

Financial Statements

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

YEARS ENDED JUNE 30, 2013 AND 2012

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

FINANCIAL REPORT
YEARS ENDED JUNE 30, 2013 AND 2012

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3 - 4
Statements of Activities and Changes in Net Assets	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 18
SUPPLEMENTARY INFORMATION	
Supplemental Schedules of Expenses by Services	19 - 20

THOMPSON, GREENSPON & CO.,P.C.

Certified Public Accountants
Management Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Osteogenesis Imperfecta Foundation, Inc.
Gaithersburg, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of Osteogenesis Imperfecta Foundation, Inc., which comprise the statements of financial position of as of June 30, 2013 and 2012, and the related statements of activities and changes in net assets 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 auditors consider 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 Osteogenesis Imperfecta Foundation, Inc. as of June 30, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of expenses by services are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Thompson, Greenspon & Co., P.C.

Fairfax, Virginia
October 28, 2013

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

ASSETS	2013	2012
Current Assets		
Cash and cash equivalents	\$ 345,517	\$ 425,472
Pledges receivable, net of allowance for uncollectible pledges	305,160	509,135
Investments	1,776,145	1,646,353
Prepaid expenses	12,911	42,070
Inventory	25,903	22,048
Total Current Assets	2,465,636	2,645,078
Fixed Assets		
Furniture and equipment	142,749	139,873
Accumulated depreciation	(117,677)	(105,157)
Net Fixed Assets	25,072	34,716
Other Assets		
Long-term pledges receivable, net	48,143	60,226
Funds held in perpetual trust	15,500	15,500
Deposits	6,762	6,762
Total Other Assets	70,405	82,488
Total Assets	\$ 2,561,113	\$ 2,762,282

The Notes to Financial Statements are an integral part of these statements.

	<u>2013</u>	<u>2012</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 51,175	\$ 64,432
Accrued payroll liabilities	29,084	30,526
Deferred revenue	-	66,912
Deferred rent	2,302	2,302
Promises to give to others	172,913	278,240
	<u>255,474</u>	<u>442,412</u>
Long-term Liabilities		
Deferred rent, net of current portion	<u>3,261</u>	<u>5,563</u>
	<u>258,735</u>	<u>447,975</u>
Net Assets		
Unrestricted net assets	1,890,280	1,554,552
Temporarily restricted net assets	357,610	705,267
Permanently restricted net assets	<u>54,488</u>	<u>54,488</u>
	<u>2,302,378</u>	<u>2,314,307</u>
Total Liabilities and Net Assets	<u>\$ 2,561,113</u>	<u>\$ 2,762,282</u>

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2013 AND 2012

	2013			2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue							
Contributions and grants	\$ 465,856	\$ 211,673	\$ -	\$ 363,946	\$ 476,795	\$ -	\$ 840,741
Event revenue	502,767	15,050	-	412,018	83,690	-	495,708
Investment income	274,767	-	-	60,019	59	-	60,078
Direct mailing revenue	174,740	-	-	159,948	-	-	159,948
Conference revenue	13,174	73,735	-	16,125	26,450	-	42,575
Product sales, less cost of goods sold of \$4,655 for 2013 and \$2,618 for 2012	3,118	-	-	7,384	-	-	7,384
In-kind contributions	10,509	-	-	14,015	-	-	14,015
Net assets released from restrictions	648,115	(648,115)	-	478,589	(478,589)	-	-
Total Support and Revenue	2,093,046	(347,657)	-	1,512,044	108,405	-	1,620,449
Expenses							
Program services							
Conferences	262,884	-	-	56,336	-	-	56,336
Education and support	527,594	-	-	530,827	-	-	530,827
Research	459,711	-	-	469,414	-	-	469,414
Public awareness	61,896	-	-	61,640	-	-	61,640
Total Program Services	1,312,085	-	-	1,118,217	-	-	1,118,217
Support services							
General and administration	112,123	-	-	117,985	-	-	117,985
Fundraising	333,110	-	-	329,049	-	-	329,049
Total Support Services	445,233	-	-	447,034	-	-	447,034
Total Expenses	1,757,318	-	-	1,565,251	-	-	1,565,251
Change in Net Assets	335,728	(347,657)	-	(53,207)	108,405	-	55,198
Net Assets, beginning of year	1,554,552	705,267	54,488	1,607,759	596,862	54,488	2,259,109
Net Assets, end of year	\$ 1,890,280	\$ 357,610	\$ 54,488	\$ 1,554,552	\$ 705,267	\$ 54,488	\$ 2,314,307

