroll taxes	18,746	20,626	21,144
	312,410	325,016	319,189
Materials	10,397	14,328	14,125
Telephone	963	3,050	7,059
Postage & Shipping	11,629	13,231	13,807
Insurance	5,438	5,930	7,144
Occupancy	10,205	9,573	14,973
Financial charges	-	127	55
Professional fees	31,513	29,588	33,071
Contracted services	82,544	85,225	73,170
Printing & Publications	3,160	5,880	6,962
Conferences & Meetings	31,613	18,317	57,741
Awards & Honors	3,921	1,550	3,000
Research grants	96,000	87,500	87,000
Travel	41,658	25,576	56,927
Other	-	195	2,554
Depreciation and amortization	21,329	13,919	4,640
Total natural expenses	\$ 662,780	\$ 639,005	\$ 701,417

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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. 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

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,	2013	2012	2011
Sales revenue	\$ 218,535	\$ 216,203	\$ 206,173
Cost of sales	54,625	58,327	78,052
Gross profit on sales	\$ 163,910	\$ 157,876	\$ 128,121

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):

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

MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

NOTES TO THE FINANCIAL STATEMENTS

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

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, 2013, 2012 and 2011 was \$8,670, \$6,654 and \$6,245, 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, 2013 and January 24, 2014, 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,	2013	
Designated for property and equipment	\$	173,217
Undesignated		928,975
Unrestricted net assets	\$	1,102,192

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

September 30, 2013	Permanent	Temporary	Total
Lila and Jerry Lewis Memorial Fund	\$ 100,115	28,324	\$ 128,439
Rosenberg Research Fund	38,865	7,498	46,363
Shah Educational Awareness Fund	21,723	3,732	25,455
Endowment Challenge	-	13,700	13,700
Napolitano Memorial Fund	-	20,025	20,025
Restricted net assets	\$ 160,703	73,279	\$ 233,982

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, 2013	Permanent	Temporary	Total
Rosenberg Fund	\$ -	111	\$ 111
Dynasthetics	-	2,500	2,500
State Anesthesiology	-	5,925	5,925
American Society of Anesthesiologists	-	20,000	20,000
American Association of Nurse Anesthetists	-	6,000	6,000
North American Partners in Anesthesia	-	5,000	5,000
Daniel Massik Memorial Fund	-	1,500	1,500
JHP Pharmaceuticals	-	437,500	437,500
Neuroleptic Malignant Syndrome Donors	-	1,350	1,350
Total net assets released from restrictions	\$ -	479,886	\$ 479,886

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.

MHAUS ENDOWMENT FUND

This fund was also established by the MHAUS Board of Directors. The principal may not be expended by MHAUS without majority vote of the Board. The income and gains earned by the fund may be used for the benefit of MHAUS in such a manner as the Board may from time to time determine. However, the amount of earnings available for operations shall not exceed five percent of the previous year's principal as valued December 31 unless the Board determines otherwise via majority vote.

	Lila and Jerry Lewis Memorial Fund	Rosenberg Research Fund	Shah Educational Awareness Fund	Vincent A. Napolitano Memorial Fund	Endowment Challenge Fund
Balance 10/1/2012	\$ 121,767	\$ 47,149	\$ 25,569	\$ 7,025	\$ -
Investment returns	5,022	(675)	(114)	-	-
Donor contributions	1,650	-	-	13,000	13,700
Appropriated for expenditure	-	(111)	-	-	-
Balance 9/30/2013	\$ 128,439	\$ 46,363	\$ 25,455	\$ 20,025	\$ 13,700

MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

NOTES TO THE FINANCIAL STATEMENTS

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.

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, 2013	Cost	Market	Unrealized Gain(Loss)
Domestic Equity Securities	\$ 204,638	\$ 258,135	\$ 53,497
Foreign Equity Securities	22,271	31,375	9,104
Mutual Funds	259,342	298,750	39,408
Fixed Income Securities	-	-	-
	<u>\$ 486,251</u>	<u>\$ 588,260</u>	<u>\$ 102,009</u>

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>

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,	2013	2012	2011
Capital Gains			
Realized gains (loss)	\$ 763	\$ (311)	\$ (3)
Unrealized gains (loss)	42,956	66,827	(11,227)
Capital gain distributions	-	261	1,519
Interest earned			
Fixed income securities	692	2,138	1,291
Government obligations	4	5	8
Dividends			
Equities	18,000	9,893	9,050
	<u>\$ 62,415</u>	<u>\$ 78,813</u>	<u>\$ 638</u>

MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 Fair Value Measurements

Fair values of assets measured on a recurring basis at September 30, 2013 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	\$ 769,455	\$ 769,455	\$ -	\$ -
Grants receivable	-	-	-	-
	<u>\$ 769,455</u>	<u>\$ 769,455</u>	<u>\$ -</u>	<u>\$ -</u>

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	-
	<u>\$ 628,742</u>	<u>\$ 541,242</u>	<u>\$ 87,500</u>	<u>\$ -</u>

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 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, 2013, 2012 and 2011.

MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6

Property and Equipment

Property and equipment consist of the following:

At September 30,	9/30/2012	Additions	Disposals	9/30/2013
Buildings and improvements	\$ 117,018	1,593	-	\$ 118,611
Buildings and improvements - rental units	58,509	-	-	58,509
Furniture and fixtures	9,226	-	-	9,226
Machinery and equipment	45,748	2,250	-	47,998
Total fixed assets	230,501	3,843	-	234,344
Accumulated depreciation	(53,336)	(7,791)	-	(61,127)
Fixed assets, net	\$ 177,165	(3,948)	-	\$ 173,217

Depreciation expense for the years 2013, 2012 and 2011 totaled \$7,791, \$7,881, and \$5,178, 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 2013, \$1,462 in 2012, and \$538 in 2011.

NOTE 7

Intangibles

Intangibles consist of website and inventory development costs, which are amortized using the straight line method over the estimated life of the asset.

Amortization expense for the years 2013, 2012 and 2011 totaled \$15,000, \$7,500 and \$-0- respectively. Amortization expenses to be recorded on development costs for the year ended September 30, 2013 in future years are as follows:

For the year ended September 30,		
2014	\$	15,000
2015		7,499
2016		-
	\$	22,499

NOTE 8

Leasing Arrangements

The Organization leases a portion of its building to unrelated individuals as residential rental space. Rents collected in 2013, 2012 and 2011 totaled \$14,421, \$13,950 and \$5,807. All tenant rental agreements are month to month leases.

MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

NOTES TO THE FINANCIAL STATEMENTS

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, 2013, 2012 and 2011, 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.