NATIONAL OSTEOPOROSIS FOUNDATION

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Year ended December 31, 2014

Renner & Company
Certified
Public
Accountants

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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
Washington, DC

We have audited the accompanying financial statements of the National Osteoporosis Foundation (a nonprofit organization)(the Foundation), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2014, 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.

As explained in Note 13 to the financial statements, the balance of net assets as of December 31, 2013 has been restated to correct the recorded balance of inventory as of December 31, 2013.

Renner and Company, CPA, P.C.

Alexandria, Virginia
June 8, 2015

NATIONAL OSTEOPOROSIS FOUNDATION

STATEMENT OF FINANCIAL POSITION
December 31, 2014

ASSETS

CURRENT ASSETS		
Cash and cash equivalents	$	1,429,989
Accounts receivable		83,952
Grants, contributions and contract receivable		532,850
Investments		2,748,922
Prepaid expenses		108,458
Inventory		23,878
TOTAL CURRENT ASSETS		4,928,049
PROPERTY, at cost, net		14,839
NONCURRENT ASSETS		
Contribution receivable		89,668
Investments		180,012
TOTAL NONCURRENT ASSETS		269,680
TOTAL ASSETS	$	5,212,568

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	$	344,340
Deferred revenue		152,340
Deferred rent		19,191
TOTAL LIABILITIES		515,871
NET ASSETS		
Unrestricted		3,261,283
Temporarily restricted		1,255,402
Permanently restricted		180,012
TOTAL NET ASSETS		4,696,697
TOTAL LIABILITIES AND NET ASSETS	$	5,212,568

See Notes to the Financial Statements.

NATIONAL OSTEOPOROSIS FOUNDATION

STATEMENT OF ACTIVITIES
Year ended December 31, 2014

SUPPORT AND REVENUE	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Grants and contributions	$ 1,018,574	$ 947,551	$ -	$ 1,966,125
Bayer settlement	1,354,019	-	-	1,354,019
Contract revenue	176,542	-	-	176,542
Investment income	114,073	-	-	114,073
Membership dues	60,598	266,965	-	327,563
Royalties and consulting income	267,038	-	-	267,038
International Symposium on Osteoporosis	246,505	263,250	-	509,755
Legacies and bequests	246,825	266,751	-	513,576
Publications sales	23,069	-	-	23,069
Donated services and materials	11,909	-	-	11,909
Miscellaneous income	10,756	-	-	10,756
Net assets released from restrictions:				
Satisfaction of program restrictions	1,192,440	(1,192,440)	-	-
TOTAL SUPPORT AND REVENUE	4,722,348	552,077	-	5,274,425
EXPENSES				
Program Services				
National Bone Health Alliance	1,192,306	-	-	1,192,306
Professional education	908,837	-	-	908,837
Patient education	149,624	-	-	149,624
Communication	278,637	-	-	278,637
Membership	107,344	-	-	107,344
Research	167,580	-	-	167,580
Public policy	42,523	-	-	42,523
Total program services	2,846,851	-	-	2,846,851
Supporting Services				
Fundraising	733,120	-	-	733,120
Management and general	450,563	-	-	450,563
Total supporting services	1,183,683	-	-	1,183,683
TOTAL EXPENSES	4,030,534	-	-	4,030,534
CHANGE IN NET ASSETS	691,814	552,077	-	1,243,891
NET ASSETS, beginning of year, restated	2,569,469	703,325	180,012	3,452,806
NET ASSETS, end of year	$ 3,261,283	$ 1,255,402	$ 180,012	$ 4,696,697

See Notes to the Financial Statements.

NATIONAL OSTEOPOROSIS FOUNDATION

STATEMENT OF CASH FLOWS
Year ended December 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from operations	
Support and revenue	$ 5,151,673
Investment income	82,413
Total cash received from operations	5,234,086
Cash disbursed from operations	
Payments to program recipients, employees and suppliers	3,856,904
Interest paid	3,878
Total cash disbursed from operations	3,860,782
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,373,304
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(1,408,101)
Proceeds from sale of investments	860,616
Purchase of property	(12,699)
NET CASH USED BY INVESTING ACTIVITIES	(560,184)
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayment of line of credit	(475,000)
NET INCREASE IN CASH	338,119
CASH AND CASH EQUIVALENTS, beginning of year	1,091,870
CASH AND CASH EQUIVALENTS, end of year	$ 1,429,989
NON-CASH INVESTING AND FINANCING ACTIVITIES	
Unrealized loss in market value of investments	$ 94,952
Decrease in investment value	(94,952)
	$ -

See Notes to the Financial Statements.