The Notes to Financial Statements are an integral part of these statements.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (11,929)	\$ 55,198
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Depreciation	17,846	19,428
Unrealized (gain) loss on investments	(191,054)	38,242
Realized gain on investments	(41,166)	(53,535)
(Increase) Decrease in		
Pledges receivable	216,058	(21,727)
Inventory	(3,855)	(2,483)
Prepaid expenses	29,159	(31,122)
Increase (Decrease) in		
Accounts payable and accruals	(14,699)	22,874
Deferred revenue	(66,912)	66,912
Deferred rent	(2,302)	(2,302)
Promises to give to others	(105,327)	18,750
	<u>(174,181)</u>	<u>110,235</u>
Cash Flows from Investing Activities		
Payments for the purchase of property	(8,202)	(615)
Payments for the purchase of investments	(269,574)	(197,369)
Proceeds from sale of investments	372,002	260,145
	<u>94,226</u>	<u>62,161</u>
Net Cash (Used) Provided by Investing Activities	<u>94,226</u>	<u>62,161</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(79,955)	172,396
Cash and Cash Equivalents, beginning of year	<u>425,472</u>	<u>253,076</u>
Cash and Cash Equivalents, end of year	<u>\$ 345,517</u>	<u>\$ 425,472</u>

The Notes to Financial Statements are an integral part of these statements.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

1. DESCRIPTION OF THE FOUNDATION

Osteogenesis Imperfecta Foundation, Inc. (the Foundation or OIF) is a Georgia non-stock corporation incorporated in 1970 with the primary purpose of improving the quality of life for people affected by the bone disorder osteogenesis imperfecta (OI) through research into treatments and a cure, education, awareness, and mutual support. The Foundation's headquarters are located in Gaithersburg, Maryland.

The underlying categories represent the major program areas of the Foundation.

Public Awareness - OIF strives to build public awareness and generate additional support among people with OI, community organizations, government agencies, the general public, school personnel and medical professionals. The Foundation has a public service announcement, partners with related organizations such as The U.S. Bone & Joint Decade, the National Organization for Rare Disorders, the National Bone Health Alliance, the Rare Disease Patient Network, the National Health Council, the Federal Working Group on Bone, and the OI Federation of Europe. In addition, OIF participates in Rare Disease Day activities, and each May sponsors OI Awareness Week. In 2013, OI Awareness Week volunteers in 25 states held fundraising events, secured proclamations declaring it OI Awareness Week at the local and state levels, and contributed their personal stories to more than 20 publications across the country.

The Foundation manages four social networking sites and continues to offer, through its website www.oif.org, links to sites that might be helpful or interesting to parents and young people living with OI, in addition to sites that help older adults with OI manage their disorder throughout their life through mutual support. The Foundation also maintains an official OIF Facebook page that provides information and resources to all ages and is updated daily.

The Foundation is committed to advocating on behalf of people with OI and has established an advocacy initiative. A grassroots effort focuses on educating legislators and their staffs about OI and the priorities of the Foundation in addition to advocating for increased funding for the National Institutes of Health (NIH). In July 2012, more than 100 OIF volunteers traveled to Capitol Hill to encourage legislators to increase funding for NIH rare bone disease related research, specifically OI, and educated them on what it means to live with a rare and often debilitating disorder like OI.

