NATIONAL
OSTEOPOROSIS
FOUNDATION

Financial Statements and Supplemental Information

For the Year Ended December 31, 2013
(With Summarized Financial Information for the Year Ended December 31, 2012)

and
Report Thereon

NATIONAL OSTEOPOROSIS FOUNDATION

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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, 2013, 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, 2013, 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

Report on Summarized Comparative Information

We have previously audited the Foundation's 2012 financial statements, and our report dated August 9, 2013, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of functional expenses on page 17 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
April 15, 2014

NATIONAL OSTEOPOROSIS FOUNDATION

STATEMENT OF FINANCIAL POSITION
December 31, 2013
(With Summarized Financial Information as of December 31, 2012)

	2013	2012
ASSETS		
Cash and cash equivalents	$ 1,091,870	$ 1,024,564
Accounts receivable	39,384	61,542
Grants, contributions and contracts receivable	658,408	405,315
Investments	2,349,787	3,652,106
Prepaid expenses	123,250	139,851
Inventory	130,668	124,652
Property and equipment, net	83,683	236,219
TOTAL ASSETS	$ 4,477,050	$ 5,644,249
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	$ 191,188	$ 597,156
Line of credit	475,000	850,000
Deferred revenue	216,245	22,196
Deferred rent	47,226	59,509
Total Liabilities	929,659	1,528,861
NET ASSETS		
Unrestricted	2,664,054	3,317,108
Temporarily restricted	703,325	618,268
Permanently restricted	180,012	180,012
Total Net Assets	3,547,391	4,115,388
TOTAL LIABILITIES AND NET ASSETS	$ 4,477,050	$ 5,644,249

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

NATIONAL OSTEOPOROSIS FOUNDATION

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013
(With Summarized Financial Information for the Year Ended December 31, 2012)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2013 Total	2012 Total
REVENUE AND SUPPORT					
Grants and contributions	$ 1,146,293	$ 395,293	$ -	$ 1,541,586	$ 2,058,808
Contract revenue	245,683	-	-	245,683	-
Investment income	401,785	3,313	-	405,098	466,512
Membership dues	180,545	105,158	-	285,703	461,330
Royalties and consulting income	327,256	-	-	327,256	374,347
International Symposium on Osteoporosis	573,419	-	-	573,419	327,344
Legacies and bequests	167,709	74,000	-	241,709	277,766
Annual dinner and other special events	60,813	-	-	60,813	129,553
Publications sales	29,840	-	-	29,840	50,740
Donated services and materials	20,517	-	-	20,517	33,243
Miscellaneous income	14,655	-	-	14,655	54,733
Net assets released from restrictions:					
Satisfaction of program restrictions	492,707	(492,707)	-	-	-
TOTAL REVENUE AND SUPPORT	3,661,222	85,057	-	3,746,279	4,234,376
EXPENSES AND LOSSES					
Program Services:					
National Bone Health Alliance	916,871	-	-	916,871	1,189,373
Professional education	867,200	-	-	867,200	998,748
Patient education	388,719	-	-	388,719	567,585
Communications	249,260	-	-	249,260	241,512
Membership	83,194	-	-	83,194	121,478
Research	41,665	-	-	41,665	11,670
Public policy	15,068	-	-	15,068	99,651
Total Program Services	2,561,977	-	-	2,561,977	3,230,017
Supporting Services:					
Fundraising	1,126,414	-	-	1,126,414	1,065,878
Management and general	625,885	-	-	625,885	485,808
Total Supporting Services	1,752,299	-	-	1,752,299	1,551,686
TOTAL EXPENSES	4,314,276	-	-	4,314,276	4,781,703
Loss on returned contributions	-	-	-	-	80,850
TOTAL EXPENSES AND LOSSES	4,314,276	-	-	4,314,276	4,862,553
CHANGE IN NET ASSETS	(653,054)	85,057	-	(567,997)	(628,177)
NET ASSETS, BEGINNING OF YEAR	3,317,108	618,268	180,012	4,115,388	4,743,565
NET ASSETS, END OF YEAR	$ 2,664,054	$ 703,325	$ 180,012	$ 3,547,391	$ 4,115,388

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

NATIONAL OSTEOPOROSIS FOUNDATION

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2013
(With Summarized Financial Information for the Year Ended December 31, 2012)
Increase (Decrease) in Cash and Cash Equivalents

