

**NATIONAL OSTEOPOROSIS FOUNDATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**



**NATIONAL OSTEOPOROSIS FOUNDATION**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2020**

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## **REPORT ON INDEPENDENT AUDITORS**

To the Board of Trustees  
National Osteoporosis Foundation

We have audited the accompanying financial statements of National Osteoporosis Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the year ended December 31, 2020, 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 Foundation'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 Foundation'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, 2020 and 2019 and the changes in its net assets and its cash flows for the year ended December 31, 2020 in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited the financial statements of the Foundation as of and for the year ended December 31, 2019, and we expressed an unmodified audit opinion on those financial statements in our report dated May 13, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*CalibreCPAGroup, PLLC*

Bethesda, MD  
May 26, 2021

**NATIONAL OSTEOPOROSIS FOUNDATION**

**STATEMENTS OF FINANCIAL POSITION**

DECEMBER 31, 2020 AND 2019

	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,794,552	\$ 2,953,679
Contributions and bequests receivable	129,276	89,668
Prepaid expenses	68,004	59,092
Inventory	82,039	85,446
Total current assets	3,073,871	3,187,885
PROPERTY AND EQUIPMENT, AT COST, NET	6,977	5,907
INVESTMENTS	3,670,241	3,362,924
Total assets	\$ 6,751,089	\$ 6,556,716
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 211,455	\$ 192,367
Deferred revenue	1,152,832	1,341,436
Total current liabilities	1,364,287	1,533,803
<b>OTHER LIABILITIES</b>		
Obligations under charitable gift annuities	90,740	96,480
Deferred rent	136,554	145,186
Total liabilities	1,591,581	1,775,469
<b>NET ASSETS</b>		
Without donor restrictions	3,863,141	3,053,513
With donor restrictions	1,296,367	1,727,734
Total net assets	5,159,508	4,781,247
Total liabilities and net assets	\$ 6,751,089	\$ 6,556,716

See accompanying notes to financial statements.

**NATIONAL OSTEOPOROSIS FOUNDATION**

**STATEMENT OF ACTIVITIES**

YEAR ENDED DECEMBER 31, 2020

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>SUPPORT AND REVENUE</b>				
Grant and contributions	\$ 628,628	\$ 1,267,298	\$ 1,895,926	\$ 2,807,249
Membership dues	59,697	-	59,697	72,434
Royalties and consulting income	395,686	-	395,686	402,496
Interdisciplinary Symposium on Osteoporosis	-	-	-	125
Legacies and bequests	787,226	-	787,226	181,001
Publication sales	54,930	-	54,930	111,398
Donated services and materials	2,816	-	2,816	2,251
Miscellaneous income	4,729	-	4,729	7,152
Net investment income	421,005	3,160	424,165	603,506
Net assets released from restrictions				
Satisfaction of program restrictions	<u>1,701,825</u>	<u>(1,701,825)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>4,056,542</u>	<u>(431,367)</u>	<u>3,625,175</u>	<u>4,187,612</u>
<b>EXPENSES</b>				
Program services				
National Bone Health Alliance (NBHA)	283,837	-	283,837	184,718
Patient Education	344,297	-	344,297	358,131
Professional Education	905,668	-	905,668	1,339,468
Advocacy	908,653	-	908,653	1,141,663
Communications	154,439	-	154,439	90,327
Membership	19,990	-	19,990	35,855
Research	-	-	-	60,966
Total program services	<u>2,616,884</u>	<u>-</u>	<u>2,616,884</u>	<u>3,211,128</u>
Supporting services				
Fundraising	392,652	-	392,652	896,206
Management and general	237,378	-	237,378	350,313
Total supporting expenses	<u>630,030</u>	<u>-</u>	<u>630,030</u>	<u>1,246,519</u>
Total expenses	<u>3,246,914</u>	<u>-</u>	<u>3,246,914</u>	<u>4,457,647</u>
CHANGE IN NET ASSETS	809,628	(431,367)	378,261	(270,035)
<b>NET ASSETS</b>				
Beginning of year	<u>3,053,513</u>	<u>1,727,734</u>	<u>4,781,247</u>	<u>5,051,282</u>
End of year	<u>\$ 3,863,141</u>	<u>\$ 1,296,367</u>	<u>\$ 5,159,508</u>	<u>\$ 4,781,247</u>

See accompanying notes to financial statements.

