NATIONAL
OSTEOPOROSIS
FOUNDATION

Financial Statements

For the Year Ended December 31, 2012
(With Summarized Financial Information for the Year Ended December 31, 2011)

and
Report Thereon

Raffa

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
National Osteoporosis Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of the National Osteoporosis Foundation (the Foundation), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's 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 auditor considers 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 the National Osteoporosis Foundation as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Continued

Emphasis of Matter

As discussed in Note 13 to the financial statements, the 2011 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Foundation's 2011 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 14, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of functional expenses on page 16 is presented for purposes of additional analysis and is 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.

Raffa, P.C.

Raffa, P.C.

Washington, DC
August 9, 2013

NATIONAL OSTEOPOROSIS FOUNDATION

STATEMENT OF FINANCIAL POSITION
December 31, 2012
(With Summarized Financial Information as of December 31, 2011)

	2012	2011
ASSETS		
Cash and cash equivalents	$ 1,024,564	$ 598,273
Accounts receivable	61,542	79,592
Grants and contributions receivable	405,315	445,410
Investments	3,652,106	4,555,148
Prepaid expenses	139,851	184,001
Inventory	124,652	122,837
Property and equipment, net	236,219	406,955
TOTAL ASSETS	$ 5,644,249	$ 6,392,216
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	$ 597,156	$ 908,601
Line of credit	850,000	650,000
Deferred revenue	22,196	33,261
Deferred rent	59,509	56,789
Total Liabilities	1,528,861	1,648,651
NET ASSETS		
Unrestricted	3,317,108	3,615,903
Temporarily restricted	618,268	947,650
Permanently restricted	180,012	180,012
Total Net Assets	4,115,388	4,743,565
TOTAL LIABILITIES AND NET ASSETS	$ 5,644,249	$ 6,392,216

The accompanying notes are an integral part of these financial statements.

NATIONAL OSTEOPOROSIS FOUNDATION

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012
(With Summarized Financial Information for the Year Ended December 31, 2011)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2012 Total	2011 Total
REVENUE AND SUPPORT					
Grants and contributions	$ 1,787,248	$ 271,560	$ -	$ 2,058,808	$ 1,205,476
Investment income (loss)	463,835	2,677	-	466,512	(7,202)
Membership dues	281,330	180,000	-	461,330	515,260
Royalties and consulting income	374,347	-	-	374,347	345,117
International Symposium on Osteoporosis	298,400	28,944	-	327,344	683,695
Legacies and bequests	268,591	9,175	-	277,766	346,476
Annual dinner and other special events	129,553	-	-	129,553	304,443
Publications sales	50,740	-	-	50,740	57,770
Donated services and materials	33,243	-	-	33,243	1,114,424
Miscellaneous income	54,733	-	-	54,733	11,944
Net assets released from restrictions:					
Satisfaction of program restrictions	661,510	(661,510)	-	-	-
Satisfaction of time restrictions	79,378	(79,378)	-	-	-
TOTAL REVENUE AND SUPPORT	4,482,908	(248,532)	-	4,234,376	4,577,403
EXPENSES AND LOSSES					
Program Services:					
National Bone Health Alliance	1,189,373	-	-	1,189,373	1,593,639
Professional education	998,748	-	-	998,748	861,806
Patient education	567,585	-	-	567,585	800,904
Communications	241,512	-	-	241,512	835,912
Membership	121,478	-	-	121,478	73,330
Public policy	99,651	-	-	99,651	688,349
Research	11,670	-	-	11,670	12,640
Total Program Services	3,230,017	-	-	3,230,017	4,866,580
Supporting Services:					
Fundraising	1,065,878	-	-	1,065,878	1,192,598
Management and general	485,808	-	-	485,808	525,139
Total Supporting Services	1,551,686	-	-	1,551,686	1,717,737
TOTAL EXPENSES	4,781,703	-	-	4,781,703	6,584,317
Loss on returned contributions	-	80,850	-	80,850	-
TOTAL EXPENSES AND LOSSES	4,781,703	80,850	-	4,862,553	6,584,317
CHANGE IN NET ASSETS	(298,795)	(329,382)	-	(628,177)	(2,006,914)
NET ASSETS, BEGINNING OF YEAR AS PREVIOUSLY REPORTED	3,395,783	1,167,770	180,012	4,743,565	6,750,479
Prior period adjustment	220,120	(220,120)	-	-	-
NET ASSETS, BEGINNING OF YEAR AS RESTATED	3,615,903	947,650	180,012	4,743,565	6,750,479
NET ASSETS, END OF YEAR	$ 3,317,108	$ 618,268	$ 180,012	$ 4,115,388	$ 4,743,565

The accompanying notes are an integral part of these financial statements.

