



Financial Statements

For the Year Ended December 31, 2010

(With Summarized Financial Information for the Year Ended December 31, 2009)



**and
Report Thereon**





INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
National Osteoporosis Foundation

CONSULTING
ACCOUNTING
TECHNOLOGY

*Certified Public
Accountants*

We have audited the accompanying statement of financial position of the National Osteoporosis Foundation (the Foundation) as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Foundation's 2009 financial statements and, in our report dated July 30, 2010, we expressed an unqualified opinion on those financial statements.

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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Raffa, P.C.

RAFFA, P.C.

Washington, DC
May 12, 2011

NATIONAL OSTEOPOROSIS FOUNDATION

STATEMENT OF FINANCIAL POSITION

December 31, 2010

(With Summarized Financial Information as of December 31, 2009)

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 3,178,172	\$ 4,835,021
Accounts receivable	140,390	398,214
Grants and contributions receivable	418,029	649,875
Investments	2,924,640	1,115,268
Prepaid expenses	291,773	146,984
Inventory	102,303	107,340
Property and equipment, net of accumulated depreciation and amortization of \$181,740 and \$410,597	<u>194,676</u>	<u>93,315</u>
TOTAL ASSETS	<u><u>\$ 7,249,983</u></u>	<u><u>\$ 7,346,017</u></u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 433,422	\$ 498,817
Deferred revenue	21,831	176,957
Deferred rent	42,137	-
Capital lease obligations	<u>2,114</u>	<u>21,128</u>
Total Liabilities	<u>499,504</u>	<u>696,902</u>
NET ASSETS		
Unrestricted	5,739,832	5,389,120
Temporarily restricted	830,635	1,079,983
Permanently restricted	<u>180,012</u>	<u>180,012</u>
Total Net Assets	<u>6,750,479</u>	<u>6,649,115</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 7,249,983</u></u>	<u><u>\$ 7,346,017</u></u>

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

NATIONAL OSTEOPOROSIS FOUNDATION

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2010

(With Summarized Financial Information for the Year Ended December 31, 2009)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2010 Total</u>	<u>2009 Total</u>
REVENUE AND SUPPORT					
Grants and contributions	\$ 1,576,948	\$ 489,926	\$ -	\$ 2,066,874	\$ 1,495,646
Royalty and educational income	845,528	-	-	845,528	658,459
Legacies and bequests	693,766	9,124	-	702,890	919,910
International Symposium on Osteoporosis	472,024	60,000	-	532,024	527,394
Annual dinner and other special events	373,273	-	-	373,273	415,784
Investment income	133,354	5,753	-	139,107	225,643
Donated services and materials	104,452	-	-	104,452	48,943
Membership dues	94,941	-	-	94,941	117,126
Publications sales	92,072	-	-	92,072	196,269
Miscellaneous income	24,379	-	-	24,379	54,064
Unrealized gain on interest rate swap contract	-	-	-	-	114,644
Rental income	-	-	-	-	42,395
Federal grants and contracts	-	-	-	-	25,000
Gain on sale of property and equipment, net of direct expenses of \$464,864	-	-	-	-	4,834,277
Net assets released from restrictions:					
Satisfaction of program restrictions	461,229	(461,229)	-	-	-
Satisfaction of time restrictions	352,922	(352,922)	-	-	-
TOTAL REVENUE AND SUPPORT	<u>5,224,888</u>	<u>(249,348)</u>	<u>-</u>	<u>4,975,540</u>	<u>9,675,554</u>
EXPENSES					
Program Services:					
Patient education	889,117	-	-	889,117	1,142,060
Professional education	807,685	-	-	807,685	1,497,451
Public policy	682,729	-	-	682,729	587,917
Communications	622,960	-	-	622,960	679,343
Membership	65,878	-	-	65,878	319,216
Research	558	-	-	558	1,578
Total Program Services	<u>3,068,927</u>	<u>-</u>	<u>-</u>	<u>3,068,927</u>	<u>4,227,565</u>
Supporting Services:					
Management and general	408,413	-	-	408,413	577,934
Fundraising	1,396,836	-	-	1,396,836	1,398,988
Total Supporting Services	<u>1,805,249</u>	<u>-</u>	<u>-</u>	<u>1,805,249</u>	<u>1,976,922</u>
TOTAL EXPENSES	<u>4,874,176</u>	<u>-</u>	<u>-</u>	<u>4,874,176</u>	<u>6,204,487</u>
CHANGE IN NET ASSETS	350,712	(249,348)	-	101,364	3,471,067
NET ASSETS, BEGINNING OF YEAR	<u>5,389,120</u>	<u>1,079,983</u>	<u>180,012</u>	<u>6,649,115</u>	<u>3,178,048</u>
NET ASSETS, END OF YEAR	<u>\$ 5,739,832</u>	<u>\$ 830,635</u>	<u>\$ 180,012</u>	<u>\$ 6,750,479</u>	<u>\$ 6,649,115</u>

