

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

YEARS ENDED JUNE 30, 2011 AND 2010

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

FINANCIAL REPORT
YEARS ENDED JUNE 30, 2011 AND 2010

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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, 2011 and 2010, 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, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was 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, Greenman & Co., P.C.

Fairfax, Virginia
November 14, 2011

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010

	2011	2010
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 253,076	\$ 348,323
Pledges receivable, net of allowance for uncollectible pledges	375,584	603,982
Other receivables	80,102	7,027
Investments	1,693,836	1,681,630
Prepaid expenses	10,948	38,515
Inventory	19,565	11,300
Total Current Assets	2,433,111	2,690,777
Fixed Assets		
Furniture and equipment	146,241	161,813
Leasehold improvements	-	4,206
Total Cost	146,241	166,019
Accumulated depreciation	(92,712)	(105,907)
Net Fixed Assets	53,529	60,112
Other Assets		
Long-term pledges receivable, net	91,948	21,429
Funds held in perpetual trust	15,500	15,500
Deposits	6,762	6,762
Total Other Assets	114,210	43,691
Total Assets	\$ 2,600,850	\$ 2,794,580

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

	<u>2011</u>	<u>2010</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 44,254	\$ 157,908
Accrued expenses and vacation	102,324	27,201
Deferred revenue	-	48,177
Deferred rent	2,302	-
Promises to give to others	184,996	462,497
	<u>333,876</u>	<u>695,783</u>
Total Current Liabilities		
Long-term Liabilities		
Deferred rent, net of current portion	7,865	-
	<u>341,741</u>	<u>695,783</u>
Total Liabilities		
Net Assets		
Unrestricted net assets	1,607,759	1,200,229
Temporarily restricted net assets	596,862	844,080
Permanently restricted net assets	54,488	54,488
	<u>2,259,109</u>	<u>2,098,797</u>
Total Net Assets		
	<u>\$ 2,600,850</u>	<u>\$ 2,794,580</u>
Total Liabilities and Net Assets		

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2011 AND 2010

	2011			2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue							
Contributions and grants	\$ 356,633	\$ 465,712	\$ -	\$ 822,345	\$ 676,165	\$ -	\$ 1,073,613
Event revenue	448,296	116,700	-	564,996	139,977	-	607,018
Direct mailing revenue	156,742	-	-	156,742	-	-	155,985
Conference revenue	1,201	56,822	-	58,023	60,875	-	61,375
Product sales, less cost of goods sold of \$2,956 for 2011 and \$2,061 for 2010	9,104	-	-	9,104	-	-	7,361
Investment income	257,681	445	-	258,126	420	-	122,983
In-kind contributions	244	-	-	244	-	-	2,754
Net assets released from restrictions	886,897	(886,897)	-	729,983	(729,983)	-	-
Total Support and Revenue	2,116,798	(247,218)	-	1,869,580	147,454	-	2,031,089
Expenses							
Program services							
Conferences	193,854	-	-	193,854	-	-	99,435
Education and support	543,090	-	-	543,090	-	-	502,096
Research	432,112	-	-	432,112	-	-	902,935
Public awareness	86,509	-	-	86,509	-	-	62,604
Total Program Services	1,255,565	-	-	1,255,565	-	-	1,567,070
Support services							
General and administration	94,516	-	-	94,516	-	-	100,555
Fundraising	359,187	-	-	359,187	-	-	347,922
Total Support Services	453,703	-	-	453,703	-	-	448,477
Total Expenses	1,709,268	-	-	1,709,268	-	-	2,015,547
Change in Net Assets	407,530	(247,218)	-	(131,912)	147,454	-	15,542
Net Assets, beginning of year	1,200,229	844,080	54,488	1,332,141	696,626	54,488	2,083,255
Net Assets, end of year	\$ 1,607,759	\$ 596,862	\$ 54,488	\$ 1,200,229	\$ 844,080	\$ 54,488	\$ 2,098,797

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

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Cash Flows from Operating Activities		
Change in net assets	\$ 160,312	\$ 15,542
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	18,885	15,827
Loss on disposal of property	613	-
Unrealized gain on investments	(189,606)	(66,101)
Realized gain on investments	(24,047)	(14,681)
(Increase) Decrease in		
Pledges receivable	157,879	15,015
Other receivables	(73,075)	(5,903)
Inventory	(8,265)	(631)
Prepaid expenses	27,567	(25,104)
Increase (Decrease) in		
Accounts payable and accruals	(38,531)	57,617
Deferred revenue	(48,177)	48,177
Deferred rent	10,167	-
Promises to give to others	(277,501)	(68,928)
Net Cash Used by Operating Activities	(283,779)	(29,170)
Cash Flows from Investing Activities		
Payments for the purchase of property	(12,915)	(20,306)
Payments for the purchase of investments	(435,668)	(824,376)
Proceeds from sale of investments	637,115	646,111
Net Cash Provided (Used) by Investing Activities	188,532	(198,571)
Net Decrease in Cash and Cash Equivalents	(95,247)	(227,741)
Cash and Cash Equivalents, beginning of year	348,323	576,064
Cash and Cash Equivalents, end of year	\$ 253,076	\$ 348,323

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

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

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, e-books 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, the National Bone Health Alliance and the Rare Disease Patient Network.

