



OF ANNUAL REPORT

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

YEARS ENDED JUNE 30, 2014 AND 2013

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

FINANCIAL REPORT
YEARS ENDED JUNE 30, 2014 AND 2013

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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, 2014 and 2013, 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, 2014 and 2013, 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

Fairfax, Virginia
November 24, 2014

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013**

	2014	2013
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 381,244	\$ 345,517
Pledges receivable, net of allowance for uncollectible pledges	296,934	305,160
Investments	1,869,149	1,776,145
Inventory	25,927	25,903
Prepaid expenses	28,198	12,911
Total Current Assets	2,601,452	2,465,636
Fixed Assets		
Furniture and equipment	151,176	142,749
Accumulated depreciation	(128,129)	(117,677)
Net Fixed Assets	23,047	25,072
Other Assets		
Long-term pledges receivable, net	53,398	48,143
Funds held in perpetual trust	15,500	15,500
Deposits	6,762	6,762
Total Other Assets	75,660	70,405
Total Assets	\$ 2,700,159	\$ 2,561,113

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

	<u>2014</u>	<u>2013</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 64,396	\$ 51,175
Accrued payroll liabilities	35,818	29,084
Deferred revenue	65,152	-
Deferred rent	2,302	2,302
Promises to give to others	<u>146,764</u>	<u>172,913</u>
Total Current Liabilities	314,432	255,474
Long-term Liabilities		
Deferred rent, net of current portion	<u>959</u>	<u>3,261</u>
Total Liabilities	<u>315,391</u>	<u>258,735</u>
Net Assets		
Unrestricted net assets	1,993,781	1,890,280
Temporarily restricted net assets	336,499	357,610
Permanently restricted net assets	<u>54,488</u>	<u>54,488</u>
Total Net Assets	<u>2,384,768</u>	<u>2,302,378</u>
Total Liabilities and Net Assets	<u><u>\$ 2,700,159</u></u>	<u><u>\$ 2,561,113</u></u>

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2014 AND 2013**

	2014			2013				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue								
Contributions and grants	\$ 397,749	\$ 261,696	\$ -	\$ 659,445	\$ 465,856	\$ 211,673	\$ -	\$ 677,529
Event revenue	460,145	42,157	-	502,302	502,767	15,050	-	517,817
Investment income	292,180	-	-	292,180	274,767	-	-	274,767
Direct mailing revenue	163,693	-	-	163,693	174,740	-	-	174,740
Conference revenue	4,733	10,886	-	15,619	13,174	73,735	-	86,909
Product sales, less cost of goods sold of \$2,053 for 2014 and \$4,655 for 2013	877	-	-	877	3,118	-	-	3,118
In-kind contributions	4,489	-	-	4,489	10,509	-	-	10,509
Net assets released from restrictions	335,850	(335,850)	-	-	648,115	(648,115)	-	-
Total Support and Revenue	1,659,716	(21,111)	-	1,638,605	2,093,046	(347,657)	-	1,745,389
Expenses								
Program services								
Conferences	106,999	-	-	106,999	262,884	-	-	262,884
Education and support	516,422	-	-	516,422	527,594	-	-	527,594
Research	363,674	-	-	363,674	459,711	-	-	459,711
Public awareness	59,227	-	-	59,227	61,896	-	-	61,896
Total Program Services	1,046,322	-	-	1,046,322	1,312,085	-	-	1,312,085
Support services								
General and administration	122,378	-	-	122,378	112,123	-	-	112,123
Fundraising	387,515	-	-	387,515	333,110	-	-	333,110
Total Support Services	509,893	-	-	509,893	445,233	-	-	445,233
Total Expenses	1,556,215	-	-	1,556,215	1,757,318	-	-	1,757,318
Change in Net Assets	103,501	(21,111)	-	82,390	335,728	(347,657)	-	(11,929)
Net Assets, beginning of year	1,890,280	357,610	54,488	2,302,378	1,554,552	705,267	54,488	2,314,307
Net Assets, end of year	\$ 1,993,781	\$ 336,499	\$ 54,488	\$ 2,384,768	\$ 1,890,280	\$ 357,610	\$ 54,488	\$ 2,302,378