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

NATIONAL OSTEOPOROSIS FOUNDATION

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2010

(With Summarized Financial Information for the Year Ended December 31, 2009)

Increase (Decrease) in Cash and Cash Equivalents

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 101,364	\$ 3,471,067
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized gain on investments	(102,650)	(189,068)
Depreciation and amortization	51,619	197,854
Donation of securities	(5,346)	(207,574)
Gain on sale of property and equipment	-	(5,299,141)
Unrealized gain on interest rate swap contract	-	(114,643)
Changes in assets and liabilities:		
Accounts receivable	257,824	(175,331)
Grants and contributions receivable	231,846	332,307
Prepaid expenses	(144,789)	16,310
Cash surrender value of life insurance	-	18,994
Inventory	5,037	(24,320)
Accounts payable and accrued expenses	(65,395)	(19,396)
Deferred revenue	(155,126)	(63,333)
Deferred rent	42,137	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>216,521</u>	<u>(2,056,274)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(152,980)	(95,216)
Proceeds from sales of investments	1,055,869	647,031
Purchases of investments	(2,757,245)	(172,326)
Proceeds on sale of property and equipment	-	10,415,000
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	<u>(1,854,356)</u>	<u>10,794,489</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease obligations	(19,014)	(18,325)
Increase in segregated bond reserve funds	-	154,096
Principal payments on bonds	-	(3,415,000)
Payment to terminate interest rate swap contract	-	(403,735)
Payment on line of credit	-	(500,000)
NET CASH USED IN FINANCING ACTIVITIES	<u>(19,014)</u>	<u>(4,182,964)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(1,656,849)</u>	<u>4,555,251</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,835,021</u>	<u>279,770</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,178,172</u>	<u>\$ 4,835,021</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	<u>\$ 2,618</u>	<u>\$ 124,956</u>
Donated stock	<u>\$ 5,346</u>	<u>\$ 207,574</u>

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

NATIONAL OSTEOPOROSIS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

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.

New Accounting Pronouncement

During the year ended December 31, 2010, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2010-06, *Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements*.

Cash Equivalents

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

Accounts Receivable

Accounts 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.

Continued

NATIONAL OSTEOPOROSIS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

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

Fair Value of Financial Instruments

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.

As of December 31, 2010, only the Foundation's investments, as described in Note 3, 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 FASB Accounting Standards Codification (ASC) Topic 350-50, *Website Development Costs*. Accordingly, costs incurred during the application

Continued

NATIONAL OSTEOPOROSIS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

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

Property and Equipment and Related Depreciation and Amortization (continued)

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. Equipment under a capital lease is amortized over the term of the lease. 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.

Deferred Revenue

Deferred revenue consists of prepaid conference fees and special events fees for the following fiscal year. Conference and special events fees are recognized in the year the event takes place.

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.

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

NATIONAL OSTEOPOROSIS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

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

Revenue Recognition (continued)

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

Donated Services and Materials

Contributions of donated non-cash 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	\$ 328,361
Within two to five years	50,000
Thereafter	<u>39,668</u>
Total	<u>\$ 418,029</u>

All amounts are considered fully collectible.

