

Financial Statements

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

YEARS ENDED JUNE 30, 2012 AND 2011

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

FINANCIAL REPORT
YEARS ENDED JUNE 30, 2012 AND 2011

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THOMPSON, GREENSPON & CO., P.C.

Certified Public Accountants
Management Consultants

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, 2012 and 2011, 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, 2012 and 2011, 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 conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of expenses by services are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Thompson, Greenspon & Co., P.C.

Fairfax, Virginia
November 19, 2012

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 425,472	\$ 253,076
Pledges receivable, net of allowance for uncollectible pledges	466,635	375,584
Other receivables	42,500	80,102
Investments	1,646,353	1,693,836
Prepaid expenses	42,070	10,948
Inventory	<u>22,048</u>	<u>19,565</u>
Total Current Assets	<u>2,645,078</u>	<u>2,433,111</u>
Fixed Assets		
Furniture and equipment	139,873	146,241
Accumulated depreciation	<u>(105,157)</u>	<u>(92,712)</u>
Net Fixed Assets	<u>34,716</u>	<u>53,529</u>
Other Assets		
Long-term pledges receivable, net	60,226	91,948
Funds held in perpetual trust	15,500	15,500
Deposits	<u>6,762</u>	<u>6,762</u>
Total Other Assets	<u>82,488</u>	<u>114,210</u>
Total Assets	<u>\$ 2,762,282</u>	<u>\$ 2,600,850</u>

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

	<u>2012</u>	<u>2011</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 64,432	\$ 44,254
Accrued expenses and vacation	110,437	102,324
Deferred revenue	66,912	-
Deferred rent	2,302	2,302
Promises to give to others	198,329	184,996
	<u>442,412</u>	<u>333,876</u>
Long-term Liabilities		
Deferred rent, net of current portion	5,563	7,865
	<u>447,975</u>	<u>341,741</u>
Net Assets		
Unrestricted net assets	1,554,552	1,607,759
Temporarily restricted net assets	705,267	596,862
Permanently restricted net assets	54,488	54,488
	<u>2,314,307</u>	<u>2,259,109</u>
Total Liabilities and Net Assets	<u>\$ 2,762,282</u>	<u>\$ 2,600,850</u>

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2012 AND 2011

	2012			2011				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue								
Contributions and grants	\$ 363,946	\$ 476,795	\$ -	\$ 840,741	\$ 356,633	\$ 465,712	\$ -	\$ 822,345
Event revenue	412,018	83,690	-	495,708	448,296	116,700	-	564,996
Direct mailing revenue	159,948	-	-	159,948	156,742	-	-	156,742
Conference revenue	16,125	26,450	-	42,575	1,201	56,822	-	58,023
Product sales, less cost of goods sold of \$2,618 for 2012 and \$2,956 for 2011	7,384	-	-	7,384	9,104	-	-	9,104
Investment income	60,019	59	-	60,078	257,681	445	-	258,126
In-kind contributions	14,015	-	-	14,015	244	-	-	244
Net assets released from restrictions	478,589	(478,589)	-	-	886,897	(886,897)	-	-
Total Support and Revenue	1,512,044	108,405	-	1,620,449	2,116,798	(247,218)	-	1,869,580
Expenses								
Program services								
Conferences	56,336	-	-	56,336	193,854	-	-	193,854
Education and support	530,827	-	-	530,827	543,090	-	-	543,090
Research	469,414	-	-	469,414	432,112	-	-	432,112
Public awareness	61,640	-	-	61,640	86,509	-	-	86,509
Total Program Services	1,118,217	-	-	1,118,217	1,255,565	-	-	1,255,565
Support services								
General and administration	117,985	-	-	117,985	94,516	-	-	94,516
Fundraising	329,049	-	-	329,049	359,187	-	-	359,187
Total Support Services	447,034	-	-	447,034	453,703	-	-	453,703
Total Expenses	1,565,251	-	-	1,565,251	1,709,268	-	-	1,709,268
Change in Net Assets	(53,207)	108,405	-	55,198	407,530	(247,218)	-	160,312
Net Assets, beginning of year	1,607,759	596,862	54,488	2,259,109	1,200,229	844,080	54,488	2,098,797
Net Assets, end of year	\$ 1,554,552	\$ 705,267	\$ 54,488	\$ 2,314,307	\$ 1,607,759	\$ 596,862	\$ 54,488	\$ 2,259,109