NATIONAL OSTEOPOROSIS FOUNDATION

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2012
(With Summarized Financial Information for the Year Ended December 31, 2011)
Increase (Decrease) in Cash and Cash Equivalents

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (628,177)	$ (2,006,914)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized losses (gains) on investments	(375,419)	156,956
Depreciation and amortization	172,462	109,843
Donation of securities	(51,941)	(7,314)
Changes in assets and liabilities:		
Accounts receivable	18,050	60,798
Grants and contributions receivable	40,095	(27,381)
Prepaid expenses	44,150	107,772
Inventory	(1,815)	(20,534)
Accounts payable and accrued expenses	(311,445)	475,179
Deferred revenue	(11,065)	11,430
Deferred rent	2,720	14,652
NET CASH USED IN OPERATING ACTIVITIES	(1,102,385)	(1,125,513)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,726)	(322,122)
Proceeds from sales of investments	1,557,180	1,395,144
Purchases of investments	(226,778)	(3,175,294)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	1,328,676	(2,102,272)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdowns from line of credit	1,200,000	650,000
Payments of line of credit	(1,000,000)	-
Principal payments on capital lease obligations	-	(2,114)
NET CASH PROVIDED BY FINANCING ACTIVITIES	200,000	647,886
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	426,291	(2,579,899)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	598,273	3,178,172
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,024,564	$ 598,273
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 17,440	$ 1,417
Donated stock	$ 51,941	$ 7,314

The accompanying notes are an integral part of these financial statements.

1. Organization and Summary of Significant Accounting Policies

Organization

The National Osteoporosis Foundation (the Foundation) is America's only national nonprofit, voluntary health organization dedicated to reducing the widespread prevalence of osteoporosis through programs of research, education and advocacy. Founded in 1984, the Foundation has become the leading authority for patients, health professionals, and the public for osteoporosis information, programs, and services. The Foundation is supported primarily by grants and contributions from foundations, corporations, individuals and fundraising events.

Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less as cash equivalents.

Receivables

Receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management closely monitors outstanding balances and writes off balances that are deemed uncollectible, if any. Consequently, no bad debt allowance has been recorded.

Investments

Investments consist of equities, fixed income mutual funds and equity mutual funds. Investments are reflected in the financial statements 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. Purchases and sales of investments are recorded on a trade date basis. Investment income is recorded as an increase in unrestricted net assets, unless restricted by donor or law. Investment securities are exposed to various risks such as interest rate, market and credit risks. Accordingly, it is at least reasonably possible that changes in investment values will occur in the near term, and such changes could affect balances and amounts reported in the accompanying statement of financial position.

Fair Value Measurements

In accordance with the accounting standards for fair value measurements for those assets and liabilities which are measured at fair value on a recurring basis, the Foundation has categorized its applicable financial instruments into a required three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Continued

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

> *Level 1* – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Foundation has the ability to access.
>
> *Level 2* – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
>
> *Level 3* – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

As of December 31, 2012, the Foundation's investments described in Note 3, and the charitable gift annuity payable described in Note 6, were measured at fair value on a recurring basis.

Inventory

Inventory consists of publications, videos and accessories and is stated at the lower of cost or market value on the first-in, first-out basis.

Property and Equipment and Related Depreciation and Amortization

Property and equipment are recorded at cost or, if donated, at the fair value on the date of the donation and are depreciated on a straight-line basis over the estimated useful lives of the respective asset. The Foundation recognizes the costs incurred in the development of its web site in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 350-50, *Website Development Costs*. Accordingly, costs incurred during the application stage of development are capitalized. Depreciation and amortization on property and equipment is computed using the following estimated useful lives: furniture and fixtures, 5-7 years, office equipment, 3-5 years, web site development and computer software costs, 3 years. When assets are retired or sold, any gain or loss arising from such disposition is included as income or expense. Expenditures for repairs and maintenance are expensed as incurred.