NATIONAL OSTEOPOROSIS FOUNDATION

STATEMENT OF CASH FLOWS
Year ended December 31, 2014

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES	
CHANGE IN NET ASSETS	$ 1,243,891
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Depreciation	81,542
Realized and unrealized gain on investments	(31,661)
Occupancy costs	(28,035)
NET ADJUSTMENTS	21,846
CHANGES IN ASSETS AND LIABILITIES AFFECTING OPERATIONS PROVIDING CASH	
ASSETS	
Accounts receivable	(134,236)
Grants, contributions and contract receivable	125,558
Prepaid expense	14,792
Inventory	12,206
	18,320
LIABILITIES	
Accounts payable and accrued expenses	153,152
Deferred revenue	(63,905)
	89,247
NET CHANGES IN ASSETS AND LIABILITIES	107,567
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,373,304

See Notes to the Financial Statements.

NATIONAL OSTEOPOROSIS FOUNDATION

NOTES TO FINANCIAL STATEMENTS
Year ended December 31, 2014

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The National Osteoporosis Foundation (the Foundation) (a non-for-profit 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.

Cash and Cash Equivalents

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

Accounts Receivable

Receivables 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.

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

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.

As of December 31, 2014, the Foundation's investments described in Note 3, and the charitable gift annuity payable described in Note 6, were measured at fair value on a recurring basis.

Inventory

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

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

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 asset. 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 fixture, 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:

Unrestricted net assets represent the portion of expendable funds that are available for support of the Foundation's general operations.

Temporarily restricted net assets represent amounts that are specifically restricted by donors or grantors for various programs or for future periods.

Permanently restricted net assets represent the portion of net assets subject to donor-imposed stipulations that the gift be maintained in perpetuity by the Foundation. The donors of these assets permit the Foundation to use all of the income earned on related investments for specific purposes.

Revenue Recognition

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

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

Revenue Recognition (Continued)

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 contract 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.

Donated Services and Materials

Contributions of donated noncash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that are provided by individuals possessing specialized skills are recorded at fair value in the period received if such services would typically be purchased if not provided by donation. The majority of the Foundation's donated services and materials are free advertising in magazines.

NATIONAL OSTEOPOROSIS FOUNDATION

NOTES TO FINANCIAL STATEMENTS
Year ended December 31, 2014

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

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, CONTRIBUTIONS AND CONTRACTS RECEIVABLE

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

Within one year	$ 532,850
Within two to five years	89,668
	$ 622,518

All amounts are considered fully collectible.

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following table summarizes the Foundation's investments measured at fair value on a recurring basis as of December 31, 2014 aggregated by the fair value hierarchy level with which those measurements were made:

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

	Total Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Mutual Funds				
Bond Fund	$ 1,068,566	$ 1,068,566	$ -	$ -
Equity Funds	1,857,576	1,857,576	-	-
Equities	2,792	2,792	-	-
	$ 2,928,934	$ 2,928,934	$ -	$ -

The Foundation used the following methods and significant assumptions to estimate fair value for asset 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.

Investment returns consisted of the following for the year ended December 31, 2014:

Interest and dividends	$ 95,670
Net realized and unrealized gains	33,782
Investment management fees	(15,379)
	$ 114,073

Investment income includes $1,700 interest earned from cash and cash equivalents in 2014 .