Education and Support - The Foundation offers medically verified information related to osteogenesis imperfecta. Topics include medical issues such as genetics, diagnosis and treatments. Additional topics focus on daily living strategies, school and employment. The Foundation's staff replies to requests for information via phone, internet, fax, social media and mail. Educational materials are available in print and electronically through the OIF website. Print materials include books, brochures, fact sheets and a quarterly newsletter. Electronic materials include a monthly email newsletter, and via the website, fact sheets, booklets and brochures. Information on osteogenesis imperfecta is written for a variety of audiences including medical professionals, parents and other family members, children, adults who have OI, and school professionals. On average, 25,000 people use the website each month. Foundation staff and volunteers respond to more than 6,500 direct inquiries a year. Information from these contacts is used to assess the need for new resources. The OIF website has been visited 205,000 times in search of information.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

1. DESCRIPTION OF THE FOUNDATION (continued)

The Foundation sponsors a network of support groups across the United States. Support group activities provide opportunities for mutual support and increased community awareness. Currently, there are 41 active groups in 32 states. In addition, 24 volunteer resource people are active in 18 states.

Family Conference - The Foundation's principal educational event is the Biennial National Conference on OI. The conference brings together adults who have OI, parents, other family members and leading medical experts. This conference provides the opportunity for attendees to have face-to-face meetings with experienced physicians, learn about the latest research, and interact with other people who are affected by OI. The July 2012 conference had 700 attendees. The theme of the conference "Awareness, Advocacy, Action!" asked participants to help the Foundation raise awareness by sharing their "Unbreakable Spirit" in their community. The 2012 conference also presented the first Women's Forum, coordinated by two board members. The Forum was open to only women with OI and explored issues that directly affect women including nutrition, sexuality, pregnancy and overall women's health. The Forum was a success and will be repeated at the 2014 conference.

Research - The Foundation funds grants to support research relevant to understanding and treating osteogenesis imperfecta. Fellowships are awarded to post-doctoral trainees working on projects with clear relevance to OI. Seed grants are awarded for basic research and clinical studies to foster proof of concept studies. OIF hosts an annual Scientific Meeting to bring together leaders in clinical and basic research on a single topic related to OI. In addition, the Foundation participates in numerous research meetings sponsored by other organizations, including NIH. Every third year, OIF joins other OI associations at the International Scientific Congress on OI. The next International Scientific Congress on OI will be held in Wilmington, DE in 2014.

OIF also continued supporting two Michael Geisman Fellowships. Each of these studies examines specific genetic mutations that may someday lead to new treatments to strengthen bones, once they are better understood. Both researchers have been successful in moving their research forward. Their reports are available on the OIF website. In addition, the Foundation funded a clinical research grant that will lead to a better understanding of heart conditions related to OI, including heart valve problems, problems with the aorta, or other blood vessel problems.

The Foundation, in partnership with the Children's Brittle Bone Foundation (CBBF), supports the Linked Clinical Research Centers (LCRC) project. The project continued this year and reached and surpassed its enrollment goal of 500 people in the natural history study. The enrollment of over 500 people makes the natural history study very strong and will be a focal point of grant submissions to continue the work of the LCRC moving forward. Currently, information from the study is being released for publication. This work represents a long-term commitment to developing evidence-based treatments for OI across the entire lifespan and inspiring clinical care research. At this time, five centers are in operation in the United States and Canada. All contribute information to the central data management system. A registry of people with OI is part of this project.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

1. DESCRIPTION OF THE FOUNDATION (continued)

Scientific Meetings - In April 2013, 70 scientists gathered for the annual OIF scientific meeting. The meeting titled "Mouse Models for Dominant and Recessive OI" explored the idea of a growing awareness that the specific OI mutation may be a key to understanding why people with OI respond to treatments differently. This work is important because learning more about how OI works on a basic level is one way to identify potential new targets for treatments and will allow scientists to get a head start on testing drugs or potential drugs that are in the very earliest stages of development.

