National Osteoporosis Foundation

Financial Statements

December 31, 2019

CALIBRE
CPA GROUP

NATIONAL OSTEOPOROSIS FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

CONTENTS

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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, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the year ended December 31, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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, 2019 and 2018 and the changes in its net assets and its cash flows for the year ended December 31, 2019 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, 2018, and we expressed an unmodified audit opinion on those financial statements in our report dated April 15, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Calibre CPA Group, PLLC

Bethesda, MD
May 13, 2020

National Osteoporosis Foundation

Statements of Financial Position

December 31, 2019 and 2018

	2019	2018
Assets		
Current assets		
Cash and cash equivalents	$ 2,953,679	$ 2,783,127
Accounts receivable	-	24,893
Contributions and bequests receivable	89,668	729,651
Prepaid expenses	59,092	86,248
Inventory	85,446	79,215
Total current assets	3,187,885	3,703,134
Property and equipment, at cost, net	5,907	10,359
Investments	3,362,924	3,242,862
Total assets	$ 6,556,716	$ 6,956,355
Liabilities And Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 192,367	$ 221,126
Deferred revenue	1,341,436	1,438,845
Total current liabilities	1,533,803	1,659,971
Other liabilities		
Obligations under charitable gift annuities	96,480	95,700
Deferred rent	145,186	149,402
Total liabilities	1,775,469	1,905,073
Net assets		
Without donor restrictions	3,053,513	3,863,930
With donor restrictions	1,727,734	1,187,352
Total net assets	4,781,247	5,051,282
Total liabilities and net assets	$ 6,556,716	$ 6,956,355

See accompanying notes to financial statements.

National Osteoporosis Foundation

Statement of Activities

Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

	2019			
	Without Donor Restrictions	With Donor Restrictions	Total	2018 Total
Support and revenue				
Grant and contributions	$ 232,419	$ 2,574,830	$ 2,807,249	$ 2,210,525
Membership dues	72,434	-	72,434	103,296
Royalties and consulting income	402,496	-	402,496	413,622
Interdisciplinary Symposium on Osteoporosis	125	-	125	427,523
Legacies and bequests	181,001	-	181,001	1,102,564
Publication sales	111,398	-	111,398	92,868
Donated services and materials	2,251	-	2,251	6,488
Miscellaneous income	7,152	-	7,152	23,680
Net investment income (loss)	597,806	5,700	603,506	(249,613)
Net assets released from restrictions				
Satisfaction of program restrictions	2,040,148	(2,040,148)	-	-
Total support and revenue	3,647,230	540,382	4,187,612	4,130,953
Expenses				
Program services				
National Bone Health Alliance (NBHA)	184,718	-	184,718	618,402
Patient Education	358,131	-	358,131	400,388
Professional Education	1,339,468	-	1,339,468	1,046,641
Advocacy	1,141,663	-	1,141,663	495,270
Communications	90,327	-	90,327	254,629
Membership	35,855	-	35,855	78,573
Research	60,966	-	60,966	58,197
Total program services	3,211,128	-	3,211,128	2,952,100
Supporting services				
Fundraising	896,206	-	896,206	803,077
Management and general	350,313	-	350,313	390,996
Total supporting expenses	1,246,519	-	1,246,519	1,194,073
Total expenses	4,457,647	-	4,457,647	4,146,173
Change in net assets	(810,417)	540,382	(270,035)	(15,220)
Net assets				
Beginning of year	3,863,930	1,187,352	5,051,282	5,066,502
End of year	$ 3,053,513	$ 1,727,734	$ 4,781,247	$ 5,051,282

See accompanying notes to financial statements.

National Osteoporosis Foundation

Statement of Functional Expenses

Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

	2019												2018
	Program Services								Supporting Services				
	NBHA	Patient Education	Professional Education	Advocacy	Communications	Membership	Research	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total	2018 Total
Personnel-related expenses	$ 24,374	$ 117,640	$ 444,670	$ 144,660	$ 26,817	$ 10,570	$ 10,194	$ 778,925	$ 419,013	$ 118,040	$ 537,053	$ 1,315,978	$1,504,061
Professional fees and expenses	146,914	123,420	357,106	922,249	43,737	8,075	43,127	1,644,628	283,228	74,485	357,713	2,002,341	1,322,598
Conferences, conventions and events	5,268	12,404	279,679	23,442	550	207	5,206	326,756	24,262	8,969	33,231	359,987	433,910
Occupancy, maintenance and insurance	3,118	15,347	59,122	18,746	3,849	1,449	1,437	103,068	54,916	64,226	119,142	222,210	226,234
Printing, publications and promotion	1,755	33,930	136,483	692	10,081	24	24	182,989	24,893	16,320	41,213	224,202	254,461
Supplies, telephone and internet	1,307	14,385	37,347	11,145	4,006	586	582	69,358	22,407	26,747	49,154	118,512	208,027
Postage, mailing and shipping	1,290	37,597	9,183	16,567	432	14,622	77	79,768	54,793	29,251	84,044	163,812	145,359
Depreciation and amortization	63	310	1,193	378	78	29	29	2,080	1,108	1,263	2,371	4,451	7,932
Interest and other	629	3,098	14,685	3,784	777	293	290	23,556	11,586	11,012	22,598	46,154	43,591
	$ 184,718	358,131	$ 1,339,468	$ 1,141,663	$ 90,327	$ 35,855	$ 60,966	$ 3,211,128	$ 896,206	$ 350,313	$ 1,246,519	$ 4,457,647	$4,146,173

See accompanying notes to financial statements.