Continued

1. Organization and Summary of Significant Accounting Policies (continued)

Classification of Net Assets

The net assets of the Foundation are reported as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for support of the Foundation's general operations.
- Temporarily restricted net assets represent amounts that are specifically restricted by donors or grantors for various programs or for future periods.
- Permanently restricted net assets represent the portion of net assets subject to donor-imposed stipulations that the gift be maintained in perpetuity by the Foundation. The donors of these assets permit the Foundation to use all of the income earned on related investments for specific purposes.

Revenue Recognition

The Foundation reports grants and contributions as temporarily restricted support if they are received with donor or grantor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. When a donor restriction is fulfilled in the same year as the contribution is received, the contribution is recognized as unrestricted support. Unconditional grants and contributions that have been promised but not yet received are reflected as grants and contributions receivable in the accompanying statement of financial position.

Membership dues are recognized as revenue in the period to which the dues relate, limited to the value of the actual benefits received. Membership dues paid in excess of the actual benefits received are considered a contribution and are recorded as unrestricted revenue in the accompanying statement of activities. National Bone Health Alliance's (NBHA) membership dues are considered as temporarily restricted contributions, and are recorded as temporarily restricted revenue in the accompanying statement of activities, unless the restriction is fulfilled in the same year as the receipt of the membership dues.

Wills are recorded as legacies and bequests revenue upon death after the probate courts declare the wills to be valid and the proceeds are measurable.

Special events revenue and registration fees are recognized in the year in which the related events or conference are held. Amounts other than donations, collected for future events, are classified as deferred revenue in the accompanying statement of financial position.

Royalty income is recognized on an accrual basis in accordance with the substance of the agreement.

Continued

1. Organization and Summary of Significant Accounting Policies (continued)

Donated Services and Materials

Contributions of donated noncash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that are provided by individuals possessing specialized skills are recorded at fair value in the period received if such services would typically be purchased if not provided by donation.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services directly benefited, or upon management's estimates of the proportion of these costs applicable to each function.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Grants and Contributions Receivable

Grants and contributions receivable represent amounts due from corporations, individuals, bequests, and a charitable remainder annuity trust and are scheduled to be received as follows:

Within one year	$ 246,341
Within two to five years	-
Thereafter	158,974
Total	$ 405,315

All amounts are considered fully collectible.

3. Investments and Fair Value Measurements

The following table summarizes the Foundation's investments measured at fair value on a recurring basis as of December 31, 2012, aggregated by the fair value hierarchy level with which those measurements were made:

	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed-income mutual funds:				
Intermediate-term bonds	$ 939,194	$ 939,194	$ -	$ -
Short-term bonds	431,942	431,942	-	-
Long-term bonds	90,854	90,854	-	-
Government bonds	84,211	84,211	-	-
Commodity	78,755	78,755	-	-
High-yield bonds	12,262	12,262	-	-
Equity mutual funds:				
Large-cap	1,365,034	1,365,034	-	-
Small-cap	297,379	297,379	-	-
Foreign large blend	145,154	145,154	-	-
Diversified emerging markets	119,064	119,064	-	-
Real estate	86,328	86,328	-	-
Equities	1,929	1,929	-	-
Total	$ 3,652,106	$ 3,652,106	$ -	$ -

The Foundation used the following methods and significant assumptions to estimate fair value for assets recorded at fair value:

Mutual funds and equities – Where quoted prices are available in an active market for identical assets, investments are classified within Level 1 of the valuation hierarchy.

Investment returns consisted of the following for the year ended December 31, 2012:

Interest and dividends	$ 116,076
Net realized and unrealized gains	375,419
Investment management fees	(24,983)
Total Investment Income	$ 466,512

Investment income includes $284 of interest earned from cash and cash equivalents.

4. Property and Equipment and Accumulated Depreciation and Amortization

The Foundation held the following property and equipment as of December 31, 2012:

Web site development costs and computer software	$ 517,191
Office equipment	129,448
Furniture and fixtures	53,625
Total property and equipment	700,264
Less: Accumulated depreciation and amortization	(464,045)
Property and Equipment, Net	$ 236,219

Depreciation and amortization expense for the year ended December 31, 2012 was $172,462.