**NATIONAL OSTEOPOROSIS FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	2020										2019		
	Program Services					Supporting Services					Total	Total	
	NBHA	Patient Education	Professional Education	Advocacy	Communications	Membership	Research	Program Services	Fundraising	Management and General	Supporting Services	Total	Total
Personnel-related expenses	2,008	164,231	290,775	176,098	27,826	5,579	-	666,517	96,757	70,394	167,151	833,668	1,315,978
Professional fees and expenses	281,829	44,765	495,336	651,693	108,496	1,326	-	1,583,445	214,073	57,594	271,667	1,855,112	2,002,341
Conferences, conventions and events	-	8,102	21,639	14,395	195	40	-	44,371	2,143	2,053	4,196	48,567	359,987
Occupancy, maintenance and insurance	-	34,845	62,515	38,915	6,101	1,242	-	143,618	19,766	65,611	85,377	228,995	222,210
Printing, publications and promotion	-	30,016	2,517	2,419	870	32	-	35,854	15,975	5,509	21,484	57,338	224,202
Supplies, telephone and internet	-	14,589	17,609	11,259	6,039	1,428	-	50,924	5,652	17,708	23,360	74,284	118,512
Postage, mailing and shipping	-	42,430	2,884	5,934	3,981	10,154	-	65,383	34,759	9,909	44,668	110,051	163,812
Depreciation and amortization	-	599	1,075	669	105	21	-	2,469	340	1,107	1,447	3,916	4,451
Interest and other	-	4,720	11,318	7,271	826	168	-	24,303	3,187	7,493	10,680	34,983	46,154
	<u>\$ 283,837</u>	<u>\$ 344,297</u>	<u>\$ 905,668</u>	<u>\$ 908,653</u>	<u>\$ 154,439</u>	<u>\$ 19,990</u>	<u>\$ -</u>	<u>\$ 2,616,884</u>	<u>\$ 392,652</u>	<u>\$ 237,378</u>	<u>\$ 630,030</u>	<u>\$ 3,246,914</u>	<u>\$ 4,457,647</u>

See accompanying notes to financial statements.

**NATIONAL OSTEOPOROSIS FOUNDATION**

**STATEMENT OF CASH FLOWS**

YEAR ENDED DECEMBER 31, 2020

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from operations		
Support and revenue	\$ 2,972,798	\$ 4,126,680
Investment income	123,571	90,367
Net cash received from operating activities	3,096,369	4,217,047
Cash disbursed from operations		
Payments to program recipients, employees and suppliers	(3,254,757)	(4,450,593)
Net cash used for operating activities	(158,388)	(233,546)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(407,315)	(154,295)
Proceeds from sale of investments	411,563	558,393
Purchase of property and equipment	(4,987)	-
Net cash provided by (used for) investing activities	(739)	404,098
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(159,127)	170,552
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	2,953,679	2,783,127
End of year	\$ 2,794,552	\$ 2,953,679

See accompanying notes to financial statements.



# NATIONAL OSTEOPOROSIS FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

### NOTE 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.

**Basis of Accounting** - The Foundation prepares its financial statements on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Under this basis, revenue is recognized when earned and expenses are recognized when incurred.

**Financial Statement Presentation** - Financial statement presentation follows the recommendations of U.S. generally accepted accounting principles in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), *Not-for-Profit Entities - Presentation of Financial Statements*. Under those principles, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets - net assets without donor restrictions and net assets with donor restrictions.

**Classification of Net Assets** - The net assets of the Foundation are reported as follows:

**Without Donor Restrictions** represent operating net assets which are available for the general operations of the Foundation as net assets without donor restrictions, as well as Board-designated net assets set aside for future use.

**With Donor Restrictions** 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 restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

**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, 2020, cash consists of three checking accounts, two sweep accounts and three money market accounts.

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**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 allowance for doubtful accounts has been recorded.

**Investments** - Investments consist of 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 in the statement of activities on the accrual basis and net of all external and direct internal investment expenses and as an increase in without donor restrictions net assets, unless restricted by donor or law. Dividends are recorded on the ex-dividend date. Unrealized gains (losses) resulting from increases (decreases) in fair value of securities held as well as the net realized gains and (losses) arising from sales of securities are included in investment income. 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 statements of financial position.

**Inventory** - Inventory consists of publications, videos and accessories and is stated at the lower of cost and net realizable value.

**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. The depreciation and amortization expense for the years ended December 31, 2020 and 2019 was \$3,916 and \$4,451, respectively.

**Revenue Recognition** - Revenue is derived from both exchange transactions and contribution transactions. Revenue from exchange transactions is recognized when control of promised goods or services is transferred to our members and customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. Except for goods and services provided in connection with membership dues, which are transferred over the period of membership, all goods and services are transferred at a point in time. Payments are generally required in advance and are reported as deferred revenue until the related revenue is recognized. Unconditional contributions are recognized upon receipt of cash or other assets, or when a donor promises to transfer cash or other assets in the future. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return or release, are not recognized until the conditions on which they depend have been substantially met.

