

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

YEARS ENDED JUNE 30, 2010 AND 2009

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

FINANCIAL REPORT
YEARS ENDED JUNE 30, 2010 AND 2009

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of Osteogenesis Imperfecta Foundation, Inc. as of June 30, 2010 and 2009, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of Osteogenesis Imperfecta Foundation, Inc.'s management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Osteogenesis Imperfecta Foundation, Inc. as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements of the Osteogenesis Imperfecta Foundation, Inc. taken as a whole. The accompanying supplemental statements of expenses by program are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information in the supplemental statements has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is presented fairly in all material aspects in relation to the financial statements taken as a whole.

Thompson, Greenman & Co., P.C.

Fairfax, Virginia
October 29, 2010

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2010 AND 2009

	2010	2009
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 348,323	\$ 576,064
Pledges receivable, net of allowance for uncollectible pledges	603,982	611,854
Other receivables	7,027	1,124
Investments	1,681,630	1,422,583
Prepaid expenses	38,515	13,411
Inventory	11,300	10,669
Total Current Assets	2,690,777	2,635,705
Fixed Assets		
Furniture and equipment	161,813	141,507
Leasehold improvements	4,206	4,206
Total Cost	166,019	145,713
Accumulated depreciation	(105,907)	(90,080)
Net Fixed Assets	60,112	55,633
Other Assets		
Pledges receivable, long-term	21,429	28,572
Funds held in perpetual trust	15,500	15,500
Deposits	6,762	6,762
Total Other Assets	43,691	50,834
Total Assets	\$ 2,794,580	\$ 2,742,172

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

	<u>2010</u>	<u>2009</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 157,908	\$ 107,067
Accrued expenses and vacation	27,201	20,425
Deferred revenue	48,177	-
Promises to give to others	<u>462,497</u>	<u>531,425</u>
Total Liabilities	<u>695,783</u>	<u>658,917</u>
Net Assets		
Unrestricted net assets	1,200,229	1,332,141
Temporarily restricted net assets	844,080	696,626
Permanently restricted net assets	<u>54,488</u>	<u>54,488</u>
Total Net Assets	<u>2,098,797</u>	<u>2,083,255</u>
Total Liabilities and Net Assets	<u><u>\$ 2,794,580</u></u>	<u><u>\$ 2,742,172</u></u>

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2010 AND 2009

	2010				2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue								
Contributions and grants	\$ 397,448	\$ 676,165	\$ -	\$ 1,073,613	\$ 472,381	\$ 590,689	\$ -	\$ 1,063,070
Event revenue	467,041	139,977	-	607,018	398,998	247,159	-	646,157
Direct mailing revenue	155,985	-	-	155,985	156,300	-	-	156,300
Conference revenue	500	60,875	-	61,375	6,657	81,301	-	87,958
Product sales, less cost of goods sold of \$2,061 for 2010 and \$3,788 for 2009	7,361	-	-	7,361	7,480	-	-	7,480
Investment income (loss)	122,563	420	-	122,983	(113,927)	2,711	-	(111,216)
In-kind contributions	2,754	-	-	2,754	20,392	-	-	20,392
Net assets released from restrictions	729,983	(729,983)	-	-	1,141,021	(1,141,021)	-	-
Total Support and Revenue	1,883,635	147,454	-	2,031,089	2,089,302	(219,161)	-	1,870,141
Expenses								
Program Services								
Conferences	99,435	-	-	99,435	233,146	-	-	233,146
Education and support	502,096	-	-	502,096	286,208	-	-	286,208
Research	902,935	-	-	902,935	1,036,353	-	-	1,036,353
Public awareness	62,604	-	-	62,604	58,839	-	-	58,839
Total Program Services	1,567,070	-	-	1,567,070	1,614,546	-	-	1,614,546
Support Services								
General and administration	100,555	-	-	100,555	126,312	-	-	126,312
Fundraising	347,922	-	-	347,922	298,034	-	-	298,034
Total Support Services	448,477	-	-	448,477	424,346	-	-	424,346
Total Expenses	2,015,547	-	-	2,015,547	2,038,892	-	-	2,038,892
Change in Net Assets	(131,912)	147,454	-	15,542	50,410	(219,161)	-	(168,751)
Net Assets, beginning of year	1,332,141	696,626	54,488	2,083,255	1,281,731	915,787	54,488	2,252,006
Net Assets, end of year	\$ 1,200,229	\$ 844,080	\$ 54,488	\$ 2,098,797	\$ 1,332,141	\$ 696,626	\$ 54,488	\$ 2,083,255