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

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

**STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013**

	2014	2013
Cash Flows from Operating Activities		
Change in net assets	\$ 82,390	\$ (11,929)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	10,732	17,846
Unrealized gain on investments	(161,215)	(191,054)
Realized gain on investments	(88,028)	(41,166)
Deferred rent	(2,302)	(2,302)
(Increase) Decrease in		
Pledges receivable	2,971	216,058
Inventory	(24)	(3,855)
Prepaid expenses	(15,287)	29,159
Increase (Decrease) in		
Accounts payable and accruals	19,955	(14,699)
Deferred revenue	65,152	(66,912)
Promises to give to others	(26,149)	(105,327)
	<u>(111,805)</u>	<u>(174,181)</u>
Net Cash Used by Operating Activities		
Cash Flows from Investing Activities		
Payments for the purchase of property	(8,707)	(8,202)
Payments for the purchase of investments	(399,864)	(269,574)
Proceeds from sale of investments	556,103	372,002
	<u>147,532</u>	<u>94,226</u>
Net Cash Provided by Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	35,727	(79,955)
Cash and Cash Equivalents, beginning of year	<u>345,517</u>	<u>425,472</u>
Cash and Cash Equivalents, end of year	<u>\$ 381,244</u>	<u>\$ 345,517</u>

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

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

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 2014, OI Awareness Week volunteers in 30 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 2013, more than 25 OIF volunteers joined an additional 75 rare bone disease volunteers and 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. Special emphasis was placed on encouraging legislators to increase funding for programs that support longitudinal studies like the OIF Linked Clinical Research Center program.

Education and Support – The Foundation offers medically verified information related to OI. 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 300,000 times in search of information.

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, 26 volunteer resource people are active in 20 states.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

1. DESCRIPTION OF THE FOUNDATION (continued)

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 August 2014 conference had 600 attendees. The theme of the conference "Celebrate You!" encouraged participants to celebrate the wonderful accomplishments they have made in their lives and encouraged them to continue setting goals for the future. The 2014 conference also presented the second 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 2014 conference also presented for the first time a Youth Forum which attracted more than 50 young people between the ages of 16 and 23. Presentations directed at their age group focused on independent living; college preparation; transitioning to adult medical care and how to develop successful relationships. Both forums were well attended and successful.

Research – The Foundation funds grants to support research relevant to understanding and treating OI. 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, Delaware 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, OIF held a clinical research meeting that brought together more than 150 clinicians from around the country and presented topics on physical therapy, surgical interventions, new drug therapies and information on how OI affects other organs and senses in the body, including the heart, lungs, eyes and hearing.

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. In 2014, two publications were released from information obtained from the LCRC and more publications are in progress. This work represents a long-term commitment to develop evidence-based treatments for OI across the entire lifespan and inspire 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. Due in part to the success of the LCRC project, the NIH awarded the Baylor College of Medicine a rare disease consortium grant to conduct OI-related research for a five-year period. OI is the first rare bone disease admitted to the NIH's Rare Diseases Clinical Research Network. The funds will support pilot projects as well as the core project, which is the longitudinal study of OI. This grant is the product of a very strong collaboration between the OI scientific community and the OI Foundation.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

1. DESCRIPTION OF THE FOUNDATION (continued)

Scientific Meetings - In April 2014, 100 scientists gathered for the annual OIF scientific meeting. The meeting titled "The Treatments in OI" focused on various areas of research that directly affect patient outcomes, including pharmacological and surgical treatments. It is important to keep all researchers current with the most up-to-date research on treatments that physicians will potentially use with their patients.

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 that 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 Adult Health Initiative is an important part of the NIH Rare Diseases Clinical Research Network grant.

The Foundation also took the lead on presenting a working group meeting of the rare bone disease community at the October 2013 American Society of Bone & Mineral Research (ASBMR) annual meeting in Baltimore, Maryland. The working group meeting, chaired by Medical Advisory Council (MAC) member Dr. Michael Whyte, 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, the 2014 ASBMR pre-meeting focused on rare bone diseases and was chaired by MAC members Dr. Laura Tosi and Dr. Matt Warman. OIF CEO Tracy Hart was the meeting's organizer.

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 2014.

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.