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

*Membership Dues* - Membership dues entitle members to a bundle of goods and services that are considered a single performance obligation and the related revenue is recognized ratably over the membership period. Membership dues payments are required in advance and amounts not yet recognized as revenue are deferred to the applicable membership period.

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

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 statements of financial position.

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

**Grants and contributions** - The Foundation reports grants and contributions as net assets with donor restrictions 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 restrictions are reclassified to net assets without donor restrictions 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 statements of financial position.

**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 statements of activities and functional expenses. 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.

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**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 U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

**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. As of December 31, 2020, the statute of limitation for tax years 2017 through 2019 remains open with 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.

**NOTE 2. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

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 \$500,000 to help manage cash flow. There was no borrowing during the year ended December 31, 2020. The line of credit expires December 22, 2021.

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.

**NOTE 2. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (CONTINUED)**

The Foundation's financial assets available within one year to meet cash needs for general expenditures through December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Total assets at end of year	\$ 6,751,089	\$ 6,556,716
Less non financial assets		
Prepaid expenses	(68,004)	(59,092)
Property and equipment, at cost, net	(6,977)	(5,907)
Inventory	<u>(82,039)</u>	<u>(85,446)</u>
Total financial assets at year end	6,594,069	6,406,271
Less amounts not available to meet general expenditures coming due within one year		
Investment held to fund charitable gift annuities	(377,720)	(359,085)
Purpose restricted net assets	(1,116,355)	(1,547,722)
Endowment invested in perpetuity	(180,012)	(180,012)
Office lease standby letter of credit	<u>(180,905)</u>	<u>(149,572)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u>\$ 4,739,077</u>	<u>\$ 4,169,880</u>

**NOTE 3. CONTRACT BALANCES**

The timing of billings, cash collections, and revenue recognition result in contract assets and contract liabilities associated with revenue from exchange transactions. Contract assets consist entirely of trade accounts receivable, which are recognized only to the extent it is probable that we will collect substantially all of the consideration to which we are entitled in exchange for the goods or services that will be or have been transferred. Contract liabilities consist entirely of deferred revenue that results when we receive advance payments from our members and customers before revenue is recognized.

Balances in these accounts as of the beginning and end of the years ended December 31, 2020 and 2019 are as follows.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Accounts receivable			
Accounts receivable	\$ -	\$ -	\$ 24,893
Contributions and bequests receivable	<u>129,276</u>	<u>89,668</u>	<u>729,651</u>
	<u>\$ 129,276</u>	<u>\$ 89,668</u>	<u>754,544</u>
Deferred revenue			
Royalties	\$ -	\$ 100,000	\$ 15,425
Deferred revenue	<u>1,152,832</u>	<u>1,241,436</u>	<u>1,423,420</u>
	<u>\$ 1,152,832</u>	<u>\$ 1,341,436</u>	<u>\$ 1,438,845</u>

**NOTE 4. CONTRIBUTIONS AND BEQUESTS RECEIVABLE**

Contributions receivable represent amounts due from corporations, individuals, and bequests, and are scheduled to be received as of December 31, 2020 and 2019, respectively, as follows:

	<u>2020</u>	<u>2019</u>
Less than one year	\$ 129,276	\$ 89,668
One to five years	<u>-</u>	<u>-</u>
	<u>\$ 129,276</u>	<u>\$ 89,668</u>

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

**NOTE 5. FAIR VALUE MEASUREMENTS**

Accounting standards provide the framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2 Inputs to the valuation methodology include other significant observable inputs including:
- Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability; and
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

**NOTE 5. FAIR VALUE MEASUREMENTS (CONTINUED)**

Following are descriptions of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in methodologies used at December 31, 2020.

*Mutual funds:* Traded in active markets on the national and international securities exchanges and are valued at closing prices on the last business day of each period.

*Obligations under charitable gift annuities:* Recorded at present value of future cash flows expected to be paid to the donor. These liabilities are adjusted during the term of the annuities for payments and change in life expectancies.