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (567,997)	$ (628,177)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized gains on investments	(343,545)	(375,419)
Depreciation and amortization	156,826	172,462
Changes in assets and liabilities:		
Accounts receivable	22,158	18,050
Grants, contributions and contracts receivable	(253,093)	40,095
Prepaid expenses	16,601	44,150
Inventory	(6,016)	(1,815)
Accounts payable and accrued expenses	(405,968)	(311,445)
Deferred revenue	194,049	(11,065)
Deferred rent	(12,283)	2,720
NET CASH USED IN OPERATING ACTIVITIES	(1,199,268)	(1,050,444)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(4,290)	(1,726)
Proceeds from sales of investments	2,238,555	1,505,239
Purchases of investments	(592,691)	(226,778)
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,641,574	1,276,735
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdowns from line of credit	400,000	1,200,000
Payments of line of credit	(775,000)	(1,000,000)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(375,000)	200,000
NET INCREASE IN CASH AND CASH EQUIVALENTS	67,306	426,291
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,024,564	598,273
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,091,870	$ 1,024,564
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 12,560	$ 17,440

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, 2013, 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, contributions and contracts receivable in the accompanying statement of financial position.

Contract revenue represents revenue earned on contracts in which the Foundation is hired to perform a specific service. Contract revenue is recognized as costs are incurred based on actual costs incurred or payment terms established in the contracts. Revenue recognized for contracts for which payments have not been received is included in grants, contributions and contracts receivable in the accompanying statement of financial position. Funds received under these contracts but not yet expended for the purpose specified by the funder are reflected as deferred revenue 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.

Continued

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

Revenue Recognition (continued)

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.

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. The majority of the Foundation's donated services and materials are free advertising in magazines.

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.

Change in Accounting Principle

The Foundation adopted the FASB Accounting Standards Update 2012-05, *Statement of Cash Flows: Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows*, which requires the recognition of donated securities that have no donor-imposed restriction and that are nearly immediately converted into cash, as cash from operating activities. During the year ended December 31, 2013, the Foundation received approximately $11,000 of donated securities that were nearly immediately converted into cash and recognized as cash from operating activities in the accompanying statement of cash flows. The statement of cash flows for the year ended December 31, 2012, which previously reported approximately $52,000 of donated securities as investing activities, has been adjusted to report these amounts in operating activities.

Continued

2. Grants, Contributions and Contracts Receivable

Grants, contributions and contracts 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	$ 512,902
Within two to five years	-
Thereafter	145,506
Total	$ 658,408

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, 2013, 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	$ 361,448	$ 361,448	$ -	$ -
Short-term bonds	361,446	361,446	-	-
Long-term bonds	62,306	62,306	-	-
High-yield bonds	19,498	19,498	-	-
Equity mutual funds:				
Large-cap	991,797	991,797	-	-
Small-cap	185,302	185,302	-	-
Foreign large blend	163,855	163,855	-	-
Diversified emerging markets	82,387	82,387	-	-
Commodity	59,740	59,740	-	-
Real estate	59,412	59,412	-	-
Equities	2,596	2,596	-	-
Total	$ 2,349,787	$ 2,349,787	$ -	$ -

Continued

3. Investments and Fair Value Measurements (continued)

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, 2013:

Interest and dividends	$ 80,925
Net realized and unrealized gains	343,545
Investment management fees	(19,372)
Total Investment Income	$ 405,098

Investment income includes $174 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, 2013:

Web site development costs and computer software	$ 520,107
Office equipment	130,822
Furniture and fixtures	53,625
Total Property and Equipment	704,554
Less: Accumulated Depreciation and Amortization	(620,871)
Property and Equipment, Net	$ 83,683

Depreciation and amortization expense for the year ended December 31, 2013 was $156,826.

5. Line of Credit

The Foundation entered into a line of credit agreement with a financial institution for $2,000,000, the proceeds of which were to be used to meet working capital requirements of the Foundation. 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 1.71% as of December 31, 2013. Any amounts outstanding on the line of credit, plus any accrued interest, are due and payable on September 6, 2014, the maturity date. As of December 31, 2013, the outstanding balance was $475,000. Interest expense for the year ended December 31, 2013 was $11,573.

Continued

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 $288,012 at December 31, 2013 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 $58,443 as of December 31, 2013 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.

7. Temporarily Restricted Net Assets

As of December 31, 2013, temporarily restricted net assets were available for the following purposes:

NBHA	$ 333,426
Professional education	171,275
Time restricted	144,087
Research	23,241
Public policy	16,832
Undistributed endowment earnings	14,464
Total Temporarily Restricted Net Assets	$ 703,325

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, 2013, 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. 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.

Continued

8. Permanently Restricted Net Assets (continued)

Interpretation of Relevant Law

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.

For the year ended December 31, 2013, the endowment fund had the following activity:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment fund, beginning of year	$ -	$ 11,151	$ 180,012	$ 191,163
Investment income	-	3,313	-	3,313
Amounts appropriated for expenditure	-	-	-	-
Endowment Fund, End of Year	$ -	$ 14,464	$ 180,012	$ 194,476
The portion of the permanent endowment funds that is required to be retained permanently, either by explicit donor stipulation or by UPMIFA				$ 180,012

Return Objectives and Spending Policy

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. The Foundation did not award any research grants from the endowment in 2013.