NATIONAL OSTEOPOROSIS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

3. Investments

The following table summarizes the Foundation's investments measured at fair value on a recurring basis as of December 31, 2010, aggregated by the fair value hierarchy level with which those measurements were made:

	<u>Total</u>	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 bonds	\$ 1,337,292	\$ 1,337,292	\$ -	\$ -
Short-term bonds	670,570	670,570	-	-
Government bonds	99,494	99,494	-	-
Diversified funds	68,417	68,417	-	-
High-yield bonds	14,588	14,588	-	-
Equity mutual funds:				
Large-cap	492,933	492,933	-	-
Real estate	84,692	84,692	-	-
Small-cap	82,415	82,415	-	-
Commodity	72,758	72,758	-	-
Equities	<u>1,481</u>	<u>1,481</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,924,640</u>	<u>\$ 2,924,640</u>	<u>\$ -</u>	<u>\$ -</u>

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 income consists of the following for the year ended December 31, 2010:

Interest and dividends	\$ 46,338
Net realized and unrealized gains	102,650
Transaction fees	(7,114)
Investment management fees	<u>(2,767)</u>
Total Investment Income	<u>\$ 139,107</u>

Investment income includes \$18,287 earned from cash equivalents.

Continued

NATIONAL OSTEOPOROSIS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

4. Property and Equipment and Accumulated Depreciation and Amortization

The Foundation held the following property and equipment as of December 31, 2010:

Web site development costs and computer software	\$ 220,887
Office equipment including equipment under capital leases	111,624
Furniture and fixtures	<u>43,905</u>
Total property and equipment	376,416
Less: Accumulated depreciation and amortization	<u>(181,740)</u>
Property and Equipment, Net	<u>\$ 194,676</u>

Depreciation and amortization expense for the year ended December 31, 2010 was \$51,619.

5. Temporarily Restricted Net Assets

As of December 31, 2010, temporarily restricted net assets were available for the following purposes:

Programs	\$ 626,203
Time restricted	144,432
Special events	<u>60,000</u>
Total Temporarily Restricted Net Assets	<u>\$ 830,635</u>

6. 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, 2010, the permanently restricted net assets totaled \$180,012 and 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 the restricted income is for medical research regarding bone health and bone research grants.

During the year ended December 31, 2010, there were investment gains on these funds totaling \$5,753. 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 2010.

Continued

NATIONAL OSTEOPOROSIS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

6. Permanently Restricted Net Assets (continued)

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 Directors 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.

7. 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 each 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.

NATIONAL OSTEOPOROSIS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

7. Commitments and Contingencies (continued)

Operating Lease (continued)

Future minimum lease payments required under the lease are as follows as of December 31, 2010:

<u>For the Years Ending</u> <u>December 31,</u>	
2011	\$ 286,409
2012	300,730
2013	315,766
2014	331,555
Thereafter	<u>171,532</u>
Total	<u>\$ 1,405,992</u>

Rent expense for the year ended December 31, 2010 totaled \$314,906.

Contract

On December 30, 2010, the Foundation entered into an agreement to purchase software and technology services in the amount of \$338,472 over a period of three years beginning in 2011. No costs related to this agreement were incurred during the year ended December 31, 2010.

8. 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, 2010 included joint costs which are not specifically attributable to particular components of the activities. These joint costs were allocated as follows:

Fundraising	\$ 304,046
Program	269,283
Management and general	<u>32,747</u>
Total Joint Costs	<u>\$ 606,076</u>

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NATIONAL OSTEOPOROSIS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

9. Retirement Plans

The Foundation sponsors a tax-deferred annuity plan covering all employees who have completed a year of service by the entry date of the Plan. Employer contributions to the Plan are discretionary and vest 25% after each full year of employment. The Plan has a three-tiered employer contributions rate schedule based on years of service with a percentage rate to be determined annually by the Board. The Foundation's total contributions to the plan for the year ended December 31, 2010 were \$88,945.

Subsequent to year-end, the Foundation adopted a restated plan, converting to the Lincoln SmartFuture® Program. Employees working greater than 20 hours per week 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.

10. Related Parties

A former member of the Board of Trustees is an employee of a brokerage firm which holds one of the Foundation's investment accounts. No fees were paid to the firm beyond trading commissions. The member resigned from the Board of Trustees in May of 2010.

11. 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 federal Forms 990 and 990-T tax returns in the U.S. federal jurisdiction and in various states. No provision for income taxes is required for the year ended December 31, 2010, 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, 2010, and determined that there were no matters that would require recognition in the financial statements

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NATIONAL OSTEOPOROSIS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

11. Income taxes (continued)

or that may have any effect on its tax-exempt status. For the year ended December 31, 2010, the statute of limitations for tax years 2007 through 2009 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.

12. Subsequent Events

The Foundation's management has evaluated events and transactions for potential recognition or disclosure through May 12, 2011, the date the financial statements were available to be issued.