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

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
Cash Flows from Operating Activities		
Change in net assets	\$ 15,542	\$ (168,751)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	15,827	16,021
Unrealized gain on investments	(66,101)	(6,840)
Realized (gain) loss on investments	(14,681)	165,683
(Increase) Decrease in		
Pledges receivable	15,015	(38,531)
Other receivables	(5,903)	50,777
Inventory	(631)	(4,428)
Prepaid expenses and other assets	(25,104)	53,394
Increase (Decrease) in		
Accounts payable and accruals	57,617	3,169
Deferred revenue	48,177	(55,039)
Promises to give to others	(68,928)	(171,790)
Net Cash Used by Operating Activities	(29,170)	(156,335)
Cash Flows from Investing Activities		
Payments for the purchase of property	(20,306)	(13,675)
Payments for the purchase of investments	(824,376)	(770,226)
Proceeds from sale of investments	646,111	910,109
Net Cash (Used) Provided by Investing Activities	(198,571)	126,208
Net Decrease in Cash and Cash Equivalents	(227,741)	(30,127)
Cash and Cash Equivalents, beginning of year	576,064	606,191
Cash and Cash Equivalents, end of year	\$ 348,323	\$ 576,064

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

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

1. DESCRIPTION OF THE FOUNDATION

The Osteogenesis Imperfecta Foundation, Inc. (the Foundation) is a Georgia non-stock corporation incorporated in 1970 with the primary purpose of improving the quality of life for people affected by this bone disorder 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 - The Foundation strives to build public awareness and generate additional support among people with osteogenesis imperfecta (OI), community organizations, public agencies, and medical professionals. The Foundation offers medically verified information on osteogenesis imperfecta, from medical issues to daily living strategies, via phone, internet, fax, and mail. The Foundation also reaches out with print publications, press releases, DVDs, e-newsletters, and a website. The Foundation has a 30-second Public Service Announcement designed to be aired on local television stations. The Foundation also partners with related organizations such as The U.S. Bone & Joint Decade, NORD and the Rare Disease Patient Network.

The Foundation is committed to advocating on behalf of people with OI and has established an advocacy initiative. Advocacy efforts focus on educating legislators and their staffs about OI and the priorities of the Foundation in addition to advocating for increased funding from the National Institutes of Health.

Education and Support - The Foundation has 14 titles on its publication list; five are specifically for medical professionals and nine are for families, children and school professionals. Many of the titles are intended to serve multiple audiences. A total of 69 fact sheets presenting medically verified information on frequently requested topics are available through the Foundation website (www.oif.org) and in print. Two instructional DVDs with companion guides, a quarterly newsletter, and a monthly e-newsletter are also available. The publication, A Guide to OI for Pediatricians and Family Practice Physicians, is available both in print and as a PDF through the Foundation website. Topics covered include infant care, school issues, physical therapy and exercise, genetics, emotional needs of the family, child abuse allegations, fracture management, hearing loss, dental care, family planning and OI during the adult years. The interactive website offers information on all aspects of living with OI and the opportunity to join an online community. On average, over 20,000 people use the website each month. Foundation staff and volunteers respond to more than 6,000 direct inquiries a year. Information from these contacts is used to assess the need for new resources. New products are developed each year in response to relevant research discoveries, i.e. the recessive form of OI, and needs expressed by families, adults with OI and the professionals who work with them.

The Foundation sponsors a network of support groups across the United States. Through their meetings and networking activities these groups provide the opportunity to meet with other families who are affected by OI and share coping strategies. Currently, there are 32 active groups.