4. PROPERTY

The Foundation held the following property and equipment as of December 31, 2014:

Web site development costs and computer software	$ 520,107
Office equipment	142,006
Furniture and fixtures	53,626
Total Property and Equipment	$ 715,739
Less: Accumulated Depreciation and Amortization	(700,899)
Property, Net	$ 14,840

5. LINE OF CREDIT

The Foundation entered into a line of credit agreement with a financial institution for $2,000,000, the proceeds of which were to be used to meet working capital requirements of the Foundation. The line of credit is secured by the Foundation's investments. Interest accrues on the unpaid principal at the rate of one month Libor plus 1.55%, which was 1.71% as of August 31, 2015. Any amounts outstanding on the line of credit, plus any accrued interest, are due and payable on September 6, 2014, the maturity date. As of December 31, 2014, the outstanding balance was zero. Interest expense for the year ended December 31, 2014 was $3,878.

6. 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 temporarily restricted contribution in the period the trust is established. Assets held in the charitable remainder trusts totaled $289,331 at December 31, 2014 and are included in investments and reported at fair market value in the Foundation's statement of financial position. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments amounted to $48,881 as of December 31, 2014 and is calculated using a discount rate of 5.3% to 8.5% and applicable mortality tables. This liability is included in accounts payable and accrued expenses in the accompanying statement of financial position.

7. TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2014, temporarily restricted net assets were available for the following purposes:

NBHA	$ 577,333
Education	431,643
Other restricted items	246,426
	$ 1,255,402

8. PERMANENTLY RESTRICTED NET ASSETS

The Foundation's endowment consists of donor-restricted endowment funds which are shown as permanently restricted net assets in the accompanying financial statements. As of December 31, 2014, the permanently restricted net assets 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.

8. PERMANENTLY RESTRICTED NET ASSETS (Continued)

For the year ended December 31, 2014 the endowment fund had the following activity:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment fund, beginning of year	$ -	$ 14,464	$ 180,012	$ 194,476
Investment income	-	514	-	514
Endowment fund, end of year	$ -	$ 14,978	$ 180,012	$ 194,990

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 s of December 31, 2014.

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 2014.

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, 2014.

Strategies Employed for Achieving Objectives

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

9. COMMITMENTS AND CONTINGENCIES

Operating Lease

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

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

Future minimum lease payments required under the lease as of December 31, 2014 is $170,579 for 2015.

Rent expense for the year ended December 31, 2014 totaled $302,777.

Hotel Commitments

The Foundation entered into a hotel contract for its 2015 annual meeting taking place in May 2015. Should the Foundation have decided to cancel this contract at December 31, 2014, it would have been liable for cancellation fees up to $78,617.

Concentration of Credit Risk

The Foundation maintains its cash and cash equivalents with certain commercial financial institutions, which aggregate balances, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of $250,000 per depositor per institution. As of December 31, 2014, the Foundation had approximately $1,478,222 in demand deposit which exceeded the maximum limit insured by the FDIC by approximately $1,080,959. The Foundation monitors the credit worthiness of these institutions and has not experienced any credit losses on its cash and cash equivalents.

9. COMMITMENTS AND CONTINGENCIES (Continued)

Commitment with CEO

The Foundation has an agreement for employment with the CEO which commenced on February 1, 2010. Under the terms of the contract, the Foundation could be required to pay severance of up to $124,656 if the Foundation were to terminate the employment under certain circumstances.

10. ALLOCATION OF JOINT COSTS

The Foundation conducts activities that include request 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, 2014 included joint costs which are not specifically attributable to particular components of the activities. These joint costs were allocated as follows:

Fundraising	$ 157,280
Program	74,809
Management and general	59,215
	$ 291,304

11. RETIREMENT PLANS

The Foundation sponsors a tax-deferred annuity plan covering employees working greater than 20 hours per week. All employees are eligible to participate immediately upon hire. After completion of three months of service, the Foundation will make a matching contribution equal to 4% of compensation for any eligible employee contributing at least 1%. Employee and employer contributions, plus any earnings, are 100% vested. The Foundation's total contribution to the plan for the year ended December 31, 2014 was $57,731.

12. INCOME TAXES

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation has filed for and received income tax exemptions in the various jurisdictions where it is required to do so. The Foundation files the federal Form 990 tax return in the U.S. federal jurisdiction and various states. No provision for income taxes is required for the year ended December 31, 2014, as the Foundation had no net unrelated business income.

