NATIONAL OSTEOPOROSIS FOUNDATION
(a nonprofit organization)

FINANCIAL STATEMENTS

Year Ended December 31, 2017
(with Summarized Comparative Information for December 31, 2016)

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Renner & Company
Certified Public Accountants

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A PROFESSIONAL CORPORATION

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
National Osteoporosis Foundation
Arlington, VA

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, 2017, the related statements of activities, functional expenses 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.

Auditors' 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 Foundation as of December 31, 2017, 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.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 19, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Renner and Company, CPA, P.C.

Alexandria, Virginia
July 17, 2018

NATIONAL OSTEOPOROSIS FOUNDATION

STATEMENT OF FINANCIAL POSITION
December 31, 2017 (with comparative information as of December 31, 2016)

ASSETS

	2017	2016
CURRENT ASSETS		
Cash	$ 1,579,813	$ 1,506,979
Accounts receivable	33,655	25
Contributions receivable	137,998	373,806
Prepaid expenses	113,561	105,072
Inventory	8,097	6,736
TOTAL CURRENT ASSETS	1,873,124	1,992,618
PROPERTY, at cost, net	15,584	29,280
OTHER ASSETS		
Contribution receivable, net of current	89,668	89,668
Investments	3,515,621	3,104,776
TOTAL OTHER ASSETS	3,605,289	3,194,444
TOTAL ASSETS	$ 5,493,997	$ 5,216,342

LIABILITIES AND NET ASSETS

	2017	2016
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 185,186	$ 293,929
Deferred revenue	92,999	440,580
TOTAL CURRENT LIABILITIES	278,185	734,509
OTHER LIABILITIES		
Deferred rent	149,310	145,446
TOTAL LIABILITIES	427,495	879,955
NET ASSETS		
Without donor restrictions	3,842,302	3,090,102
With donor restrictions	1,224,200	1,246,285
TOTAL NET ASSETS	5,066,502	4,336,387
TOTAL LIABILITIES AND NET ASSETS	$ 5,493,997	$ 5,216,342

See Notes to the Financial Statements.

NATIONAL OSTEOPOROSIS FOUNDATION

STATEMENT OF ACTIVITIES
Year Ended December 31, 2017
(with summarized comparative information for the year ended December 31, 2016)

	2017			2016
SUPPORT AND REVENUE	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Total
Grants and contributions	$ 1,270,635	$ 1,278,436	$ 2,549,071	$ 1,435,806
Contract revenue	-	-	-	15,000
Investment income	411,561	2,351	413,912	160,221
Membership dues	82,925	271,265	354,190	392,325
Royalties and consulting income	380,505	-	380,505	358,487
Interdisciplinary Symposium on Osteoporosis	390,450	-	390,450	426,906
Legacies and bequests	444,941	-	444,941	436,303
Publications sales	148,808	-	148,808	79,825
Donated services and materials	2,321	-	2,321	34,069
Miscellaneous income	6,949	-	6,949	1,383
Net assets released from restrictions:				
Satisfaction of program restrictions	1,574,137	(1,574,137)	-	-
TOTAL SUPPORT AND REVENUE	4,713,232	(22,085)	4,691,147	3,340,325
EXPENSES				
Program Services				
National Bone Health Alliance	1,228,053	-	1,228,053	1,172,613
Professional education	1,082,839	-	1,082,839	880,812
Patient education	286,791	-	286,791	207,164
Communication	283,249	-	283,249	311,464
Membership	106,045	-	106,045	82,050
Research	9,331	-	9,331	185,856
Advocacy	367,541	-	367,541	169,270
Total program services	3,363,849	-	3,363,849	3,009,229
Supporting Services				
Fundraising	665,922	-	665,922	583,086
Management and general	184,287	-	184,287	78,913
Total supporting services	850,209	-	850,209	661,999
TOTAL EXPENSES	4,214,058	-	4,214,058	3,671,228
CHANGE IN NET ASSETS BEFORE COMBINATION WITH PAGETS DISEASE FOUNDATION	499,174	(22,085)	477,089	(330,903)
ASSETS RECEIVED IN COMBINATION WITH PAGETS DISEASE FOUNDATION	253,026	-	253,026	-
CHANGE IN NET ASSETS	752,200	(22,085)	730,115	(330,903)
NET ASSETS, beginning of year	3,090,102	1,246,285	4,336,387	4,667,290
NET ASSETS, end of year	$ 3,842,302	$ 1,224,200	$ 5,066,502	$ 4,336,387

See Notes to the Financial Statements.