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

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 55,198	\$ 160,312
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	19,428	18,885
Loss on disposal of property	-	613
Unrealized loss (gain) on investments	38,242	(189,606)
Realized gain on investments	(53,535)	(24,047)
(Increase) Decrease in		
Pledges receivable	(59,329)	157,879
Other receivables	37,602	(73,075)
Inventory	(2,483)	(8,265)
Prepaid expenses	(31,122)	27,567
Increase (Decrease) in		
Accounts payable and accruals	28,291	(38,531)
Deferred revenue	66,912	(48,177)
Deferred rent	(2,302)	10,167
Promises to give to others	13,333	(277,501)
	<u>110,235</u>	<u>(283,779)</u>
Net Cash Provided (Used) by Operating Activities		
Cash Flows from Investing Activities		
Payments for the purchase of property	(615)	(12,915)
Payments for the purchase of investments	(197,369)	(435,668)
Proceeds from sale of investments	260,145	637,115
	<u>62,161</u>	<u>188,532</u>
Net Cash Provided by Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	172,396	(95,247)
Cash and Cash Equivalents, beginning of year	<u>253,076</u>	<u>348,323</u>
Cash and Cash Equivalents, end of year	<u>\$ 425,472</u>	<u>\$ 253,076</u>

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

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

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 Osteogenesis Imperfecta Foundation (OIF) strives to build public awareness and generate additional support among people with osteogenesis imperfecta (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, NORD, 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, the OIF participates in Rare Disease Day activities, and each May sponsors OI Awareness Week.

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.

Education and Support - The Foundation offers medically verified information related to osteogenesis imperfecta. Topics include medical issues such as genetics, diagnosis and treatments. Additional topics focus on daily living strategies, school and employment. Foundation 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, the 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 Foundation sponsors a network of support groups across the United States. Support group activities provide opportunities for mutual support, and increased community awareness. Currently, there are 41 active groups in 32 states. In addition, 24 volunteer resource people are active in 18 states.

Family Conference - The Foundation's principal education event is the Biennial National Conference on OI. The conference brings together adults who have OI, parents, other family members and leading medical experts. This conference provides the opportunity for attendees to have face-to-face meetings with experienced physicians, learn about the latest research and interact with other people who are affected by OI. The July 2012 conference had 650 attendees.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

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. Seed grants are awarded for basic research and clinical studies to foster proof of concept studies. The OI Foundation 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 the National Institutes of Health. Every third year, the OIF joins other OI Associations at the International Scientific Congress on OI. The most recent meeting took place October 2011 in Croatia.

The Foundation, in partnership with the Children's Brittle Bone Foundation (CBBF), supports the Linked Clinical Research Centers (LCRC) project. This work represents a long-term commitment to developing evidence-based treatments for OI across the entire lifespan and inspiring clinical care research. At this time, five centers are in operation in the United States and Canada. All contribute information to the central data management system. A Registry of people with OI is part of this project.

The Adult Health Initiative is another research activity of the OI Foundation. A survey of adults with OI was conducted in 2011. Follow up activities included presentations at the 2012 OIF Science Meeting. This is an ongoing project with the goal of developing care guidelines for adults who have OI.

Impact Grant Program - In partnership with the Children's Brittle Bone Foundation (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.

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. At June 30, 2012 and 2011, all of the Foundation's cash funds were insured by the FDIC.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2012 and 2011 was \$19,428 and \$18,885, 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.

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, 2012 AND 2011

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, 2012 and 2011, the balance of the Board designated net assets was \$1,554,552 and \$1,607,759, 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, 2012 and 2011, the Foundation received \$586,994 and \$639,679, respectively, in temporarily restricted assets. As of June 30, 2012 and 2011, temporarily restricted net assets were \$705,267 and \$596,862, 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, 2012 and 2011, the Foundation did not receive any permanently restricted contributions. As of June 30, 2012 and 2011, 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.

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.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2012 and 2011, the Foundation received \$14,015 and \$244 in donated materials or services, respectively.

In addition, the Foundation has estimated that total volunteer time donated during the years ended June 30, 2012 and 2011 was approximately \$225,417 and \$225,348, respectively, valued at \$21.79 and \$21.36 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 2012 and 2011, 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 2010, 2009 and 2008 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, 2012, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is November 19, 2012, which is the date on which the financial statements were available to be issued.