The Adult Health Initiative is another research activity of the Foundation. A survey of adults with OI was conducted in 2011. Follow-up activities included presentations at the 2012 OIF Science Meeting and a small working group met at the 2013 scientific meeting to continue examining the needs of adults who have OI and identifying areas needing research. This is an ongoing project with the goal of developing care guidelines for adults who have OI.

The Foundation also took the lead on presenting a working group meeting of the rare bone disease community at the October 2012 American Society of Bone & Mineral Research (ASBMR) annual meeting in Minneapolis, MN. The working group meeting, chaired by Medical Advisory Council member Dr. Jay Shapiro, continued the discussion about rare bone disease research and why it is important to all bone disease research. The working group attracted 75 scientists from around the world interested in rare bone disease research. Because of the leadership of OIF and the work of the rare bone disease organizations, ASBMR will make rare bone disease research the pre-meeting topic of the 2014 ASBMR annual meeting. The pre-meetings traditionally attract between 400 and 600 attendees.

Impact Grant Program - In partnership with CBBF, an annual competitive grant program has been established. It is designed to provide funding for items that will significantly improve the quality of life for a person who has OI and who has limited financial resources. Last year, funds were awarded for items like adapted vehicles, new mobility devices, computers, hearing aids, dental work and other products and services. The most recent funding cycle began in January 2013.

OIF continues to take the lead in developing programs that provide opportunities for scientific collaboration, mutual support for persons living with OI, and access to the most up-to-date and medically verified information about OI.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

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.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassifications

Certain amounts for the fiscal year ended June 30, 2012 have been reclassified for the purpose of comparison.

Cash and Cash Equivalents

The Foundation considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

The Foundation maintains its cash accounts with several financial institutions. The Federal Deposit Insurance Corporation (FDIC) secures these accounts up to \$250,000 per depositor. At June 30, 2013 and 2012, all of the Foundation's cash funds were insured by the FDIC.

Inventory

Inventory is recorded at the lower of cost or market using the first-in, first-out (FIFO) method of inventory valuation.

Prepaid Expenses

The Foundation records expenses incurred in advance for general operations and the Biennial National Conference as prepaid expenses.

Pledges Receivable

Pledges receivable represents amounts which have been promised but not yet received. Pledges are recorded at the original value less an estimate of uncollectible pledges. Pledges beyond one year are discounted to reflect the present value of the pledge.

Fixed Assets

The Foundation has a capitalization policy for qualifying assets in excess of \$300. Furniture and equipment are reported at cost. Assets and capital lease purchases are depreciated over a two to ten year estimated life using the straight-line method. Depreciation expense for the years ended June 30, 2013 and 2012 was \$17,846 and \$19,428, respectively.

Investments

Investments are accounted for at fair market value with any unrealized gains and losses reported in the statements of activities and changes in net assets.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value focuses on the price that would be received to sell the asset or paid to transfer the liability regardless of whether an observable liquid market price existed (an exit price). The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 - inputs to the valuation methodology are based upon unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 - inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities measured at fair value are based on one or more of three valuation techniques (market, cost, or income approach). The market approach evaluates prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The cost approach evaluates the amount that would be required to replace the service capacity of an asset (i.e., replacement cost). The income approach uses techniques that convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following describes the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2013 and 2012.

Common stocks: Common stocks are valued at the closing price reported in the active market in which the individual securities are traded.

Corporate and municipal bonds: Bonds are valued at the closing price reported in the active market in which the bond is traded.

Federal agency bonds: Valued at the closing price reported on the active market on which the individual bonds are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Promises to Give to Others

Research grants awarded prior to year end but not distributed are recorded as grants payable and expensed accordingly.

Deferred Revenue

The Foundation records income for conference fees which have been paid in advance as deferred revenue.