NATIONAL OSTEOPOROSIS FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES - PROGRAM SERVICES
Year Ended December 31, 2017
(with summarized comparative information for the year ended December 31, 2016)

	2017								2016
	NBHA	Professional Education	Patient Education	Communications	Membership	Research	Advocacy	Program Services Total	Program Services Total Summarized
Personnel-related expenses	$ 547,057	$ 166,836	$ 58,100	$ 181,271	$ 45,318	$ 866	$ 181,738	$ 1,181,186	$ 1,188,635
Professional fees and expenses	418,415	365,931	109,177	50,754	20,873	8,855	135,340	1,109,345	823,286
Conferences, conventions and events	57,153	343,218	6,453	5,362	1,159	(586)	8,099	420,858	282,324
Occupancy, maintenance and insurance	96,943	18,187	11,333	21,607	10,785	94	18,716	177,665	201,080
Printing, publications and promotion	22,289	113,263	74,649	1,256	2,570	4	1,035	215,066	188,902
Supplies, telephone and internet	51,820	31,459	9,751	15,670	3,596	68	12,539	124,903	181,458
Postage, mailing and shipping	13,364	36,269	15,667	1,743	20,348	5	5,235	92,631	94,217
Depreciation and amortization	5,613	1,122	391	1,333	333	6	1,155	9,953	11,913
Interest and other	15,399	6,554	1,270	4,253	1,063	19	3,684	32,242	37,414
TOTAL EXPENSES	$ 1,228,053	$ 1,082,839	$ 286,791	$ 283,249	$ 106,045	$ 9,331	$ 367,541	$ 3,363,849	$ 3,009,229

See Notes to the Financial Statements.

NATIONAL OSTEOPOROSIS FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2017
(with summarized comparative information for the year ended December 31, 2016)

	2017					2016
		Supporting Services				
	Program Services Total	Fundraising	Management and General	Total Supporting Services	Total	Summarized Total
Personnel-related expenses	$ 1,181,186	$ 322,178	$ 89,932	$ 412,110	$ 1,593,296	$ 1,503,499
Professional fees and expenses	1,109,345	199,790	9,927	209,717	1,319,062	985,822
Conferences, conventions and events	420,858	17,103	31,716	48,819	469,677	305,559
Occupancy, maintenance and insurance	177,665	35,128	27,788	62,916	240,581	237,704
Printing, publications and promotion	215,066	28,888	837	29,725	244,791	243,723
Supplies, telephone and internet	124,903	21,593	19,490	41,083	165,986	203,524
Postage, mailing and shipping	92,631	31,554	(939)	30,615	123,246	131,867
Depreciation and amortization	9,953	2,168	1,575	3,743	13,696	15,190
Interest and other	32,242	7,520	3,961	11,481	43,723	44,340
TOTAL EXPENSES	$ 3,363,849	$ 665,922	$ 184,287	$ 850,209	$ 4,214,058	$ 3,671,228

See Notes to the Financial Statements.

NATIONAL OSTEOPOROSIS FOUNDATION

STATEMENT OF CASH FLOWS
Year Ended December 31, 2017
(with comparative information for the year ended December 31, 2016)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operations		
Support and revenue	$ 4,275,150	$ 3,485,093
Investment income	100,711	93,918
Total cash received from operations	4,375,861	3,579,011
Cash disbursed from operations		
Payments to program recipients, employees and suppliers	4,206,347	3,431,461
Interest paid	1	1
Total cash disbursed from operations	4,206,348	3,431,462
NET CASH PROVIDED BY OPERATING ACTIVITIES	169,513	147,549
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(634,852)	(208,074)
Proceeds from sale of investments	538,173	80,755
Purchase of property	-	(3,565)
NET CASH USED BY INVESTING ACTIVITIES	(96,679)	(130,884)
NET INCREASE IN CASH	72,834	16,665
CASH, beginning of year	1,506,979	1,490,314
CASH, end of year	$ 1,579,813	$ 1,506,979
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Unrealized gain in fair value of investments	$ (270,959)	$ (91,493)
Increase in investment value	270,959	91,493
Increase in investments - donated stock	-	34,313
Donation of stock	-	(34,313)
	$ -	$ -

See Notes to the Financial Statements.