The Foundation is committed to advocating on behalf of people with OI and has established an advocacy initiative. A grassroots advocacy effort focuses 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. Currently, the grassroots network has more than 75 active participants.

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 71 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 43 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, 2011 AND 2010

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, conferences, 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 Hospital and Chicago Shriners Hospital began enrolling patients in late 2009. The third site has not received institutional approval to begin enrolling patients. To date, the LCRC Natural History Study, the first initiative of the five centers, has 500 patients enrolled and will unveil data in October 2011 relative to the findings from the study and what it means to improved future treatments for people living with OI.

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. In late 2009 and 2010 two more rounds of funding helped provide 24 additional grantees with accessible vehicles, dental work, hearing aids and adaptive equipment for their homes. During 2011, the Impact Grant Committee awarded 19 grants to help improve the lives of people with osteogenesis imperfecta.

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, 2011 AND 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2011 and 2010, 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, 2011 and 2010 was \$18,885 and \$15,827, 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, 2011 AND 2010

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, 2011 and 2010, the balance of the Board designated net assets was \$1,607,759 and \$1,200,229, 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 in net assets. For the years ended June 30, 2011 and 2010, the Foundation received \$639,679 and \$877,437, respectively, in temporarily restricted assets. As of June 30, 2011 and 2010, temporarily restricted net assets were \$596,862 and \$844,080, 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. 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 years ended June 30, 2011 and 2010, the Foundation did not receive any permanently restricted contributions. As of June 30, 2011 and 2010, 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, 2011 AND 2010

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 2011 and 2010, the Foundation received \$244 and \$2,754 in donated materials or services, respectively.

In addition, the Foundation has estimated that total volunteer time donated during the years ended June 30, 2011 and 2010 was approximately \$225,348 and \$213,700, respectively, valued at \$21.36 and \$20.85 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 2011 and 2010, 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 2009, 2008 and 2007 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, 2011, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is November 14, 2011, which is the date on which the financial statements were available to be issued.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. In addition, the fair value of liabilities should include consideration of non-performance risk including our own credit risk.

The fair value hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels, which are determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

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.

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, 2011 AND 2010

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:

	2011		2010	
	Cost	Market	Cost	Market
Level 1 Investments				
Common Stocks				
Consumer stock	\$ 287,503	\$ 342,505	\$ 359,721	\$ 353,474
Energy stock	102,241	119,794	94,530	77,390
Financial stock	95,264	96,951	56,146	61,954
Healthcare stock	221,836	232,349	245,846	237,054
Industrial stock	94,424	132,288	106,278	122,133
Technology stock	202,459	237,881	284,606	257,315
Total level 1 investments	<u>1,003,727</u>	<u>1,161,768</u>	<u>1,147,127</u>	<u>1,109,320</u>
Level 2 Investments				
Municipal bonds	310,028	316,123	155,700	156,561
Federal agency bonds	27,798	27,513	165,958	171,713
Corporate bonds	178,214	188,432	228,382	244,036
Total level 2 investments	<u>516,040</u>	<u>532,068</u>	<u>550,040</u>	<u>572,310</u>
Totals	<u>\$ 1,519,767</u>	<u>\$ 1,693,836</u>	<u>\$ 1,697,167</u>	<u>\$ 1,681,630</u>

Investment income included in support and revenue for the years ended June 30, 2011 and 2010 includes interest and dividends of \$44,473 and \$42,201, respectively. Net appreciation in the fair value of investments totaled \$189,606 and \$66,101 for the years ended June 30, 2011 and 2010, respectively. Realized gains totaled \$24,047 and \$14,681 for the years ended June 30, 2011 and 2010, respectively.