Conference - The Foundation's principal education event is the Biennial National Conference on OI. The July 2010 conference provided more than 500 people, those with OI and their family members, the latest medical, research and coping information. The Conference also provided the opportunity for attendees to have face-to-face meetings with physicians and therapists who are considered experts in caring for people with OI. Because OI is a rare disorder, for many, the Conference is their first opportunity to meet others who are living with OI.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

1. DESCRIPTION OF THE FOUNDATION (continued)

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 that will enable them to develop expertise in OI research. Seed grants are awarded for basic research and clinical studies to allow researchers to collect preliminary data as a basis for application to external major research funding sources or other long-term collaborative research efforts. Research related activities adopted by the Board of Directors include: medical symposiums, meetings, conference, advocacy efforts to encourage research by federal agencies and the indirect and actual costs to administer and advance all of the above research efforts of the Foundation. In 2004, the Foundation began funding a long-term project to develop Linked Clinical Research Centers (LCRC) to improve the quality of care and increase research relevant to OI. Included in the project is an OI registry to improve knowledge of the natural history of OI. After several years of planning, the first three centers were approved for funding in February 2008. The Principal Investigators of those centers began work on patient enrollment and data collection. In April 2009 three new institutions were added as Linked Clinical Research Centers - the National Institutes of Health, OI Program; Montreal Shriners Hospital and Chicago Shriners Hospital. The new Centers were officially recognized as LCRCs on July 1, 2009. Montreal Shriners and Chicago Shriners began enrolling patients in late 2009. The third site has not received institutional approval to begin enrolling patients.

Impact Grant Program - In 2009 the Foundation formed a partnership with the Children's Brittle Bone Foundation (CBBF) to implement the Impact Grant Program. This program provides equipment and services to people with OI in financial need when other forms of funding have been exhausted. In 2009 one round of funding provided six people with things like a computer and an accessible vehicle. The Foundation and CBBF will continue the partnership and have agreed to fund another round of grants.

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.

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. The Federal government permanently increased the FDIC deposit insurance limit to \$250,000 effective July 21, 2010. At June 30, 2010, all of the Foundation's cash funds are insured by FDIC. At June 30, 2009, the cash funds exceeded the FDIC insurance limits of \$250,000 by \$19,445.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

Inventory is recorded at cost 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, 2010 and 2009 was \$15,827 and \$16,021, respectively.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Unrealized and realized gains and losses are included in the statements of activities and changes in net assets.

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.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2010 and 2009, the balance of the Board designated net assets was \$1,200,229 and \$1,332,141, 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 restriction on the statements of activities and changes of net assets. For the years ended June 30, 2010 and 2009, the Foundation received \$877,437 and \$921,860, respectively, in temporarily restricted assets. As of June 30, 2010 and 2009, temporarily restricted net assets were \$844,080 and \$696,626, respectively.

Permanently Restricted Funds

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. Investment income generated from the principal of the permanently restricted net assets has been designated by the Board of Directors for reinvestment in the Endowment Fund. For the year ended June 30, 2010, the Foundation did not receive any permanently restricted contributions. As of June 30, 2010 and 2009, 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, 2010 AND 2009

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 2010 and 2009, the Foundation received \$2,754 and \$20,392 in donated materials or services, respectively.

In addition, the Foundation has estimated that total volunteer time donated during the years ended June 30, 2010 and 2009 was approximately \$213,700 and \$194,400, respectively, valued at \$20.85 and \$20.25 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 2010 and 2009, the Foundation did not conduct unrelated business activities.

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

The Foundation adopted the new accounting policy for uncertainty in income taxes on July 1, 2009. The adoption of that guidance resulted in no change to the financial statements. The Foundation has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Also as a result of this new guidance, 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 2008, 2007 and 2006 income tax returns are open and subject to examination. The Foundation is not currently under audit by any income tax jurisdictions.

Reclassifications

Certain reclassifications have been made to prior period balances to conform to the current year.

Subsequent Events

The date to which events occurring after June 30, 2010, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is October 29, 2010, which is the date on which the financial statements were available to be issued.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Fair value measurements establishes 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. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under fair value measurements are described as follows:

Level 1 Inputs to the valuation methodology are 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 inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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.

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 measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2010 and 2009.

Equity Securities: The fair value is determined by the over-the-counter market prices that are currently available on a securities exchange registered with the Securities and Exchange Commission.