12. INCOME TAXES (Continued)

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 the Foundation'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, 2014, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2014, the statute of limitations for tax years ending December 31, 2011 through 2013 remains open with the U.S. federal jurisdiction or the various policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of December 31, 2014, the Foundation had no accruals for interest and/or penalties.

13. PRIOR PERIOD ADJUSTMENT

The balance of net assets as of December 31, 2013 has been restated to properly account for sales of inventory not recorded in 2013.

The net effect of the restatement is as follows:

	As Originally Presented	Change	As Restated
Inventory			
December 31, 2013	$ 130,668	$ (94,584)	$ 36,083
Net assets			
December 31, 2013	$ 3,547,391	$ (94,584)	$ 3,452,806

14. SUBSEQUENT EVENTS

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through June 8, 2015, the date the financial statements were available to be issued.

Hotel Commitments

On March 13, 2015, the Foundation entered into a hotel contract for its 2016 annual meeting taking place in May 2016. Should the Foundation have decided to cancel this contract at June 8, 2015, it would have been liable for cancellation fees up to $77,248.

14. SUBSEQUENT EVENTS (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 obtain an irrevocable standby letter of credit in the amount of $149,572.

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

2015	$ -
2016	67,988
2017	164,190
2018	168,295
2019	172,502
Thereafter	1,214,351
	$ 1,787,326

SUPPLEMENTARY INFORMATION

Renner & Company Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

The Board of Trustees
National Osteoporosis Foundation
Washington, DC

We have audited the financial statements of the National Osteoporosis Foundation as of and for the year ended December 31, 2014 and have issued our report thereon dated June 8, 2015, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expense is presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly presented in all material respects in relation to the financial statements as a whole.

Renner and Company, CPA, P.C.

Alexandria, Virginia
June 8, 2015

National Osteoporosis Foundation

SCHEDULE OF FUNCTIONAL EXPENSES
Year ended December 31, 2014

	Program Services									Supporting Services			
	NBHA	Patient Education	Professional Education	Public Policy	Communications	Membership	Marketing	Research	Total Program Services	Fundraising	Management and General	Total Supporting Services	2014 Total
Personnel-related expenses	$ 649,041	$ 8,643	$ 382,852	$ 19,393	$ 155,042	$ 54,972	$ -	$ 67,174	$ 1,337,117	$ 403,927	$ 180,286	$ 584,213	$ 1,921,330
Professional fees and expenses	162,474	40,451	145,438	2,951	77,154	21,764	-	42,883	493,115	121,642	41,555	163,197	656,312
Conferences, conventions and events	154,664	194	201,303	15,523	3,584	1,152	-	13,015	389,435	12,572	15,467	28,039	417,474
Occupancy, maintenance and insurance	123,959	3,968	74,697	2,175	17,387	7,841	-	7,533	237,560	45,297	82,783	128,080	365,640
Printing, publications and promotion	4,476	39,633	41,862	858	1,110	163	-	2,079	90,181	36,211	33,106	69,317	159,498
Supplies, telephone and internet	50,736	17,402	29,353	810	17,210	3,623	-	10,659	129,793	16,814	30,625	47,439	177,232
Postage, mailing and shipping	6,102	39,014	5,004	96	1,390	15,797	30	180	67,613	80,557	29,733	110,290	177,903
Depreciation and amortization	28,134	220	16,571	494	3,946	1,399	-	1,710	52,474	10,281	18,789	29,070	81,544
Interest and other	12,720	99	11,757	223	1,784	633	-	773	27,989	5,819	8,495	14,314	42,303
In-kind expenses	-	-	-	-	-	-	-	-	-	-	9,724	9,724	9,724
Research grants and awards	-	-	-	-	-	-	-	21,574	21,574	-	-	-	21,574
TOTAL EXPENSES	$ 1,192,306	$ 149,624	$ 908,837	$ 42,523	$ 278,607	$ 107,344	$ 30	$ 167,580	$ 2,846,851	$ 733,120	$ 450,563	$ 1,183,683	$ 4,030,534

See Independent Auditors' Report on Supplementary Information.