4. PLEDGES RECEIVABLE

Pledges receivable consist of the following at June 30:

	2011	2010
Pledges due in less than one year	\$ 381,015	\$ 611,341
Less: Allowance for uncollectible pledges	(5,431)	(7,359)
Net current pledges receivable	<u>375,584</u>	<u>603,982</u>
Due in one to five years	97,286	21,429
Less: Discount at present value	(5,338)	-
Net long-term pledges receivable	<u>91,948</u>	<u>21,429</u>
Total pledges receivable	<u>\$ 467,532</u>	<u>\$ 625,411</u>

Pledges written off as uncollectible were approximately \$5,000 and \$8,000 for the years ended June 30, 2011 and 2010, respectively.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

5. LINE OF CREDIT

The Foundation entered into a \$50,000 line of credit with a commercial bank on May 19, 2011, which is renewable annually. Outstanding borrowings bear interest at the Wall Street Journal prime rate plus 100 basis points with a floor of 4.25 percent. All of the business assets of the Foundation serve as collateral for the line of credit. No advances were outstanding on this line at June 30, 2011.

6. TEMPORARILY RESTRICTED NET ASSETS

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

	2011	2010
Adult health	\$ 10,830	\$ -
Biennial Conference	4,888	19,100
Linked Clinical Research Centers	170,696	380,826
Impact Grant Program	368,378	254,071
OI Research	20,766	123,856
Services to benefit hearing impaired	3,730	6,378
Educational projects	4,400	4,400
Conference	-	42,275
Adult book on OI	13,174	13,174
Total temporarily restricted net assets	<u>\$ 596,862</u>	<u>\$ 844,080</u>

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

	2011	2010
Conferences	\$ 4,888	\$ 19,100
Education and support	389,682	320,298
Research	202,292	504,682
Total temporarily restricted net assets	<u>\$ 596,862</u>	<u>\$ 844,080</u>

7. 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.

8. 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, 2011 and 2010 was \$73,026 and \$81,802, respectively.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

8. COMMITMENTS (continued)

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

Future minimum payments under all lease agreements are as follows:

Years ending June 30:

2012	\$	70,269
2013		72,381
2014		74,554
2015		76,789
2016		32,390
Total Future Payments	\$	<u>326,383</u>

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.

9. CONCENTRATION OF RISK

For the years ended June 30, 2011 and 2010, one entity accounted for 12 and 23 percent of revenue and for 64 and 80 percent of pledges receivable, respectively.

10. 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 \$13,155 and \$13,188 for the years ended June 30, 2011 and 2010, respectively.

11. 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, 2011

	Program Services				General and Administration	Support Services		Overall Total
	Conferences	Education and Support	Research	Public Awareness		Total	Fundraising	
Salaries and fringe benefits	\$ 15,516	\$ 202,713	\$ 61,332	\$ 68,204	\$ 216,140	\$ 176,580	\$ 392,720	\$ 740,485
Bank fees	-	2	-	-	15,639	-	15,639	15,641
Consulting fees	-	1,000	-	-	300	-	300	1,300
Depreciation	-	-	-	-	18,885	-	18,885	18,885
Dues and subscriptions	-	3,178	-	-	185	-	185	3,363
Equipment rental and maintenance	-	-	-	-	4,231	-	4,231	4,231
Event expense	139,288	7,736	10,165	-	-	85,512	85,512	242,701
Grants and fellowships	-	164,689	211,229	-	-	-	-	375,918
Information technology and web support	-	37,953	2,011	-	16,631	2,010	18,641	58,605
Insurance	874	-	-	-	3,332	1,987	5,319	6,193
Interest expense	-	-	-	-	3,933	250	4,183	4,183
Licenses and permits	-	-	-	-	-	4,144	4,144	4,144
Meetings and conferences	-	3,882	52,652	-	6,888	388	7,276	63,810
Miscellaneous	-	-	-	-	695	-	695	695
Occupancy	-	-	-	-	74,964	-	74,964	74,964
Office supplies	513	181	60	177	11,037	-	11,037	11,968
Postage and delivery	1,219	2,976	829	63	1,166	7,157	8,323	13,410
Printing and duplicating	-	12,168	-	1,106	2,470	2,436	4,906	18,180
Professional fees	-	179	-	-	25,845	1,788	27,633	27,812
Telephone	2	1,607	501	-	5,411	240	5,651	7,761
Travel	48	2,867	945	718	1,179	9,018	10,197	14,775
In-kind expenses	-	-	-	-	-	244	244	244
Total expenses, before indirect cost allocation	157,460	441,131	339,724	70,268	408,931	291,754	700,685	1,709,268
Indirect cost allocation	36,394	101,959	92,388	16,241	(314,415)	67,433	(246,982)	-
Total Expenses	\$ 193,854	\$ 543,090	\$ 432,112	\$ 86,509	\$ 94,516	\$ 359,187	\$ 453,703	\$ 1,709,268

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