Net Assets

Net assets are reported by the Foundation in accordance with generally accepted accounting principles. Accordingly, net assets have been reported using the following categories.

Unrestricted

Unrestricted net assets represent resources over which the Board of Directors has discretionary control, and are used to carry out operations of the Foundation in accordance with their by-laws. Unrestricted net assets have been reserved by the Board of Directors for future operations. For the years ended June 30, 2013 and 2012, the balance of the Board designated net assets was \$1,890,280 and \$1,554,552, respectively.

Temporarily Restricted

Temporarily restricted net assets represent contributions and grants which have been restricted by donors for specific programs or activities. Restrictions, which have been met by the passage of time or expenditure of net assets, are reported as net assets released from restrictions on the statements of activities and changes in net assets. Temporarily restricted funds received and utilized in the same operating period are reported as temporarily restricted revenue and net assets released from restrictions on the statements of activities and changes in net assets. For the years ended June 30, 2013 and 2012, the Foundation received \$300,458 and \$586,994, respectively, in temporarily restricted assets. As of June 30, 2013 and 2012, temporarily restricted net assets were \$357,610 and \$705,267, respectively.

Permanently Restricted

Permanently restricted net assets represent contributions which have been restricted by donors indefinitely. The permanently restricted net assets have been identified by the Foundation and consist of an Endowment Fund. For the years ended June 30, 2013 and 2012, the Foundation did not receive any permanently restricted contributions. As of June 30, 2013 and 2012, permanently restricted net assets were \$54,488.

Volunteer Event Revenue

The Foundation receives a portion of its revenue from events hosted throughout the country by related and unrelated individuals and organizations. An event coordinator is available at the Foundation headquarters to help plan the event along with answering questions the sponsoring individual or organization may have. The Foundation provides event training, which includes on-site collection of revenue. Revenue from these events is collected by the sponsoring individual or organization, which then remits that revenue to the Foundation. The Foundation's website and lockbox provide assistance to the sponsors in collection of revenue.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Donated Services and Materials

Contributions of services are recognized if the services received create or enhance non-financial assets or require special skills, and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services and promises to give services that do not meet the above criteria are not recognized. During 2013 and 2012, the Foundation received \$10,509 and \$14,015 in donated materials or services, respectively.

In addition, the Foundation has estimated that total volunteer time donated during the years ended June 30, 2013 and 2012 was approximately \$243,540 and \$225,417, respectively, valued at \$22.14 and \$21.79 per hour, respectively. These services are not recorded in the accompanying financial statements as they did not meet the requirements as noted above in the previous paragraph.

Income Taxes

The Foundation has received a favorable tax determination letter from the Internal Revenue Service stating that it is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code. However, the Foundation is subject to unrelated business income tax for activities conducted outside its tax-exempt purpose. During 2013 and 2012, the Foundation did not conduct unrelated business activities.

Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

The Foundation has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements and no interest and penalties have been recorded in the accompanying financial statements related to uncertain tax positions.

The Foundation files an informational income tax return for Federal reporting purposes. Currently, the 2011, 2010 and 2009 income tax returns are open and subject to examination. The Foundation is not currently under audit by any income tax jurisdictions.

Subsequent Events

The date to which events occurring after June 30, 2013, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is October 28, 2013, which is the date on which the financial statements were available to be issued.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

3. INVESTMENTS

Investments are stated at fair value for all equity securities for which fair value is readily determinable. The carrying value and cost are as follows at June 30:

	2013		2012	
	Cost	Market	Cost	Market
Common stocks				
Consumer stock	\$ 264,564	\$ 388,044	\$ 290,046	\$ 361,903
Energy stock	106,496	122,129	95,054	104,097
Financial stock	97,054	117,541	146,755	120,216
Healthcare stock	203,330	252,232	191,837	206,420
Industrial stock	129,108	181,955	119,988	147,463
Technology stock	215,924	271,478	213,544	231,349
Subtotals	<u>1,016,476</u>	<u>1,333,379</u>	<u>1,057,224</u>	<u>1,171,448</u>
Municipal bonds	277,556	289,090	300,024	315,597
Federal agency bonds	27,798	25,007	27,798	26,316
Corporate bonds	125,480	128,669	125,480	132,992
Totals	<u>\$ 1,447,310</u>	<u>\$ 1,776,145</u>	<u>\$ 1,510,526</u>	<u>\$ 1,646,353</u>