NATIONAL OSTEOPOROSIS FOUNDATION

STATEMENT OF CASH FLOWS
Year Ended December 31, 2017
(with comparative information for the year ended December 31, 2016)

	2017	2016
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED FROM OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	$ 730,115	$ (330,903)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	13,696	15,190
Realized and unrealized gain on investments	(314,166)	(67,054)
Donated stock	-	(34,313)
Occupancy costs	3,864	104,653
NET ADJUSTMENTS	(296,606)	18,476
CHANGES IN ASSETS AND LIABILITIES AFFECTING OPERATIONS (USING) PROVIDING CASH		
ASSETS		
Accounts receivable	(33,630)	110,989
Contributions receivable	235,808	188,084
Prepaid expenses	(8,489)	26,748
Inventory	(1,361)	2,301
	192,328	328,122
LIABILITIES		
Accounts payable and accrued expenses	(108,743)	90,874
Deferred revenue	(347,581)	40,980
	(456,324)	131,854
NET CHANGES IN ASSETS AND LIABILITIES	(263,996)	459,976
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 169,513	$ 147,549

See Notes to the Financial Statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The National Osteoporosis Foundation (the Foundation) (a nonprofit organization) 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.

On October 2, 2017, the Foundation combined with Pagets Disease Foundation (Paget), a New York 501(c)(3). The purpose of the combination was to ensure that the work of Paget continue, and be carried out by a dedicated, professional staff, in a transparent and responsive manner and to ensure the public's continued access to information on Pagets Disease and to maintain a directory of qualified physicians treating this disease. This combination has been accounted for using the acquisition method in accordance with *FASB ASC 958-805 Business Combinations.*

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less, when purchased, to be cash equivalents. As of December 31, 2017 cash consists of three checking accounts, two sweep accounts and three money market accounts. As of December 31, 2017 and 2016, there were no cash equivalents.

Accounts Receivable

Receivables are stated at the amount management expects to collect from balances outstanding at year-end. Accounts receivable are considered past due 30 days from invoice date. Management closely monitors outstanding balances and writes off balances that are deemed uncollectible, if any. As management has deemed all receivables to be collectible as of the fiscal year end date, no bad debt allowance has been recorded.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Property is recorded at cost, or if donated, at the fair value on the date of the donation and is depreciated on a straight-line basis over the estimated useful lives of the respective assets. The foundation capitalizes all fixed assets with a purchase price of $1,000 or greater. The Foundation capitalizes website development costs incurred during the application stage of development. Depreciation and amortization on property is computed using the following estimated useful lives: furniture and fixtures, 5-7 years; office equipment, 3-5 years; website 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.

Classification of Net Assets

The net assets of the Foundation are reported as follows:

Without Donor Restriction represent operating net assets which are available for the general operations of the Association as net assets without donor restriction, as well as Board-designated net assets set aside for future use.

With Donor Restriction represent gifts of cash and other restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Foundation reports grants and contributions as net assets with donor restriction 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, net assets with donor restriction are reclassified to net assets without donor restriction 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 without donor restricted support. Unconditional grants and contributions that have been promised but not yet received are reflected as contributions 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.

Special events revenue and registration fees are recognized in the year in which the related events or conferences 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.

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, including salaries, employee benefits, payroll taxes, professional fees, travel, equipment maintenance, office expense, publications, printing, and occupancy have been allocated among the programs, general and administrative and fundraising costs based on time expended or space occupied.

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.

Summarized Comparative Financial Information

The 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Adoption of New Accounting Standard

The Foundation has adopted the financial statement presentation and disclosure standards contained in the Financial Accounting Standards Board Accounting Standards Update 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, modifying ASC 958. The change has been applied as of December 31, 2017 with no effect on beginning net assets.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 various states.