National Osteoporosis Foundation

Statement of Cash Flows

Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

	2019	2018
Cash flows from operating activities		
Cash received from operations		
Support and revenue	$ 4,126,680	$ 4,986,999
Investment income	90,367	159,172
Net cash received from operating activities	4,217,047	5,146,171
Cash disbursed from operations		
Payments to program recipients, employees and suppliers	(4,450,593)	(4,241,939)
Net cash provided by (used for) operating activities	(233,546)	904,232
Cash flows from investing activities		
Purchase of investments	(154,295)	(152,587)
Proceeds from sale of investments	558,393	454,368
Purchase of property and equipment	-	(2,700)
Net cash provided by investing activities	404,098	299,081
Net change in cash and cash equivalents	170,552	1,203,313
Cash and cash equivalents		
Beginning of year	2,783,127	1,579,814
End of year	$ 2,953,679	$ 2,783,127

See accompanying notes to financial statements.

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 it 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 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 restrictions 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, 2019, 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 expense for the year ended December 31, 2019 is $4,451.

Revenue Recognition - Revenue from contracts with customers consists primarily of service agreements, membership dues, event registrations and related fees, royalties and publication sales. Revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. The revenue is recognized net of discounts, waivers, and refunds. Revenue is recognized using the five-step approach required by ASC Topic 606, as follows:

- Identification of the contract with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;

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

- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, performance obligations are satisfied.

Performance Obligations and Significant Judgments

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each performance obligation identified in the arrangement based on the relative standalone selling price of each distinct good or service and recognized as revenue when, or as, the performance obligation is satisfied. If a distinct good or service does not have an observable standalone selling price, then the primary method used to estimate the standalone selling price is the adjusted market assessment approach, under which we evaluate the market and estimate a price that a customer would be willing to pay for the goods and services we provide.

Contract Balances

The timing of billings, cash collections, and revenue recognition result in contract assets and contract liabilities reported in the statements of financial position. Contract assets consist entirely of trade accounts receivable, which are recognized only to the extent that it is probable that the Foundation will collect substantially all of the consideration to which it is 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 the Foundation receives advance payments from our customers before revenue is recognized.

Costs to Obtain a Contract

The Foundation has elected the practical expedient available in ASC Subtopic 340-40, in which any incremental costs of obtaining a contract are recognized as an expense when incurred if the amortization period of the asset that would have been recognized is one year or less.

Practical Expedients and Optional Exemptions

We have made an accounting policy election to exclude from the measurement of the transaction price all taxes assessed by governmental authorities which are both imposed and concurrent with the specific revenue-producing transactions and collected by the Foundation from our customers, e.g., sales and use taxes.

Contract revenue represents revenue earned on contracts in which the Foundation is hired to perform a specific service. Contract revenue is recognized as costs are incurred based on actual costs incurred or payment terms established in the contracts. Revenue recognized for contracts for which payments have not been received is included in grants, contributions and contracts receivable in the accompanying statements 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 statements of financial position.

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

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.

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.

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 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 restriction if they are received with donor or grantor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. When a donor restriction is fulfilled in the same year as the contribution is received, the contribution is recognized as without donor restricted support. Unconditional grants and contributions that have been promised but not yet received are reflected as contributions receivable in the accompanying statement of financial position.

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, 2018, 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, 2019, the statute of limitation for tax years 2016 through 2018 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.

New Accounting Pronouncements Adopted - During the year ended December 31, 2019, the Foundation adopted the provisions of Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* (Topic 606). Topic 606 prescribes a single model for revenue recognition, with a set of principles to be used for determining when revenue should be recognized, including performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price, and allocating the transaction price to each separate performance obligation. It also requires expanded disclosures about the nature, amount, and timing of revenues and cash flows. The adoption of Topic 606 did not have a material impact on the Foundation's financial statements.

During the year ended December 31, 2019, the Foundation adopted the provisions of Accounting Standards Update 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (the Update). The Update provides a framework for determining whether a particular transaction is an exchange or a contribution, including how to evaluate whether a resource provider receives commensurate value in an exchange transaction, and guidance to assist entities in determining whether a contribution is either conditional or unconditional. The adoption of this Update did not have a material impact on the Foundation's financial statements.

