

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

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2015, 2014 and 2013**



# 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.

### ***Report on the Financial Statements***

We have audited the accompanying statement of financial position of Malignant Hyperthermia Association of the United States, Inc. (a nonprofit organization), as of September 30, 2015, 2014 and 2013, 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.

## Independent Auditor's Report (Continued)

### **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, 2015, 2014 and 2013, 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  
February 19, 2016

# MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

## STATEMENT OF FINANCIAL POSITION

At September 30,	2015	2014	2013
<b>ASSETS</b>			
Cash and equivalents	\$ 2,886	\$ 175,057	\$ 230,225
Short-term investments	12,482	40,126	59,151
Accounts receivable	102	3,541	4,212
Contributions receivable	25,026	100,000	-
Inventories	41,364	39,258	44,956
Prepaid expenses	10,099	9,477	11,688
Investments, at fair value	925,469	705,860	588,260
Land, buildings and equipment, net	165,554	166,406	173,217
Intangible assets, net	4,643	14,674	22,499
Endowment investments	279,822	241,082	233,981
<b>Total assets</b>	<b>\$ 1,467,447</b>	<b>\$ 1,495,481</b>	<b>\$ 1,368,189</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 24,117	\$ 39,081	\$ 21,840
Deferred revenue	2,005	-	-
Accrued liabilities	6,006	9,303	10,175
<b>Total liabilities</b>	<b>32,128</b>	<b>48,384</b>	<b>32,015</b>
<b>NET ASSETS</b>			
Unrestricted undesignated	1,155,497	1,206,015	1,102,192
Unrestricted board designated	59,212	-	-
Temporarily restricted	59,197	80,079	73,279
Permanently restricted	161,413	161,003	160,703
<b>Total net assets</b>	<b>1,435,319</b>	<b>1,447,097</b>	<b>1,336,174</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,467,447</b>	<b>\$ 1,495,481</b>	<b>\$ 1,368,189</b>

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 year ended September 30, 2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue, gains, and other support:</b>				
Contributions	\$ 156,453	\$ 213,000	\$ 410	\$ 369,863
Grants from business community	-	33,350	-	33,350
Program service fees	6,307	-	-	6,307
Interest and dividend income	26,030	6,574	-	32,604
Net unrealized and realized gains on investments	(44,562)	(7,546)	-	(52,108)
Gross profit on sales	171,215	-	-	171,215
Rental income, net	12,452	-	-	12,452
Other income	5,106	-	-	5,106
<b>Total revenue, gains, and other support</b>	<b>333,001</b>	<b>245,378</b>	<b>410</b>	<b>578,789</b>
Expiration of time and purpose restrictions	266,260	(266,260)	-	-
<b>Total unrestricted revenues, gains and other support</b>	<b>599,261</b>	<b>(20,882)</b>	<b>410</b>	<b>578,789</b>
<b>Expenses</b>				
Program services:				
Education	461,998	-	-	461,998
Research & clinical	64,000	-	-	64,000
Patient	6,216	-	-	6,216
Neuroleptic Malignant Syndrome	-	-	-	-
<b>Total program services</b>	<b>532,214</b>	<b>-</b>	<b>-</b>	<b>532,214</b>
General & Administrative	41,776	-	-	41,776
Fundraising	16,577	-	-	16,577
<b>Total expenses</b>	<b>590,567</b>	<b>-</b>	<b>-</b>	<b>590,567</b>
Change in net assets	8,694	(20,882)	410	(11,778)
Net Assets - Beginning of the year	1,206,015	80,079	161,003	1,447,097
<b>Net Assets - End of the year</b>	<b>\$ 1,214,709</b>	<b>\$ 59,197</b>	<b>\$ 161,413</b>	<b>\$ 1,435,319</b>

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See accompanying notes to the financial statements



# MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

## STATEMENT OF CASH FLOWS

For the years ended September 30,	2015	2014	2013
<b>OPERATING ACTIVITIES</b>			
Change in net assets	\$ (11,778)	\$ 110,923	\$ 204,930
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:			
Depreciation and amortization	16,218	22,234	22,791
Unrealized (Gain)Loss on marketable securities	54,537	(43,711)	(47,182)
Realized (Gain)Loss on marketable securities	(2,429)	-	(763)
Changes in operating assets and liabilities:			
Grants receivable	74,974	(100,000)	87,500
Accounts receivable	3,439	671	14,393
Prepaid expenses	(622)	2,211	19,316
Inventories	(2,106)	5,698	(8,170)
Accounts payable	(14,964)	17,241	(6,064)
Deferred revenue	2,005	-	(675)
Accrued liabilities	(3,297)	(872)	1,749
<b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>	<b>115,977</b>	<b>14,395</b>	<b>287,825</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of fixed and intangible assets	(5,335)	(7,597)	(3,843)
Proceeds from sale of marketable securities	40,107	-	45,750
Purchase of marketable securities	(310,656)	(83,481)	(226,018)
Net change in short-term cash investments	27,644	19,025	(31,139)
Net change in endowment cash investments	(39,908)	2,490	126,194
<b>CASH FROM (USED IN) INVESTING ACTIVITIES</b>	<b>(288,148)</b>	<b>(69,563)</b>	<b>(89,056)</b>
<b>INCREASE (DECREASE) IN CASH DURING YEAR</b>	<b>(172,171)</b>	<b>(55,168)</b>	<b>198,769</b>
Cash at the beginning of the year	175,057	230,225	31,456
Cash at the end of the year	\$ 2,886	\$ 175,057	\$ 230,225

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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, 2015	Education	Research & Clinical	Patient	Total
Compensation and related expenses:				
Salaries & Wages	\$ 191,234	-	3,187	\$ 194,421
Employee benefits	58,120	-	969	59,089
Payroll taxes	15,683	-	261	15,944
	265,037	-	4,417	269,454
Materials	7,756	-	129	7,885
Telephone	752	-	13	765
Postage & Shipping	12,220	-	204	12,424
Insurance	-	1,000	-	1,000
Occupancy	10,248	-	171	10,419
Professional fees	20,283	-	338	20,621
Contracted services	51,327	-	855	52,182
Printing & Publications	5,349	-	89	5,438
Conferences & Meetings	44,751	-	-	44,751
Research grants	-	63,000	-	63,000
Travel	34,244	-	-	34,244
Other	-	-	-	-
Depreciation and amortization	10,031	-	-	10,031
<b>Total program services</b>	<b>\$ 461,998</b>	<b>64,000</b>	<b>6,216</b>	<b>\$ 532,214</b>

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# MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

## STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)

<b>SUPPORTING SERVICES</b>				<b>Total</b>
For the year ended September 30, 2015	<b>General &amp; Administrative</b>	<b>Fundraising</b>	<b>Total</b>	<b>2015</b>
Compensation and related expenses:				
Salaries & wages	\$ 9,562	8,499	\$ 18,061	<b>\$ 212,482</b>
Employee benefits	2,906	2,583	5,489	<b>64,578</b>
Payroll taxes	784	697	1,481	<b>17,425</b>
	<u>13,252</u>	<u>11,779</u>	<u>25,031</u>	<b>294,485</b>
Materials	388	345	733	<b>8,618</b>
Telephone	38	34	72	<b>837</b>
Postage & Shipping	611	543	1,154	<b>13,578</b>
Insurance	5,990	-	5,990	<b>6,990</b>
Occupancy	512	456	968	<b>11,387</b>
Professional fees	9,114	901	10,015	<b>30,636</b>
Contracted services	2,566	2,281	4,847	<b>57,029</b>
Printing & Publications	267	238	505	<b>5,943</b>
Conferences & Meetings	2,109	-	2,109	<b>46,860</b>
Research grants	-	-	-	<b>63,000</b>
Travel	1,614	-	1,614	<b>35,858</b>
Other	590	-	590	<b>590</b>
Depreciation and amortization	4,725	-	4,725	<b>14,756</b>
<b>Total supporting services</b>	<b>\$ 41,776</b>	<b>16,577</b>	<b>\$ 58,353</b>	<b>\$ 590,567</b>

# MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

## STATEMENT OF NATURAL EXPENSES

For the years ended September 30,	2015	2014	2013
Compensation and related expenses:			
Salaries & Wages	\$ 212,482	\$ 212,560	\$ 226,890
Employee benefits	64,578	69,682	66,774
Payroll taxes	17,425	17,132	18,746
	<b>294,485</b>	299,374	312,410
Materials	8,618	7,552	10,397
Telephone	837	1,040	963
Postage & Shipping	13,578	14,618	11,629
Insurance	6,990	6,976	5,438
Occupancy	11,387	12,431	10,205
Professional fees	30,636	34,583	31,513
Contracted services	57,029	50,713	82,544
Printing & Publications	5,943	3,077	3,160
Conferences & Meetings	46,860	56,000	31,613
Awards & Honors	-	1,500	3,921
Research grants	63,000	67,750	96,000
Travel	35,858	37,080	41,658
Other	590	317	-
Depreciation and amortization	14,756	20,772	21,329
<b>Total natural expenses</b>	<b>\$ 590,567</b>	<b>\$ 613,783</b>	<b>\$ 662,780</b>

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See accompanying notes to the financial statements

# 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.

#### 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.

#### Net Assets

The financial statements report net assets and changes in net assets in three classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

**Unrestricted net assets** - Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations..

**Temporarily restricted net assets** - Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The organization's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as temporarily restricted until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

**Permanently restricted net assets** – Permanently restricted net assets are resources whose use by the organization is limited by donor-imposed restrictions that neither expire by being used

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

## **NOTES TO THE FINANCIAL STATEMENTS**

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in accordance with a donor's restriction nor by the passage of time. The portion of the organization's donor-restricted endowment funds that must be maintained in perpetuity are classified in this net asset class, as is the organization's beneficial interest in a perpetual charitable trust held by a bank trustee.

All revenues and net gains are reported as increases in unrestricted net assets in the statement of activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in unrestricted net assets. Net losses on endowment investments reduce temporarily restricted net assets to the extent that net gains of the fund from prior years are unspent and classified there; remaining losses are classified as decreases in unrestricted net assets. If an endowment fund has no net gains from prior years, such as when a fund is newly established, net losses are classified as decreases in unrestricted net assets.

### **Cash and Cash Equivalents**

Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature.

### **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.

### **Short Term Investments**

The organization invests cash in excess of its immediate needs in money market funds and U.S Government and Government Agency issues. Short term investments are reported at fair value.

### **Contributions Receivable**

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

### **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:

# MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

## NOTES TO THE FINANCIAL STATEMENTS

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For the years ended September 30,	2015	2014	2013
Sales revenue	\$ 226,322	\$ 181,317	\$ 218,535
Cost of sales	55,107	41,605	54,625
Gross profit on sales	<u>\$ 171,215</u>	<u>\$ 139,712</u>	<u>\$ 163,910</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 reflected in the statement of activities and changes in net assets. Dividends and interest are recognized as they are earned.

### 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.

### 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

### 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).

### Endowment Investments

Endowment investments consist of investments purchased with the following resources:

- Donor-restricted permanent endowments, which are contributions restricted by donors to investment in perpetuity with only investment income and appreciation being used to support the organization's activities.
- Donor-restricted term endowments, which are contributions restricted by donors to investment for the term specified by the donor. During that term, the donor may either require investment income and appreciation to be reinvested in the fund, or may permit the organization to spend those amounts in accordance with the donor's restrictions on use.
- Board-designated endowments, which are resources set aside by the Board of Directors for an indeterminate period to operate in manner similar to a donor-restricted permanent endowment. Because a board-designated endowment results from an internal designation, it can be spent upon action of the Board of Directors.