In accounting for uncertainty in income taxes, accounting standards require an entity to recognize the financial statement impact of a tax position when it is more-likely-than-not that the position will not be sustained upon examination. Management evaluated the Foundation's tax positions and concluded that the Foundation has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Liquidity

The Foundation maintains a liquid cash balance in checking and money market accounts in an amount necessary to meet its anticipated expenditures for at least the next 30 days. Cash in excess of this amount is invested in short-term investments.

The Foundation has secured a line of credit of up to $1,000,000 to help manage cash flow. There was no borrowing during the year ended December 31, 2017. The line of credit expires August 27, 2018.

The Foundation reconciles the balance of financial assets subject to donor restrictions monthly, based on restricted amounts used and received. Restricted cash and investments are separately identified and monitored as part of the Foundation's monthly financial reporting process.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Liquidity (Continued)

The Foundation's financial assets available within one year to meet cash needs for general expenditures through December 31, 2018 are as follows:

Financial Assets	
Cash	$ 1,579,813
Investments	3,515,621
Accounts receivable	33,655
Contributions receivable	137,998
Total financial assets	$ 5,267,087
Less amounts not available within one year	
Purpose restricted net assets	(1,044,188)
Endowment invested in perpetuity	(180,012)
Financial assets available within one year to meet cash needs for general expenditures within one year	$ 4,042,887

2. CASH

Cash as of December 31, 2017 and 2016 consisted of the following:

	2017	2016
Checking	$ 207,462	$ 176,323
Sweep	1,250,000	1,213,000
Money Market	122,321	117,634
Petty Cash	30	22
	$ 1,579,813	$ 1,506,979

The checking, sweep and money market accounts are insured by the Federal Deposit Insurance Corporation and the Securities Investor Protector Corporation, respectively, up to $250,000. The foundation had $1,002,676 and $1,647,893 of uninsured funds in its bank and investment accounts as of December 31, 2017 and 2016, respectively.

NATIONAL OSTEOPOROSIS FOUNDATION

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable represent amounts due from corporations, individuals, bequests, and are scheduled to be received as of December 31, 2017 and 2016 respectively as follows:

	2017	2016
One to five years	$ 137,998	$ 373,806
More than five years	89,668	89,668
	$ 227,666	$ 463,474

Management has evaluated outstanding contributions receivable and has deemed all amounts to be fully collectible.

4. INVESTMENTS

Investments are recorded at fair value and consist of the following at December 31:

	2017		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Mutual funds			
Commodities	$ 98,870	$ 99,839	$ 969
Diversified emerging markets	122,391	127,137	4,746
Foreign large blend	193,269	219,989	26,720
Foreign large growth	191,248	238,192	46,944
Foreign large value	11,720	14,947	3,227
High yield bond	16,717	16,703	(14)
Intermediate-term bond	811,410	807,221	(4,189)
Large blend	249,550	395,363	145,813
Large growth	158,312	230,322	72,010
Large value	194,012	220,471	26,459
Market neutral	88,520	87,554	(966)
Multialternative	254,071	255,891	1,820
Preferred stock	92,965	93,225	260
Real estate	95,267	95,226	(41)
Short-term bond	258,424	238,126	(20,298)

4. INVESTMENTS (Continued)

	2017		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Small blend	$ 254,791	$ 267,538	$ 12,747
Small growth	4,716	9,634	4,918
Small value	78,407	98,243	19,836
	$ 3,174,660	$ 3,515,621	$ 340,961

	2016		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Common stocks			
Basic material	$ -	$ 2,411	$ 2,411
Mutual funds			
Commodities	80,000	78,925	(1,075)
Diversified emerging markets	123,241	99,734	(23,507)
Foreign large blend	139,470	131,365	(8,105)
Foreign large growth	150,757	154,957	4,200
Foreign large value	14,249	15,024	775
High yield bond	18,426	17,217	(1,209)
Intermediate-term bond	777,303	767,194	(10,109)
Large blend	344,836	479,400	134,564
Large growth	128,136	169,982	41,846
Large value	190,522	193,193	2,671
Market neutral	76,885	77,927	1,042
Multialternative	134,389	125,751	(8,638)
Preferred stock	87,093	86,240	(853)
Real estate	74,595	76,075	1,480
Short-term bond	249,722	232,748	(16,974)
Small blend	291,535	307,591	16,056
Small growth	6,553	11,019	4,466
Small value	62,551	78,023	15,472
	$ 2,950,263	$ 3,104,776	$ 154,513