Funds with Deficiencies

From 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, 2013.

Strategies Employed for Achieving Objectives

The investment committee evaluates, selects and monitors one or more investment managers to directly manage the Foundation's investment portfolio of assets within general guidelines provided.

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, 2013:

For the Years Ending December 31,	
2014	$ 330,812
2015	170,579
Total	$ 501,391

Rent expense for the year ended December 31, 2013 totaled $302,777.

Hotel Commitments

The Foundation entered into contracts with hotel and conference facilities and vendors for future meetings through April 2014. 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.

Concentration of Credit Risk

The Foundation maintains its cash and cash equivalents with certain commercial financial institutions, which aggregate balance, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of $250,000 per depositor per institution. As of December 31, 2013, the Foundation had approximately $1,260,000 in demand deposits which exceeded the maximum limit insured by the FDIC by approximately $919,000. The Foundation monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash and cash equivalents.

Continued

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, 2013 included joint costs which are not specifically attributable to particular components of the activities. These joint costs were allocated as follows:

Fundraising	$ 132,233
Programs	75,531
Management and general	21,621
Total Joint Costs	$ 229,385

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, 2013 was $52,721.

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, 2013, 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, 2013, 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. As of December 31, 2013, the statute of limitations for tax years ending December 31, 2010 through 2012 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, 2013, the Foundation had no accruals for interest and/or penalties.

Continued

13. Reclassifications

Certain 2012 amounts have been reclassified to conform to the 2013 financial statement presentation.

14. 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, 2012, from which the summarized information was derived.

15. Subsequent Events

The Foundation's management has evaluated events and transactions for potential recognition or disclosure through April 15, 2014, the date the financial statements were available to be issued.

On January 9, 2014, the Foundation received notification that the approved terms of a settlement directed that the final excess amounts be distributed as *cy pres* awards to the Foundation and one other charity. On January 31, 2014, the Foundation received approximately $1,354,000 from the settlement.

There were no other subsequent events identified through April 15, 2014 required to be disclosed in these financial statements.

SUPPLEMENTAL INFORMATION

NATIONAL OSTEOPOROSIS FOUNDATION

SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2013
(With Summarized Financial Information for the Year Ended December 31, 2012)

	Program Services								Supporting Services				
	National Bone Health Alliance	Professional Education	Patient Education	Communications	Membership	Research	Public Policy	Total Program Services	Fundraising	Management and General	Total Supporting Services	2013 Total	2012 Total
Personnel-related expenses	$ 569,475	$ 388,716	$ 200,779	$ 138,747	$ 49,393	$ 8,841	$ 8,847	$ 1,364,798	$ 700,831	$ 234,228	$ 935,059	$ 2,299,857	$ 2,051,199
Professional fees and contracts	125,643	63,880	30,167	58,239	9,459	2,027	2,500	291,915	63,194	126,441	189,635	481,550	1,091,318
Conferences, conventions and events	79,413	176,847	22,782	5,547	1,396	12,839	988	299,812	48,360	26,150	74,510	374,322	357,416
Occupancy, maintenance and insurance	67,430	45,193	23,967	16,451	6,572	1,048	1,049	161,710	85,311	109,695	195,006	356,716	356,815
Printing, publications and promotion	7,812	79,136	54,675	1,051	1,322	41	41	144,078	59,273	17,878	77,151	221,229	266,285
Postage, mailing and shipping	2,364	31,952	35,221	983	2,552	16	137	73,225	97,046	8,953	105,999	179,224	173,796
Depreciation and amortization	29,854	19,217	10,611	7,284	2,593	464	464	70,487	37,771	48,568	86,339	156,826	172,462
Supplies, telephone and internet	22,544	12,574	7,516	18,604	9,247	350	924	71,759	22,678	26,939	49,617	121,376	193,644
Interest and fees	7,598	21,731	2,701	1,854	660	118	118	34,780	11,950	12,632	24,582	59,362	56,004
Research grants and awards	-	27,374	-	-	-	15,921	-	43,295	-	-	-	43,295	29,522
In-kind advertising and other	4,738	580	300	500	-	-	-	6,118	-	14,401	14,401	20,519	33,242
TOTAL EXPENSES	$ 916,871	$ 867,200	$ 388,719	$ 249,260	$ 83,194	$ 41,665	$ 15,068	$ 2,561,977	$ 1,126,414	$ 625,885	$ 1,752,299	$ 4,314,276	$ 4,781,703