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

## **NOTES TO THE FINANCIAL STATEMENTS**

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Endowment investments also include investments purchased with unspent investment income and net gains on these resources.

Endowment investments are reported at fair value.

The investment and spending policies for the Endowment Fund are discussed in note 3.

### **Accounting for Contributions**

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as temporarily restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Contributions from bequests are recognized as contributions receivable when the probate court declares that the will is valid and the organization has an irrevocable right to the bequest.

### **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.

### **Tax Status**

The organization is incorporated exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). The tax years ending 2015, 2014, 2013 and 2012 are still open to audit for both federal and state purposes. Contributions to the organization are tax deductible to donors under Section 170 of the IRC. The organization is not classified as a private foundation.

### **Functional Classification of Expenses**

The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.



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

## **NOTES TO THE FINANCIAL STATEMENTS**

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Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

### **Education**

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

### **Research & Clinical**

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

### **Patient**

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

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

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

### **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, 2015, 2014 and 2013 was \$4,038, \$7,551 and \$8,670, 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, 2015 and February 19, 2016, 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

### Reclassifications

Certain prior period amounts have been reclassified to conform to current period presentation.

### NOTE 2 Restrictions on Net Assets

The Organization's unrestricted net assets:

September 30,	<b>2015</b>	
Designated for property and equipment	\$	<b>165,554</b>
Undesignated		<b>989,943</b>
Unrestricted net assets	\$	<b>1,155,497</b>

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

September 30, 2015	Permanent	Temporary	Total
Lila and Jerry Lewis Memorial Fund	\$ 100,240	27,568	\$ <b>127,808</b>
Rosenberg Research Fund	39,450	7,678	<b>47,128</b>
Shah Educational Awareness Fund	21,723	3,926	<b>25,649</b>
Napolitano Memorial Fund	-	20,025	<b>20,025</b>
Restricted net assets	\$ 161,413	59,197	\$ <b>220,610</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, 2015	Permanent	Temporary	Total
Eagle Pharmaceuticals	\$ -	8,000	\$ <b>8,000</b>
Lewis Fund	-	5,000	<b>5,000</b>
State Anesthesiology	-	2,350	<b>2,350</b>
American Society of Anesthesiologists	-	25,000	<b>25,000</b>
American Association of Nurse Anesthetists	-	6,000	<b>6,000</b>
North American Partners in Anesthesia	-	5,000	<b>5,000</b>
PAR Pharmaceuticals	-	200,000	<b>200,000</b>
Endowment Challenge	-	14,910	<b>14,910</b>
Total net assets released from restrictions	\$ -	266,260	\$ <b>266,260</b>

### 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.

# MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

## NOTES TO THE FINANCIAL STATEMENTS

### 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	Board Designated Endowment Challenge Fund
Balance 10/1/2014	\$ 130,316	\$ 48,965	\$ 26,866	\$ 20,025	\$ 14,910
Investment returns	2,367	(2,122)	(1,217)	-	3
Donor contributions	125	285	-	-	44,299
Appropriated for expenditure	(5,000)	-	-	-	-
Balance 9/30/2015	\$ 127,808	\$ 47,128	\$ 25,649	\$ 20,025	\$ 59,212

### 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, 2015	Cost	Market	Unrealized Gain(Loss)
Domestic Equity Securities	\$ 290,209	\$ 376,994	\$ 86,785
Foreign Equity Securities	57,073	58,742	1,669
Mutual Funds - Equities	411,498	421,477	9,979
Mutual Funds - Fixed Income	71,886	68,256	(3,630)
	<u>\$ 830,666</u>	<u>\$ 925,469</u>	<u>\$ 94,803</u>