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 the Foundation's own credit risk.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

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, 2012 AND 2011

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:

	2012		2011	
	Cost	Market	Cost	Market
Level 1 Investments				
Common stocks				
Consumer stock	\$ 290,046	\$ 361,903	\$ 287,503	\$ 342,505
Energy stock	95,054	104,097	102,241	119,794
Financial stock	146,755	120,216	95,264	96,951
Healthcare stock	191,837	206,420	221,836	232,349
Industrial stock	119,988	147,463	94,424	132,288
Technology stock	213,544	231,349	202,459	237,881
Total Level 1 investments	<u>1,057,224</u>	<u>1,171,448</u>	<u>1,003,727</u>	<u>1,161,768</u>
Level 2 Investments				
Municipal bonds	300,024	315,597	310,028	316,123
Federal agency bonds	27,798	26,316	27,798	27,513
Corporate bonds	125,480	132,992	178,214	188,432
Total Level 2 investments	<u>453,302</u>	<u>474,905</u>	<u>516,040</u>	<u>532,068</u>
Totals	<u>\$ 1,510,526</u>	<u>\$ 1,646,353</u>	<u>\$ 1,519,767</u>	<u>\$ 1,693,836</u>

Investment income included in support and revenue for the years ended June 30, 2012 and 2011 includes interest and dividends of \$44,785 and \$44,473, respectively. Net (depreciation) appreciation in the fair value of investments totaled (\$38,242) and \$189,606 for the years ended June 30, 2012 and 2011, respectively. Realized gains totaled \$53,535 and \$24,047 for the years ended June 30, 2012 and 2011, respectively.

4. PLEDGES RECEIVABLE

Pledges receivable consist of the following at June 30:

	2012	2011
Pledges due in less than one year	\$ 468,431	\$ 381,015
Less: Allowance for uncollectible pledges	(1,796)	(5,431)
Net current pledges receivable	<u>466,635</u>	<u>375,584</u>
Due in one to five years	61,643	97,286
Less: Discount at present value	(1,417)	(5,338)
Net long-term pledges receivable	<u>60,226</u>	<u>91,948</u>
Total pledges receivable	<u>\$ 526,861</u>	<u>\$ 467,532</u>

Pledges written off as uncollectible were approximately \$2,000 and \$5,000 for the years ended June 30, 2012 and 2011, respectively.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

5. LINE OF CREDIT

The Foundation entered into a \$50,000 line of credit with a commercial bank on May 19, 2011, which was renewable annually. Outstanding borrowings bore 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 served as collateral for the line of credit. This line of credit was not renewed in May 2012.

The Foundation entered into a \$100,000 line of credit with a commercial bank on July 10, 2012, which is renewable annually. Outstanding borrowings bear interest at the Wall Street Journal prime rate. No advances were outstanding at June 30, 2012.

6. TEMPORARILY RESTRICTED NET ASSETS

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

	2012	2011
Adult health	\$ 17,138	\$ 10,830
Biennial Conference	39,212	4,888
Linked Clinical Research Centers	105,421	170,696
Impact Grant Program	375,886	368,378
OI Research	132,205	20,766
Services to benefit hearing impaired	2,831	3,730
Educational projects	4,400	4,400
Development consultant	15,000	-
Adult book on OI	13,174	13,174
Total temporarily restricted net assets	<u>\$ 705,267</u>	<u>\$ 596,862</u>

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

	2012	2011
Conferences	\$ 39,212	\$ 4,888
Education and support	411,291	389,682
Research	254,764	202,292
Total temporarily restricted net assets	<u>\$ 705,267</u>	<u>\$ 596,862</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.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

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, 2012 and 2011 was \$67,969 and \$73,026, 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>	
2013	\$ 72,381
2014	74,554
2015	76,789
2016	32,390
Total future payments	<u>\$ 256,114</u>

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

9. CONCENTRATION OF RISK

For the years ended June 30, 2012 and 2011, one entity accounted for 13 and 12 percent of revenue and for 51 and 64 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 \$13,070 and \$13,155 for the years ended June 30, 2012 and 2011, 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.