Investment income included in the statements of activities and changes in net assets is as follows:

	2013	2012
Interest and dividends	\$ 42,547	\$ 44,785
Net change in realized and unrealized gain on investments	232,220	15,293
Investment income, net	<u>\$ 274,767</u>	<u>\$ 60,078</u>

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

4. FAIR VALUE MEASUREMENTS

The following table summarizes Osteogenesis Imperfecta Foundation, Inc.'s financial assets that were measured at fair value on a recurring basis as of June 30:

	2013			Total
	Level 1	Level 2	Level 3	
Common stocks				
Consumer stock	\$ 388,044	\$ -	\$ -	\$ 388,044
Energy stock	122,129	-	-	122,129
Financial stock	117,541	-	-	117,541
Healthcare stock	252,232	-	-	252,232
Industrial stock	181,955	-	-	181,955
Technology stock	271,478	-	-	271,478
Subtotal	<u>1,333,379</u>	<u>-</u>	<u>-</u>	<u>1,333,379</u>
Municipal bonds	-	289,090	-	289,090
Federal agency bonds	-	25,007	-	25,007
Corporate bonds	-	128,669	-	128,669
Total	<u>\$ 1,333,379</u>	<u>\$ 442,766</u>	<u>\$ -</u>	<u>\$ 1,776,145</u>

	2012			Total
	Level 1	Level 2	Level 3	
Common stocks				
Consumer stock	\$ 361,903	\$ -	\$ -	\$ 361,903
Energy stock	104,097	-	-	104,097
Financial stock	120,216	-	-	120,216
Healthcare stock	206,420	-	-	206,420
Industrial stock	147,463	-	-	147,463
Technology stock	231,349	-	-	231,349
Subtotal	<u>1,171,448</u>	<u>-</u>	<u>-</u>	<u>1,171,448</u>
Municipal bonds	-	315,597	-	315,597
Federal agency bonds	-	26,316	-	26,316
Corporate bonds	-	132,992	-	132,992
Total	<u>\$ 1,171,448</u>	<u>\$ 474,905</u>	<u>\$ -</u>	<u>\$ 1,646,353</u>

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

5. PLEDGES RECEIVABLE

Pledges receivable consist of the following at June 30:

	2013	2012
Pledges due in less than one year	\$ 305,160	\$ 510,931
Less: Allowance for uncollectible pledges	-	(1,796)
Net current pledges receivable	<u>305,160</u>	<u>509,135</u>
Due in one to five years	48,143	61,643
Less: Discount at present value	-	(1,417)
Net long-term pledges receivable	<u>48,143</u>	<u>60,226</u>
Total pledges receivable	<u>\$ 353,303</u>	<u>\$ 569,361</u>

All pledges receivable were considered collectible at June 30, 2013. Pledges written off as uncollectible were approximately \$2,000 for the year ended June 30, 2012.

6. LINE OF CREDIT

The Foundation has a \$100,000 line of credit with a commercial bank, which expires in July 2014. Outstanding borrowings bear interest at the Wall Street Journal prime rate. There was no outstanding balance as of June 30, 2013 and 2012.