5. Line of Credit

On October 6, 2011, the Foundation entered into a line of credit agreement with a financial institution for $1,250,000, the proceeds of which were to be used to meet working capital requirements of the Foundation. On September 19, 2012, the credit limit was increased to $2,000,000. The line of credit is secured by the Foundation’s investments. Interest accrues on the unpaid principal at the rate of one month Libor plus 1.55%, which was 1.76% as of December 31, 2012. Any amounts outstanding on the line of credit, plus any accrued interest, are due and payable on September 6, 2013. As of December 31, 2012, the outstanding balance was $850,000. Interest expense for the year ended December 31, 2012 was $17,384.

6. Charitable Gift Annuity

The Foundation administers various charitable remainder trusts. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trusts’ terms, the remaining assets are available for the Foundation's use. The portion of the trust attributable to the present value of the future benefits to be received by the Foundation is recorded as a temporarily restricted contribution in the period the trust is established. Assets held in the charitable remainder trusts totaled $266,578 at December 31, 2012 and are included in investments and reported at fair market value in the Foundation’s statement of financial position. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments amounted to $67,815 as of December 31, 2012 and is calculated using a discount rate of 5.3% to 8.5% and applicable mortality tables. This liability is included in accounts payable and accrued expenses in the accompanying statement of financial position.

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7. Temporarily Restricted Net Assets

As of December 31, 2012, temporarily restricted net assets were available for the following purposes:

NBHA	$ 305,905
Research	93,097
Patient education	76,140
Professional education	23,693
Public policy	15,551
Undistributed endowment earnings	11,151
Time restricted	92,731
Total Temporarily Restricted Net Assets	$ 618,268

8. Permanently Restricted Net Assets

The Foundation's endowment consists of donor-restricted endowment funds which are shown as permanently restricted net assets in the accompanying financial statements. As of December 31, 2012, the permanently restricted net assets totaled $180,012 and the income earned on these nets assets is restricted by the donor. The Shou Mei Hu – Cecelia Wu Kojima Fund totaled $80,012 and the restricted income is for medical and scientific research related to the prevention, cure, and/or treatment of osteoporosis. The Dr. Burton Spiller Fund for Bone Health Research totaled $100,000 and the restricted income is for medical research regarding bone health and bone research grants.

Temporarily restricted investment earnings from the permanently restricted net assets which are available to be spent totaled $11,051 as of December 31, 2012 of which $2,677 was earned during the year ended December 31, 2012. Investment earnings on endowment funds are expended for the restricted purpose required in the year earned, if possible. However, the Foundation did not award research grants in 2012.

As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. From

Continued

8. Permanently Restricted Net Assets (continued)

time to time, the fair value of assets associated with the endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2012.

9. Commitments and Contingencies

Operating Lease

In September 2009, the Foundation entered into a sublease agreement for furnished office space in Washington, DC. The sublease commenced on September 15, 2009, and will expire on June 30, 2015. Under the terms of the lease, the base rent is subject to an annual increase of 5%. As part of the lease agreement, the Foundation was required to obtain an irrevocable standby letter of credit in the amount of $168,000. The letter of credit was issued on September 14, 2009, and automatically renews every August 31 for 12-month periods through August 31, 2015.

Under accounting principles generally accepted in the United States of America, all fixed rent increases and lease incentives are recognized on a straight-line basis over the term of the lease. The difference between this expense and the required lease payments is reflected as deferred rent in the accompanying statement of financial position.

Future minimum lease payments required under the lease are as follows as of December 31, 2012:

For the Years Ending December 31,	
2013	$ 315,766
2014	331,555
2015	171,532
Total	$ 818,853

Rent expense for the year ended December 31, 2012 totaled $302,777.

Hotel Commitments

In the ordinary course of business, the Foundation enters into contracts with hotel and conference facilities and vendors for future meetings. In the unlikely event of meeting cancellations, the Foundation would be liable for amounts specified in the contracts related to future guaranteed hotel room bookings and other expenses. The exact amount due would depend on several factors, including the amount of notice given and actual losses incurred by the facilities and vendors. Management of the Foundation does not believe that any of these commitments will result in a loss due to meeting cancellations. Accordingly, no amount for this potential liability has been reflected in the accompanying financial statements.