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.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents (continued)

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. Cash balances exceeded FDIC insurance limits by approximately \$74,000 at June 30, 2014.

Donated securities or other assets that have no donor-imposed restrictions and that are immediately converted into cash are classified as cash from operating activities. During the year ended June 30, 2014, the Foundation received \$9,576 in donated stock that was immediately converted into cash and recognized as cash from operating activities in the accompanying statements of cash flows.

Inventory

Inventory is recorded at the lower of cost or market using the first-in, first-out (FIFO) method of inventory valuation. Inventory consists of books and videos to help children cope with OI, as well as small goods to promote OI awareness.

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 due 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, 2014 and 2013 was \$10,732 and \$17,846, 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.

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.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value (continued)

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, 2014 and 2013.

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.

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.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets (continued)

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, 2014 and 2013, the balance of the Board-designated net assets was \$1,993,781 and \$1,890,280, 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, 2014 and 2013, the Foundation received \$314,739 and \$300,458, respectively, in temporarily restricted assets. As of June 30, 2014 and 2013, temporarily restricted net assets were \$336,499 and \$357,610, 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, 2014 and 2013, the Foundation did not receive any permanently restricted contributions. As of June 30, 2014 and 2013, 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 as well as answer 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.

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 2014 and 2013, the Foundation received \$4,489 and \$10,509 in donated materials or services, respectively.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Services and Materials (continued)

In addition, the Foundation has estimated that total volunteer time donated during the years ended June 30, 2014 and 2013 was approximately \$254,928 and \$243,540, respectively, valued at \$22.55 and \$22.14 per hour, respectively. These services are not recorded in the accompanying financial statements as they did not meet the requirements as noted 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 2014 and 2013, 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 2012, 2011 and 2010 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, 2014, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is November 24, 2014, which is the date on which the financial statements were available to be issued.

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:

	2014		2013	
	Cost	Market	Cost	Market
Common stocks				
Consumer stock	\$ 207,354	\$ 350,287	\$ 264,564	\$ 388,044
Energy stock	101,131	147,762	106,496	122,129
Financial stock	81,519	105,243	97,054	117,541
Healthcare stock	159,366	240,862	203,330	252,232
Industrial stock	131,265	217,219	129,108	181,955
Technology stock	143,307	248,842	215,924	271,478
Subtotals	823,942	1,310,215	1,016,476	1,333,379
Municipal bonds	555,230	558,934	277,556	289,090
Federal agency bonds	-	-	27,798	25,007
Corporate bonds	-	-	125,480	128,669
Totals	\$ 1,379,172	\$ 1,869,149	\$ 1,447,310	\$ 1,776,145

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

3. INVESTMENTS (continued)

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

	2014	2013
Interest and dividends	\$ 42,937	\$ 42,547
Net change in realized and unrealized gain on investments	249,243	232,220
Investment income, net	\$ 292,180	\$ 274,767

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:

	2014			
	Level 1	Level 2	Level 3	Total
Common stocks				
Consumer stock	\$ 350,287	\$ -	\$ -	\$ 350,287
Energy stock	147,762	-	-	147,762
Financial stock	105,243	-	-	105,243
Healthcare stock	240,862	-	-	240,862
Industrial stock	217,219	-	-	217,219
Technology stock	248,842	-	-	248,842
Subtotal	1,310,215	-	-	1,310,215
Municipal bonds	-	558,934	-	558,934
Total	\$ 1,310,215	\$ 558,934	\$ -	\$ 1,869,149
	2013			
	Level 1	Level 2	Level 3	Total
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	1,333,379	-	-	1,333,379
Municipal bonds	-	289,090	-	289,090
Federal agency bonds	-	25,007	-	25,007
Corporate bonds	-	128,669	-	128,669
Total	\$ 1,333,379	\$ 442,766	\$ -	\$ 1,776,145

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

5. PLEDGES RECEIVABLE

Pledges receivable consist of the following at June 30:

	2014	2013
Pledges due in less than one year	\$ 302,454	\$ 305,160
Less: Allowance for uncollectible pledges	(5,520)	-
Net current pledges receivable	296,934	305,160
Due in one to five years	58,072	48,143
Less: Discount at present value	(4,674)	-
Net long-term pledges receivable	53,398	48,143
Total pledges receivable	\$ 350,332	\$ 353,303

6. LINE OF CREDIT

The Foundation has a \$100,000 line of credit with a commercial bank, which expires in July 2015. Outstanding borrowings bear interest at the Wall Street Journal prime rate. There was no outstanding balance as of June 30, 2014 and 2013.