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30:

	2013	2012
Adult health	\$ 23,196	\$ 17,138
Biennial Conference	4,220	39,212
Linked Clinical Research Centers	-	105,421
Impact Grant Program	297,146	375,886
OI research	32,767	132,205
Services to benefit hearing impaired	281	2,831
Educational projects	-	4,400
Development consultant	-	15,000
Adult book on OI	-	13,174
Total temporarily restricted net assets	<u>\$ 357,610</u>	<u>\$ 705,267</u>

Temporarily restricted net assets are available for the following purposes at June 30:

	2013	2012
Conferences	\$ 4,220	\$ 39,212
Education and support	297,427	411,291
Research	55,963	254,764
Total temporarily restricted net assets	<u>\$ 357,610</u>	<u>\$ 705,267</u>

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

8. PERMANENTLY RESTRICTED NET ASSETS

The Foundation was named as a beneficiary of a charitable remainder trust upon the death of the annuitant. As a result, \$15,500 was invested in a perpetual trust administered by a third party. The Foundation has the right to receive income earned on the asset. The principal asset is permanently restricted. The remaining \$38,988 is for lifetime memberships paid for in the 1990s that were designated as permanent endowments at the time of their contribution to the Foundation.

9. COMMITMENTS

The Foundation's office lease was renewed on December 1, 2010 for an additional 60 months until November 30, 2015. The lease extension provides for monthly payments of \$5,755. The lease provides for an annual escalation increase at a rate of three percent per annum. The lease also requires that the Foundation pay their pro-rata share of any building operating expenses in excess of the agreed-upon amount. Under the terms of the lease, the Foundation received an abatement of rent for the first two months of the extended term. The abatement is amortized over the life of the five year lease extension. Rent expense for the years ended June 30, 2013 and 2012 was \$70,076 and \$67,969, respectively.

The Foundation has entered into several agreements for office equipment and support services.

Future minimum payments under all lease agreements are as follows:

<u>Years ending June 30:</u>	
2014	\$ 78,541
2015	80,776
2016	36,377
2017	1,735
2018	107
Total future payments	<u>\$ 197,536</u>

During 2011, the Foundation entered into an agreement with a human resources leasing group to provide all related human resource services for employees. The agreement is on a month-to-month basis and may be cancelled by the Foundation with 30 days written notice.

10. CONCENTRATION OF RISK

For the year ended June 30, 2012, one entity accounted for 13 percent of revenue. No single entity accounted for more than 10 percent of revenue for the year ended June 30, 2013.

For the years ended June 30, 2013 and 2012, one entity accounted for 81 and 51 percent of pledges receivable, respectively.

11. RETIREMENT PLAN

The Foundation sponsors a 401(k) plan through its payroll service provider. The Foundation matches the first four percent of employee contributions. The contribution was \$13,959 and \$13,070 for the years ended June 30, 2013 and 2012, respectively.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

12. RISKS AND UNCERTAINTIES

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the Foundation's investments and the amounts reported in the statements of financial position and the statements of activities and changes in net assets.