September 30, 2014	Cost	Market	Unrealized Gain(Loss)
Domestic Equity Securities	\$ 239,938	\$ 326,699	\$ 86,761
Foreign Equity Securities	38,228	52,806	14,578
Mutual Funds - Equities	265,192	305,994	40,802
Mutual Funds - Fixed Income	20,564	20,361	(203)
	<u>\$ 563,922</u>	<u>\$ 705,860</u>	<u>\$ 141,938</u>

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 - Equities	246,512	285,912	39,400
Fixed Income Securities	12,830	12,838	8
	<u>\$ 486,251</u>	<u>\$ 588,260</u>	<u>\$ 102,009</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,	2015	2014	2013
<b>Capital Gains</b>			
Realized gains (loss)	\$ 2,429	\$ -	\$ 763
Unrealized gains (loss)	(47,134)	39,929	42,956
Capital gain distributions	5,387	4,347	-
<b>Interest earned</b>			
Fixed income securities	384	384	692
Government obligations	3	3	4
<b>Dividends</b>			
Equities	20,396	15,663	18,000
	<b>\$ (18,535)</b>	<b>\$ 60,326</b>	<b>\$ 62,415</b>

### NOTE 5 Fair Value Measurements

Fair values of assets measured on a recurring basis at September 30, 2015 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	\$ 1,115,087	\$ 1,115,087	\$ -	\$ -
Contributions receivable	25,026	-	25,026	-
	<b>\$ 1,140,113</b>	<b>\$ 1,115,087</b>	<b>\$ 25,026</b>	<b>\$ -</b>

Fair values of assets measured on a recurring basis at September 30, 2014 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	\$ 896,646	\$ 896,646	\$ -	\$ -
Grants receivable	100,000	-	100,000	-
	<b>\$ 996,646</b>	<b>\$ 896,646</b>	<b>\$ 100,000</b>	<b>\$ -</b>

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	\$ -	\$ -
Contributions receivable	-	-	-	-
	<b>\$ 769,455</b>	<b>\$ 769,455</b>	<b>\$ -</b>	<b>\$ -</b>

# 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, 2015, 2014 and 2013.

### **NOTE 6** **Property and Equipment**

Property and equipment consist of the following:

At September 30,	9/30/2014	Additions	Disposals	9/30/2015
Buildings and improvements	\$ 118,611	5,335	-	\$ 123,946
Buildings and improvements - rental units	58,509	-	-	58,509
Furniture and fixtures	9,226	-	-	9,226
Machinery and equipment	47,998	-	-	47,998
Total fixed assets	234,344	5,335	-	239,679
Accumulated depreciation	(67,938)	(6,187)	-	(74,125)
Fixed assets, net	\$ 166,406	(852)	-	\$ 165,554

Depreciation expense for the years 2015, 2014 and 2013 totaled \$6,187, \$6,811, and \$7,791, 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 2015, \$1,462 in 2014, and \$1,462 in 2013.

### **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 2015, 2014 and 2013 totaled \$10,031, \$15,422 and \$15,000, respectively. Amortization expenses to be recorded on development costs for the year ended September 30 in future years are as follows:

# MALIGNANT HYPERTHERMIA ASSOCIATION OF THE UNITED STATES, INC.

## NOTES TO THE FINANCIAL STATEMENTS

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<u>For the year ended September 30,</u>	
2016	\$ 2,532
2017	<u>2,111</u>
	<u>\$ 4,643</u>

### NOTE 8

#### Leasing Arrangements

The Organization leases a portion of its building to unrelated individuals as residential rental space. Rents collected in 2015, 2014 and 2013 totaled \$15,600, \$13,100 and \$14,421. 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, 2015, 2014 and 2013, there were no balances in excess of FDIC limits.

A major part of the Organization's contributions come from Par Pharmaceuticals. Par Pharmaceuticals produces the drug dantrolene sodium for injection (Dantrium) which is found to be an effective treatment of malignant hyperthermia. A loss of the contributions from this donor 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 donors.