7. TEMPORARILY RESTRICTED NET ASSETS

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

	2014	2013
Adult health	\$ 33,120	\$ 23,196
Biennial Conference	27,719	4,220
OI Resource Center	5,000	-
Fundraising	3,000	-
Impact Grant Program	188,438	297,146
Linked Clinical Research Centers	60,000	-
OI research	18,941	32,767
Services to benefit hearing impaired	281	281
Total temporarily restricted net assets	\$ 336,499	\$ 357,610

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

	2014	2013
Conferences	\$ 27,719	\$ 4,220
Education and support	251,719	297,427
Research	57,061	55,963
Total temporarily restricted net assets	\$ 336,499	\$ 357,610

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

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 leases office space, which expires on November 30, 2015. The lease agreement provides for monthly payments of \$6,289. 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, 2014 and 2013 was \$72,246 and \$70,076, 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>	
2015	\$ 80,776
2016	36,377
2017	1,735
2018	107
Total future payments	<u>\$ 118,995</u>

The Foundation has 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, 2014, three entities accounted for 67 percent of pledges receivable. For the year ended June 30, 2013, one entity accounted for 81 percent of pledges receivable.

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 \$18,191 and \$13,959 for the years ended June 30, 2014 and 2013, respectively.

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, 2014

	Program Services				Support Services		Overall Total
	Conferences	Education and Support	Research	Public Awareness	General and Administration	Fundraising	
Salaries and fringe benefits	\$ 68,962	\$ 247,507	\$ 47,638	\$ 45,737	\$ 233,883	\$ 125,388	\$ 359,271
Bank fees	373	-	-	-	24,304	-	24,304
Consulting fees	-	600	2,500	-	-	8,000	8,000
Depreciation	-	-	-	-	10,732	-	10,732
Dues and subscriptions	-	2,345	-	-	83	-	83
Equipment rental and maintenance	-	-	-	-	1,599	313	1,912
Event expense	5	-	-	-	-	136,124	136,124
Grants and fellowships	-	82,942	123,981	-	-	-	-
Information technology and web support	125	37,714	2,010	-	19,186	2,154	21,340
Insurance	-	-	-	-	3,281	1,805	5,086
Interest expense	-	-	-	-	4,272	250	4,522
Licenses and permits	-	-	-	-	-	4,501	4,501
Meetings and conferences	12,323	1,343	102,755	-	3,827	26	3,853
Miscellaneous	-	-	-	-	334	-	334
Occupancy	-	-	-	-	72,246	-	72,246
Office supplies	-	8	-	-	16,027	26	16,053
Postage and delivery	-	5,872	15	-	1,489	7,020	8,509
Printing and duplicating	250	18,891	90	519	2,540	2,148	4,688
Professional development	-	-	-	-	198	-	198
Professional fees	-	365	2,421	-	34,305	550	34,855
Telephone	120	347	100	-	7,975	126	8,101
Travel	1,407	5,387	2,516	-	120	9,726	9,846
In-kind expenses	-	-	-	-	-	4,489	4,489
Total expenses, before indirect cost allocation	83,565	403,321	284,026	46,256	436,401	302,646	739,047
Indirect cost allocation	23,434	113,101	79,648	12,971	(314,023)	84,869	(229,154)
Total Expenses	\$ 106,999	\$ 516,422	\$ 363,674	\$ 59,227	\$ 122,378	\$ 387,515	\$ 509,893
							\$ 1,556,215

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

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

	Program Services				Support Services		Overall Total	
	Conferences	Education and Support	Research	Public Awareness	General and Administration	Fundraising		Total
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	48,205	(267,386)	-
Total Expenses	\$ 262,884	\$ 527,594	\$ 459,711	\$ 61,896	\$ 1,312,085	\$ 333,110	\$ 445,233	\$ 1,757,318