SUPPLEMENTARY INFORMATION

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

SUPPLEMENTAL SCHEDULE OF EXPENSES BY SERVICES
FOR THE YEAR ENDED JUNE 30, 2013

	Program Services				General and Administration	Support Services		Overall Total
	Conferences	Education and Support	Research	Public Awareness		Total	Fundraising	
Salaries and fringe benefits	\$ 33,115	\$ 237,051	\$ 52,054	\$ 48,209	\$ 370,429	\$ 114,041	\$ 346,076	\$ 716,505
Bank fees	-	3	-	-	3	-	18,611	18,614
Consulting fees	833	710	3,235	416	5,194	37,734	37,889	43,083
Depreciation	-	-	-	-	-	-	17,846	17,846
Dues and subscriptions	-	3,803	-	-	3,803	-	200	4,003
Equipment rental and maintenance	-	-	-	-	-	420	7,563	7,563
Event expense	174,161	2,000	-	-	176,161	94,422	94,422	270,583
Grants and fellowships	-	122,138	219,574	-	341,712	-	-	341,712
Information technology and web support	-	38,193	2,010	-	40,203	2,010	21,107	61,310
Insurance	591	-	-	-	591	1,563	4,929	5,520
Interest expense	-	-	-	-	-	250	4,175	4,175
Licenses and permits	-	-	-	-	-	4,126	4,316	4,316
Meetings and conferences	-	438	80,909	-	81,347	428	2,476	83,823
Occupancy	-	-	-	-	-	-	70,076	70,076
Office supplies	-	303	-	-	303	-	7,691	7,994
Postage and delivery	-	3,674	205	16	3,895	6,855	9,586	13,481
Printing and duplicating	-	6,521	2,994	497	10,012	1,957	3,699	13,711
Professional development	-	385	-	-	385	110	110	495
Professional fees	-	153	-	-	153	1,267	31,454	31,607
Survey	-	-	2,173	-	2,173	-	-	2,173
Telephone	-	276	267	-	543	353	8,025	8,568
Travel	-	3,261	4,531	-	7,792	7,910	11,859	19,651
In-kind expenses	-	-	-	-	-	10,459	10,509	10,509
Total expenses, before indirect cost allocation	208,700	418,909	367,952	49,138	1,044,699	283,905	712,619	1,757,318
Indirect cost allocation	54,184	108,685	91,759	12,758	267,386	49,205	(267,386)	-
Total Expenses	\$ 262,884	\$ 527,594	\$ 459,711	\$ 61,896	\$ 1,312,085	\$ 333,110	\$ 445,233	\$ 1,757,318

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

SUPPLEMENTAL SCHEDULE OF EXPENSES BY SERVICES
FOR THE YEAR ENDED JUNE 30, 2012

	Program Services				General and Administration	Support Services		Overall Total
	Conferences	Education and Support	Research	Public Awareness		Total	Fundraising	
Salaries and fringe benefits	\$ 44,207	\$ 197,445	\$ 60,435	\$ 33,115	\$ 335,202	\$ 230,982	\$ 123,517	\$ 354,499
Bank fees	-	-	-	-	-	14,113	-	14,113
Consulting fees	-	900	1,700	-	2,600	584	16,296	16,880
Depreciation	-	-	-	-	-	19,428	-	19,428
Dues and subscriptions	-	3,386	-	-	3,386	-	-	3,386
Equipment rental and maintenance	-	-	-	-	-	2,753	-	2,753
Event expense	-	-	-	-	-	-	86,348	86,348
Grants and fellowships	-	143,367	226,706	-	370,073	-	-	370,073
Information technology and web support	-	37,902	2,010	-	39,912	17,070	2,010	19,080
Insurance	-	-	-	-	-	3,370	1,890	5,260
Interest expense	-	-	-	-	-	4,507	275	4,782
Licenses and permits	-	95	-	-	95	-	4,282	4,377
Meetings and conferences	-	2,319	71,526	-	73,845	3,803	276	77,924
Miscellaneous	-	-	-	-	-	185	-	185
Occupancy	-	-	-	-	-	67,969	-	67,969
Office supplies	-	38	-	-	38	12,385	345	12,768
Postage and delivery	-	11,822	3,286	106	15,214	1,567	5,758	22,539
Printing and duplicating	55	8,128	1,980	331	10,494	3,165	2,021	15,680
Professional fees	60	970	-	7,185	8,215	27,448	1,821	37,484
Survey	-	9,859	3,186	-	13,045	-	-	13,045
Telephone	20	815	357	-	1,192	7,345	218	8,755
Travel	1,621	3,173	805	159	5,758	1,993	8,443	16,194
In-kind expenses	-	-	-	9,500	9,500	915	3,600	14,015
Total expenses, before indirect cost allocation	45,963	420,219	371,991	50,396	888,569	419,582	257,100	1,565,251
Indirect cost allocation	10,373	110,608	97,423	11,244	229,648	(301,597)	71,949	(229,648)
Total Expenses	\$ 56,336	\$ 530,827	\$ 469,414	\$ 61,640	\$ 1,118,217	\$ 117,985	\$ 329,049	\$ 1,565,251