4. INVESTMENTS (Continued)

Investment income consisted of the following for the years ended December 31:

	2017	2016
Interest and dividends	$ 44,666	$ 113,427
Net realized and unrealized gains (losses)	387,900	67,053
Investment management fees	(18,654)	(20,259)
	$ 413,912	$ 160,221

5. FAIR VALUE MEASUREMENTS

The following table summarizes the Foundation's investments measured at fair value on a recurring basis as of December 31, 2017 and 2016 aggregated by the fair value hierarchy level with which those measurements were made:

	2017	
	Fair Value	Level 1
Mutual funds		
Commodities	$ 99,839	$ 99,839
Diversified emerging markets	127,137	127,137
Foreign large blend	219,989	219,989
Foreign large growth	238,192	238,192
Foreign large value	14,947	14,947
High yield bond	16,703	16,703
Intermediate-term bond	807,221	807,221
Large blend	395,363	395,363
Large growth	230,322	230,322
Large value	220,471	220,471
Market neutral	87,554	87,554
Multialternative	255,891	255,891
Preferred stock	93,225	93,225
Real estate	95,226	95,226
Short-term bond	238,126	238,126
Small blend	267,538	267,538
Small growth	9,634	9,634
Small value	98,243	98,243
	$ 3,515,621	$ 3,515,621

NATIONAL OSTEOPOROSIS FOUNDATION

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

5. FAIR VALUE MEASUREMENTS (Continued)

	2016	
	Fair Value	Level 1
Common stocks		
Basic material	$ 2,411	$ 2,411
Mutual funds		
Commodities	78,925	78,925
Diversified emerging markets	99,734	99,734
Foreign large blend	131,365	131,365
Foreign large growth	154,957	154,957
Foreign large value	15,024	15,024
High yield bond	17,217	17,217
Intermediate-term bond	767,194	767,194
Large blend	479,400	479,400
Large growth	169,982	169,982
Large value	193,193	193,193
Market neutral	77,927	77,927
Multialternative	125,751	125,751
Preferred stock	86,240	86,240
Real estate	76,075	76,075
Short-term bond	232,748	232,748
Small blend	307,591	307,591
Small growth	11,019	11,019
Small value	78,023	78,023
	$ 3,104,776	$ 3,104,776

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

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

NATIONAL OSTEOPOROSIS FOUNDATION

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December 31, 2017

6. PROPERTY AND DEPRECIATION

The Foundation held the following property and equipment as of December 31, 2017 and 2016, respectively:

	2017		
	Cost	Depreciation expense	Accumulated depreciation
Machinery and equipment	$ 104,509	$ 3,309	$ 96,788
Computer software	545,307	8,392	543,209
Furniture and fixtures	41,487	1,995	35,722
	$ 691,303	$ 13,696	$ 675,719

	2016		
	Cost	Depreciation expense	Accumulated depreciation
Machinery and equipment	$ 104,509	$ 4,764	$ 93,479
Computer software	545,307	8,433	534,817
Furniture and fixtures	41,487	1,993	33,727
	$ 691,303	$ 15,190	$ 662,023

7. LINE OF CREDIT

The Foundation entered into a line of credit agreement with a financial institution for $1,000,000, 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 August 28, 2016. Any amounts outstanding on the line of credit, plus any accrued interest, are due and payable on August 28, 2017, the maturity date. As of December 31, 2017 and 2016, the outstanding balance was zero. Interest expense for the year ended December 31, 2017 and 2016 was $1.

8. CHARITABLE GIFT ANNUITY

The Foundation administers various charitable remainder trusts. A charitable reminder 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 trust's 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 contributions with donor restrictions contribution in the period the trust is established. Assets held in the charitable remainder trusts totaled $288,452 and $319,094 at December 31, 2017 and 2016, respectively and are included in investments and reported at fair 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 $53,050 and $86,534 as of December 31, 2017 and 2016, respectively 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.