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets and liabilities at fair value as of December 31, 2020 and 2019:

Description	2020			
	Total	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 3,670,241	\$ 3,670,241	\$ -	\$ -
Obligations under charitable gift annuities	\$ 90,740	\$ -	\$ 90,740	\$ -
Description	2019			
	Total	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 3,362,924	\$ 3,362,924	\$ -	\$ -
Obligations under charitable gift annuities	\$ 96,480	\$ -	\$ 96,480	\$ -

Net investment income consisted of the following for the years ended December 31:

	2020	2019
Interest and dividends	\$ 123,571	\$ 90,367
Net realized and unrealized gains	318,678	531,956
Investment management fees	(18,084)	(18,817)
	\$ 424,165	\$ 603,506

**NOTE 6. 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 matured on October 26, 2020. During December 2020, the Foundation entered into a new line of credit agreement with a financial institution for \$500,000, with an interest rate of four percent and matures in December 2021. As of December 31, 2020 and 2019, the outstanding balance was zero.

**NOTE 7. 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 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 \$377,720 and \$359,085 at December 31, 2020 and 2019, respectively, and are included in investments and reported at fair value in the Foundation's statements 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 \$90,740 and \$96,480 as of December 31, 2020 and 2019, respectively, and is calculated using a discount rate commensurate with the risks involved. This liability is included in the accompanying statements of financial position.

**NOTE 8. 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 statements of financial position. Deferred revenue as of December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Grants	<u>\$ 1,152,832</u>	<u>\$ 1,341,436</u>



**NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS**

A summary of activity in net assets with donor restrictions for the years ended December 31, 2020 and 2019 are as follows:

Description	2020			
	Balance December 31, 2019	Support and Revenue	Net Assets Released From Expense	Balance December 31 2020
NBHA	\$ 376,134	\$ -	\$ (309,892)	\$ 66,242
Education	1,129,667	1,260,601	(1,382,076)	1,008,192
Research endowment	221,933	9,857	(9,857)	221,933
Total	<u>\$ 1,727,734</u>	<u>\$ 1,270,458</u>	<u>\$ (1,701,825)</u>	<u>\$ 1,296,367</u>

  

Description	2019			
	Balance December 31, 2018	Support and Revenue	Net Assets Released From Expense	Balance December 31 2019
NBHA	\$ 507,307	\$ 100,000	\$ (231,173)	\$ 376,134
Education	457,092	2,465,050	(1,792,475)	1,129,667
Research endowment	222,953	15,480	(16,500)	221,933
Total	<u>\$ 1,187,352</u>	<u>\$ 2,580,530</u>	<u>\$ (2,040,148)</u>	<u>\$ 1,727,734</u>

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, 2020, 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 Directors 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 restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the 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 endowment funds that is required to be retained restricted, either by explicit donor stipulation or by UPMIFA is \$180,012 as of December 31, 2020 and 2019.

**NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

**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 2020.

**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, 2020.

**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.

**NOTE 10. COMMITMENTS AND CONTINGENCIES**

**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%. The entire amount due under the terms of the lease will be recognized in the financial statements pro-rata over the lease term. Amounts expensed in excess of actual cash payments required will be reflected as a deferred lease liability. As part of the lease agreement, the Foundation is required to maintain an irrevocable standby letter of credit in the amount of \$108,780.

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

2021	\$ 185,766
2022	190,410
2023	195,170
2024	200,049
Total future minimum payments	<u>361,705</u>
	<u>\$ 1,133,100</u>

Rent expense for the years ended December 31, 2020 and 2019 totaled \$180,905 and \$175,322, respectively.

**NOTE 11. 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 years ended December 31, 2020 and 2019 included joint costs which are not specifically attributable to particular components of the activities. These joint costs were allocated as follows:

	2020	2019
Fundraising	\$ 51,472	\$ 75,411
Program	62,133	54,571
Management and general	10,563	30,247
	<u>\$ 124,168</u>	<u>\$ 160,229</u>

**NOTE 12. UNINSURED CASH**

The Foundation maintains its cash in various deposit accounts. 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 approximately \$2,505,000 and \$2,784,000 of uninsured funds in its bank and investment accounts as of December 31, 2020 and 2019, respectively. The Foundation has not experienced any losses in its cash balances.

**NOTE 13. RETIREMENT PLANS**

The Foundation sponsors a tax-deferred annuity plan covering employee 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 years ended December 31, 2020 and 2019 was \$22,190 and \$39,945, respectively.

**NOTE 14. SIGNIFICANT UNCERTAINTIES**

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The extent of the impact of the pandemic on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Foundation's donors, members, customers, employees, and vendors, all of which, at present, cannot be determined. Accordingly, the extent to which the pandemic may impact the Foundation's financial position, changes in net assets, and cash flows is uncertain, and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

**NOTE 15.      SUBSEQUENT EVENTS**

All subsequent events have been evaluated through May 26, 2021, which is the date the financial statements were available to be issued. This review and evaluation revealed no other material event or transaction which would require an adjustment to or disclosure in the accompanying financial statements.