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10. Allocation of Joint Costs

The Foundation conducts activities that include requests for contributions as well as program and management and general components. Those activities include direct mail campaigns and special events. The costs of conducting those activities for the year ended December 31, 2012 included joint costs which are not specifically attributable to particular components of the activities. These joint costs were allocated as follows:

Fundraising	$ 134,541
Programs	73,657
Management and general	24,129
Total Joint Costs	$ 232,327

11. Retirement Plans

The Foundation sponsors a tax-deferred annuity plan covering employees working greater than 20 hours per week. All employees are eligible to participate immediately upon hire. After completion of three months of service, the Foundation will make a matching contribution equal to 4% of compensation for any eligible employee contributing at least 1%. Employee and employer contributions, plus any earnings, are 100% vested. The Foundation's total contribution to the plan for the year ended December 31, 2012 was $41,408.

12. Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation has filed for and received income tax exemptions in the various jurisdictions where it is required to do so. The Foundation files the federal Form 990 tax return in the U.S. federal jurisdiction and in various states. No provision for income taxes is required for the year ended December 31, 2012, as the Foundation had no net unrelated business income.

The Foundation follows the authoritative guidance relating to accounting for uncertainty in income taxes included in ASC topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Foundation performed an evaluation of uncertain tax positions for the year ended December 31, 2012, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. For the year ended December 31, 2012, the statute of limitations for tax years 2009 through 2011 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Foundation files tax returns. It is the Foundation's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of December 31, 2012, the Foundation had no accruals for interest and/or penalties.

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13. Prior Period Adjustment

The Foundation restated its net asset balances to recognize releases of temporarily restricted net assets that were not recognized in the proper period. The adjustment decreased temporarily restricted net assets and increased unrestricted net assets by $220,120 as of December 31, 2011.

14. Reclassifications

Certain 2011 amounts have been reclassified to conform to the 2012 financial statement presentation.

15. Prior Year Summarized Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2011, from which the summarized information was derived.

16. Subsequent Events

The Foundation's management has evaluated events and transactions for potential recognition or disclosure through August 9, 2013, the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, these financial statements.

SUPPLEMENTAL INFORMATION

NATIONAL OSTEOPOROSIS FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2012
(With Summarized Financial Information for the Year Ended December 31, 2011)

	Program Services								Supporting Services				
	National Bone Health Alliance	Patient Education	Professional Education	Public Policy	Communications	Membership	Research	Total Program Services	Fundraising	Management and General	Total Supporting Services	2012 Total	2011 Total
Personnel-related expenses	$ 442,902	$ 295,263	$ 360,612	$ -	$ 154,458	$ 60,994	$ 4,942	$ 1,319,171	$ 473,326	$ 168,202	$ 641,528	$ 1,960,699	$ 2,101,058
Professional fees and contracts	529,061	56,767	228,776	99,524	11,675	14,185	375	940,363	185,182	56,273	241,455	1,181,818	1,342,123
Conferences, conventions and events	40,822	20,293	181,850	-	5,455	2,046	123	250,589	88,515	18,312	106,827	357,416	428,734
Occupancy, maintenance and insurance	62,379	41,564	50,505	118	21,759	9,615	696	186,636	66,623	103,556	170,179	356,815	376,674
Printing, publications and promotion	28,374	64,535	73,285	-	14,928	6,644	2,624	190,390	57,111	18,784	75,895	266,285	646,779
Supplies, telephone and internet	34,971	19,948	25,051	-	18,289	17,667	402	116,328	33,318	43,998	77,316	193,644	79,398
Postage, mailing and shipping	1,975	41,309	14,487	9	1,196	4,954	2,070	66,000	98,344	9,452	107,796	173,796	447,103
Depreciation and amortization	30,251	20,157	24,493	-	10,552	4,141	338	89,932	32,310	50,220	82,530	172,462	109,843
Interest and fees	9,249	5,996	10,400	-	3,200	1,232	100	30,177	10,887	14,940	25,827	56,004	42,839
In-kind advertising and other	7,889	1,753	1,267	-	-	-	-	10,909	20,262	2,071	22,333	33,242	1,002,266
Research grants and awards	1,500	-	28,022	-	-	-	-	29,522	-	-	-	29,522	7,500
TOTAL EXPENSES	$ 1,189,373	$ 567,585	$ 998,748	$ 99,651	$ 241,512	$ 121,478	$ 11,670	$ 3,230,017	$ 1,065,878	$ 485,808	$ 1,551,686	$ 4,781,703	$ 6,584,317