9. DEFERRED REVENUE

The Foundation is the recipient of some grants. The revenue is recognized on a pro-rata basis over the term of the grant agreements. The unearned portion is recorded as deferred revenue in the statement of financial position. Deferred revenue as of December 31, 2017 and 2016 is as follows:

	2017	2016
Grants	$ 92,999	$ 440,580

10. NET ASSETS WITH DONOR RESTRICTION

A summary of activity in net assets with donor restriction for the year ended December 31, 2017 and 2016 is as follows:

	2017			
	Balance December 31, 2016	Support and Revenue	Net assets released from restrictions	Balance December 31, 2017
NBHA	$ 690,841	$ 472,878	$ (571,114)	$ 592,605
Education	347,234	1,064,279	(1,001,658)	409,855
Research endowment	208,210	14,895	(1,365)	221,740
Total	$ 1,246,285	$ 1,552,052	$ (1,574,137)	$ 1,224,200

10. NET ASSETS WITH DONOR RESTRICTION (Continued)

	2016			
	Balance December 31, 2015	Support and Revenue	Net assets released from restrictions	Balance December 31, 2016
NBHA	$ 755,632	$ 530,623	$ (595,414)	$ 690,841
Education	262,660	420,415	(335,841)	347,234
Research endowment	194,477	13,733	-	208,210
Total	$ 1,212,769	$ 964,771	$ (931,255)	$ 1,246,285

The Foundation's endowment consists of donor-restricted endowment funds which are shown as net assets with donor restrictions in the accompanying financial statements. As of December 31, 2017, the Foundation's endowment totaled $180,012. The income earned on these net 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 restricted income for medical research regarding bone health and bone research grants.

Interpretation of Relevant Law

The Board of Trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Fund 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 permanent 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 portion of the permanent endowment funds that is required to be retained permanently, either by explicit donor stipulation or by UPMIFA is $180,012 as of December 31, 2017 and 2016.

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 2017.

10. NET ASSETS WITH DONOR RESTRICTION (Continued)

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, 2017.

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.

11. BUSINESS COMBINATION WITH PAGETS DISEASE FOUNDATION

As noted in Note 1, on February 16, 2017 the Foundation combined with the Pagets Disease Foundation, a Virginia nonstock corporation. The fair value of the assets and liabilities received or assumed, respectively, at the combination date are as follows:

Cash	$ 253,026
Liabilities	-
Net assets received	$ 253,026

12. COMMITMENTS AND CONTINGENCIES

Hotel Commitments

The Foundation entered into a hotel contract for its 2017 annual meeting taking place in April 2017. Should the Foundation have decided to cancel this contract at December 31, 2017, it would have been liable for cancellation fees up to $249,610.

Employment Commitment

The Foundation has entered into an employment agreement under which the terms of the contract, the Foundation could be required to pay severance of up to $300,000 if the Foundation were to terminate the individual's employment under certain circumstances.

12. COMMITMENTS AND CONTINGENCIES (Continued)

Office Lease

On June 1, 2015, the Foundation entered into a new lease agreement for office space in Arlington, VA. The lease commenced on June 1, 2015, and will expire in May 2026. Under the terms of the lease, the base rent is subject to an annual increase of 2.5%. As part of the lease agreement, the Foundation is required to maintain an irrevocable standby letter of credit in the amount of $149,572.

Future minimum lease payments required under the lease are as follows:

2018	$ 172,502
2019	176,814
2020	181,235
2021	185,766
2022	190,410
Thereafter	756,923
	$ 1,663,650

Rent expense for the year ended December 31, 2017 and 2016 totaled $172,423 and $167,266 respectively.

13. 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, 2017 and 2016 included joint costs which are not specifically attributable to particular components of the activities. These joint costs were allocated as follows:

	2017	2016
Fundraising	$ 89,183	$ 126,016
Program	42,998	63,199
Management and general	12,697	21,911
	$ 144,878	$ 211,126

14. 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, 2017 and 2016 was $42,045 and $54,533, respectively.

15. SUBSEQUENT EVENTS

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through July 17, 2018, the date the financial statements were available to be issued.