Debt Securities: The fair value approximates the amount that would be paid by a buyer in an arms-length transaction, based on the interest rate, maturity and type of security.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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, 2010 AND 2009

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30:

	2010		2009	
	Cost	Market	Cost	Market
Equities (Level 1)	\$ 1,147,127	\$ 1,109,320	\$ 1,002,436	\$ 912,353
Corporate bonds (Level 2)	554,208	572,310	505,953	510,230
Totals	<u>\$ 1,701,335</u>	<u>\$ 1,681,630</u>	<u>\$ 1,508,389</u>	<u>\$ 1,422,583</u>

Investment income (loss) included in support and revenue for the years ended June 30, 2010 and 2009 includes interest and dividends of \$42,201 and \$46,761, respectively. Net appreciation in the fair value of investments totaled \$66,101 and \$6,840 for the years ended June 30, 2010 and 2009, respectively. Realized gains (losses) totaled \$14,681 and \$(165,683) for the years ended June 30, 2010 and 2009, respectively.

4. PLEDGES RECEIVABLE

Pledges receivable consist of the following at June 30:

	2010	2009
Pledges due in less than one year	\$ 611,341	\$ 622,486
Less: Allowance for uncollectible pledges	(7,359)	(10,632)
Net current pledges receivable	603,982	611,854
Due in one to five years	21,429	28,572
Total pledges receivable	<u>\$ 625,411</u>	<u>\$ 640,426</u>

5. TEMPORARILY RESTRICTED NET ASSETS

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

	2010	2009
Registry Project	\$ -	\$ 30,869
Biennial Conference	19,100	500
Children's Book Project	-	4,170
Linked Clinical Research Center	380,826	317,307
Impact Grant Program	254,071	202,500
OI Research	123,856	116,009
Services to benefit hearing impaired	6,378	7,504
Educational Projects	4,400	4,593
Conference	42,275	-
Adult book on OI	13,174	13,174
Total temporarily restricted net assets	<u>\$ 844,080</u>	<u>\$ 696,626</u>

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

5. TEMPORARILY RESTRICTED NET ASSETS (continued)

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

	2010	2009
Conferences	\$ 19,100	\$ 500
Education and Support	320,298	262,810
Research	504,682	433,316
Total temporarily restricted net assets	\$ 844,080	\$ 696,626

6. 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 1990's that were designated as permanent endowments at the time of their contribution to the Foundation.

7. COMMITMENTS

The Foundation's office lease was renewed subsequent to June 30, 2010 for an additional 60 months until December 1, 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, 2010 and 2009 was \$81,802 and \$80,809, 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>	
2011	\$ 74,239
2012	67,967
2013	70,079
2014	72,252
2015	74,487
Thereafter	31,239
Total Future Payments	\$ 390,263

During 2005, 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.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

8. CONCENTRATION OF RISK

One entity accounted for 23 percent of revenue for the year ended June 30, 2010 and for 80 percent of pledges receivable at June 30, 2010.

9. 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 \$13,188 and \$12,553 for the years ended June 30, 2010 and 2009, respectively.

10. RISKS AND UNCERTAINTIES

The Foundation invests in a combination of investment securities that are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect account balances and the amounts reported in the statements of financial position and activities and changes in net assets.