SUPPLEMENTARY INFORMATION

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

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

	Program Services				Support Services		Overall Total
	Conferences	Education and Support	Public Awareness		Fundraising	Total	
			Research	Total			
Salaries and fringe benefits	\$ 44,207	\$ 197,445	\$ 60,435	\$ 33,115	\$ 335,202	\$ 230,982	\$ 689,701
Bank fees	-	-	-	-	-	14,113	14,113
Consulting fees	-	900	1,700	-	2,600	584	19,480
Depreciation	-	-	-	-	-	19,428	19,428
Dues and subscriptions	-	3,386	-	-	3,386	-	3,386
Equipment rental and maintenance	-	-	-	-	-	2,753	2,753
Event expense	-	-	-	-	-	-	-
Grants and fellowships	-	143,367	226,706	-	370,073	-	86,348
Information technology and web support	-	37,902	2,010	-	39,912	17,070	58,992
Insurance	-	-	-	-	-	3,370	5,260
Interest expense	-	-	-	-	-	4,507	4,782
Licenses and permits	-	95	-	-	95	-	4,377
Meetings and conferences	-	2,319	71,526	-	73,845	3,803	77,924
Miscellaneous	-	-	-	-	-	185	185
Occupancy	-	-	-	-	-	67,969	67,969
Office supplies	-	38	-	-	38	12,385	12,768
Postage and delivery	-	11,822	3,286	106	15,214	1,567	22,539
Printing and duplicating	55	8,128	1,980	331	10,494	3,165	15,680
Professional fees	60	970	-	7,185	8,215	27,448	37,484
Survey	-	9,859	3,186	-	13,045	-	13,045
Telephone	20	815	357	-	1,192	7,345	8,755
Travel	1,621	3,173	805	159	5,758	1,993	16,194
In-kind expenses	-	-	-	9,500	9,500	915	14,015
Total expenses, before indirect cost allocation	45,963	420,219	371,991	50,396	888,569	419,582	1,565,251
Indirect cost allocation	10,373	110,608	97,423	11,244	229,648	(301,597)	(229,648)
Total Expenses	\$ 56,336	\$ 530,827	\$ 469,414	\$ 61,640	\$ 1,118,217	\$ 117,985	\$ 447,034

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

SUPPLEMENTAL SCHEDULE OF EXPENSES BY SERVICES
FOR THE YEAR ENDED JUNE 30, 2011

	Program Services				Support Services			Overall Total	
	Conferences	Education and Support	Research	Public Awareness	Total	General and Administration	Fundraising		Total
Salaries and fringe benefits	\$ 15,516	\$ 202,713	\$ 61,332	\$ 68,204	\$ 347,765	\$ 216,140	\$ 176,580	\$ 392,720	\$ 740,485
Bank fees	-	2	-	-	2	15,639	-	15,639	15,641
Consulting fees	-	1,000	-	-	1,000	300	-	300	1,300
Depreciation	-	-	-	-	-	18,885	-	18,885	18,885
Dues and subscriptions	-	3,178	-	-	3,178	185	-	185	3,363
Equipment rental and maintenance	-	-	-	-	-	4,231	-	4,231	4,231
Event expense	139,288	7,736	10,165	-	157,189	-	-	-	242,701
Grants and fellowships	-	164,689	211,229	-	375,918	-	85,512	85,512	375,918
Information technology and web support	-	37,953	2,011	-	39,964	16,631	2,010	18,641	58,605
Insurance	874	-	-	-	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	-	56,534	6,888	388	7,276	63,810
Miscellaneous	-	-	-	-	-	695	-	695	695
Occupancy	-	-	-	-	-	74,964	-	74,964	74,964
Office supplies	513	181	60	177	931	11,037	-	11,037	11,968
Postage and delivery	1,219	2,976	829	63	5,087	1,166	7,157	8,323	13,410
Printing and duplicating	-	12,168	-	1,106	13,274	2,470	2,436	4,906	18,180
Professional fees	-	179	-	-	179	25,845	1,788	27,633	27,812
Telephone	2	1,607	501	-	2,110	5,411	240	5,651	7,761
Travel	48	2,867	945	718	4,578	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	1,008,583	408,931	291,754	700,685	1,709,268
Indirect cost allocation	36,394	101,959	92,388	16,241	246,982	(314,415)	67,433	(246,982)	-
Total Expenses	\$ 193,854	\$ 543,090	\$ 432,112	\$ 86,509	\$ 1,255,565	\$ 94,516	\$ 359,187	\$ 453,703	\$ 1,709,268

THOMPSON, GREENSPON & CO., P.C.