SUPPLEMENTAL INFORMATION

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

SUPPLEMENTAL SCHEDULE OF EXPENSES BY SERVICES
FOR THE YEAR ENDED JUNE 30, 2010

	Program Services					Support Services			Overall Total
	Conferences	Education and Support	Research	Public Awareness	Total	General and Administration	Fundraising	Total	
Salaries and fringe benefits	\$ 66,068	\$ 178,633	\$ 71,972	\$ 51,172	\$ 367,845	\$ 247,747	\$ 163,703	\$ 411,450	\$ 779,295
Bank fees	-	2	-	-	2	16,634	-	16,634	16,636
Consulting fees	-	1,126	-	-	1,126	323	-	323	1,449
Depreciation	-	-	-	-	-	15,827	-	15,827	15,827
Dues and subscriptions	-	3,386	-	-	3,386	-	370	370	3,756
Equipment rental and maintenance	-	-	-	-	-	5,443	-	5,443	5,443
Event expense	13,484	8,837	-	-	22,321	68	84,175	84,243	106,564
Grants and fellowships	-	139,133	585,690	-	724,823	-	-	-	724,823
Information technology and web support	-	39,926	-	-	39,926	16,001	2,010	18,011	57,937
Insurance	-	-	-	-	-	3,895	2,380	6,275	6,275
Interest expense	-	-	-	-	-	868	250	1,118	1,118
Licenses and permits	-	-	-	-	-	-	3,987	3,987	3,987
Meetings and conferences	-	196	69,751	-	69,947	11,504	143	11,647	81,594
Occupancy	-	-	-	-	-	81,802	-	81,802	81,802
Office supplies	500	-	65	-	565	12,163	112	12,275	12,840
Postage and delivery	20	17,455	50	2	17,527	3,341	11,923	15,264	32,791
Printing and duplicating	-	16,388	993	-	17,381	1,870	2,421	4,291	21,672
Professional development	-	-	-	-	-	618	-	618	618
Professional fees	1,188	1,506	5,736	-	8,430	24,096	2,866	26,962	35,392
Telephone	20	1,636	337	-	1,993	5,928	1,366	7,294	9,287
Travel	-	2,200	3,484	-	5,684	1,695	6,308	8,003	13,687
In-kind expenses	-	-	-	-	-	369	2,385	2,754	2,754
Total expenses, before indirect cost allocation	81,280	410,424	738,078	51,174	1,280,956	450,192	284,399	734,591	2,015,547
Indirect cost allocation	18,155	91,672	164,857	11,430	286,114	(349,637)	63,523	(286,114)	-
Total Expenses	\$ 99,435	\$ 502,096	\$ 902,935	\$ 62,604	\$ 1,567,070	\$ 100,555	\$ 347,922	\$ 448,477	\$ 2,015,547

See accompanying notes and independent auditors' report.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

SUPPLEMENTAL SCHEDULE OF EXPENSES BY SERVICES
FOR THE YEAR ENDED JUNE 30, 2009

	Program Services					Support Services			Overall Total
	Conferences	Education and Support	Research	Public Awareness	Total	General and Administration	Fundraising	Total	
Salaries and fringe benefits	\$ 43,487	\$ 154,927	\$ 59,856	\$ 47,609	\$ 305,879	\$ 243,782	\$ 192,457	\$ 436,239	\$ 742,118
Bank fees	-	-	-	-	-	16,616	-	16,616	16,616
Consulting fees	-	3,068	-	-	3,068	398	-	398	3,466
Depreciation	-	-	-	-	-	16,021	-	16,021	16,021
Dues and subscriptions	-	192	-	150	342	3,871	610	4,481	4,823
Equipment rental and maintenance	-	-	-	-	-	3,385	-	3,385	3,385
Event expense	147,548	-	129,043	-	276,591	-	-	-	276,591
Grants and fellowships	-	-	605,870	-	605,870	-	-	-	605,870
Information technology and web support	-	40,027	-	-	40,027	14,681	2,020	16,701	56,728
Insurance	144	165	-	-	309	4,275	1,980	6,255	6,564
Interest expense	-	-	-	-	-	666	250	916	916
Licenses and permits	-	93	-	-	93	-	3,637	3,637	3,730
Meetings and conferences	-	350	66,375	-	66,725	8,689	-	8,689	75,414
Miscellaneous	-	-	-	-	-	557	-	557	557
Occupancy	-	-	-	-	-	80,809	-	80,809	80,809
Office supplies	-	-	-	-	-	12,740	666	13,406	13,406
Postage and delivery	2	13,535	88	52	13,677	1,150	16,900	18,050	31,727
Printing and duplicating	-	22,081	391	614	23,086	1,295	2,780	4,075	27,161
Professional development	-	-	-	-	-	-	-	-	-
Professional fees	63	-	1,729	-	1,792	25,655	3,657	29,312	31,104
Telephone	5	1,230	267	48	1,550	5,730	1,493	7,223	8,773
Travel	893	118	180	-	1,191	2,763	8,767	11,530	12,721
In-kind expenses	-	-	-	-	-	7,876	12,516	20,392	20,392
Total expenses, before indirect cost allocation	192,142	235,786	863,799	48,473	1,340,200	450,959	247,733	698,692	2,038,892
Indirect cost allocation	41,004	50,422	172,554	10,366	274,346	(324,647)	50,301	(274,346)	-
Total Expenses	\$ 233,146	\$ 286,208	\$ 1,036,353	\$ 58,839	\$ 1,614,546	\$ 126,312	\$ 298,034	\$ 424,346	\$ 2,038,892

See accompanying notes and independent auditors' report.