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.

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

The Foundation has secured a line of credit of up to $1,000,000 to help manage cash flow. There was no borrowing during the year ended December 31, 2019. The line of credit expires October 26, 2020.

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.

The Foundation's financial assets available within one year to meet cash needs for general expenditures through December 31, 2019 and 2018 are as follows:

	2019	2018
Total assets at end of year	$ 6,556,716	$ 6,956,355
Less non financial assets		
Prepaid expenses	(59,092)	(86,248)
Property and equipment, at cost, net	(5,907)	(10,359)
Inventory	(85,446)	(79,215)
Total financial assets at year end	6,406,271	6,780,533
Less amounts not available to meet general expenditures coming due within one year		
Investment held to fund charitable gift annuities	(359,085)	(337,414)
Purpose restricted net assets	(1,547,722)	(1,007,340)
Endowment invested in perpetuity	(180,012)	(180,012)
Office lease standby letter of credit	(149,572)	(149,572)
Financial assets available within one year to meet cash needs for general expenditures within one year	$ 4,169,880	$ 5,106,195

NOTE 3. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue from Contracts with Customers

The following table on the next page disaggregates the Foundation's revenue based on the timing of satisfaction of performance obligations for the years ended December 31, 2019 and 2018.

NOTE 3. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

	2019	2018
Performance obligations satisfied over time		
Dues for bundled performance obligations	$ 72,434	$ 103,296
Performance obligations satisfied at a point in time		
Royalties and consulting income	402,496	413,622
Interdisciplinary Symposium on Osteoporosis	125	427,523
Publication sales	111,398	92,868
Other revenue*		
Grant and contributions	2,807,249	2,210,525
Legacies and bequests	181,001	1,102,564
Donated services and materials	2,251	6,488
Miscellaneous income	7,152	23,680
Net investment income (loss)	603,506	(249,613)
	$ 4,187,612	$ 4,130,953

* Due to the nature of these revenue streams, these items are excluded from required disaggregation under ASC Topic 606. They are included here to provide a reconciliation to total revenues reported in the statement of activities.

Contract Balances

All of the Foundation's contract assets are considered accounts receivable and are included within the accounts receivable balance in the statements of financial position. All of the Foundation's contract liabilities are included with deferred revenue in the statements of financial position. Balances in these accounts as of the beginning and end of the years ended December 31, 2019 and 2018 are as follows.

	2019	2018
Accounts receivable		
Accounts receivable	$ -	$ 24,893
Contributions and bequests receivable	89,668	729,651
	$ 89,668	$ 754,544
Deferred revenue		
Royalties	$ 100,000	$ 15,425
Interdisciplinary Symposium on Osteoporosis	839,700	908,820
Other	401,736	514,600
	$ 1,341,436	$ 1,438,845

NOTE 4. CONTRIBUTIONS AND BEQUESTS RECEIVABLE

Contributions receivable represent amounts due from corporations, individuals, bequests, and are scheduled to be received as of December 31, 2019 and 2018, respectively, as follows:

	2019	2018
Less than one year	$ 89,668	$ 729,651
One to five years	-	-
	$ 89,668	$ 729,651

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 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, 2019.

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, 2019 and 2018:

	2019			
Description	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	$ -

	2018			
Description	Total	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	$ 3,242,862	$ 3,242,862	$ -	$ -
Obligations under charitable gift annuities	$ 95,700	$ -	$ 95,700	$ -

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

	2019	2018
Interest and dividends	$ 90,367	$ 159,172
Net realized and unrealized gains (losses)	531,956	(389,080)
Investment management fees	(18,817)	(19,705)
	$ 603,506	$ (249,613)

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 is secured by the Foundation's investments. Interest accrues on the unpaid principal at the rate of one-month Libor, which was 1.76% plus the margin provided in the Line of Credit agreement of 1.55%. Any amounts outstanding on the line of credit, plus any accrued interest, are due and payable on October 26, 2020, the maturity date. As of December 31, 2019 and 2018, the outstanding balance was zero.

NOTE 7. CHARITABLE GIFT ANNUITY

The Foundation administers various charitable remainder trusts. A charitable reminder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's terms, the remaining assets are available for the Foundation's use. The portion of the trust attributable to the present value of the future benefits to be received by the Foundation is recorded as contributions with donor restrictions contribution in the period the trust is established. Assets held in the charitable remainder trusts totaled $359,085 and $337,414 at December 31, 2019 and 2018, 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 $96,480 and $95,700 as of December 31, 2019 and 2018, 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 statement of financial position. Deferred revenue as of December 31, 2019 and 2018 are as follows:

	2019	2018
Grants	$ 1,341,436	$ 1,438,845

NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS

A summary of activity in net assets with donor restrictions for the years ended December 31, 2019 and 2018 are as follows:

	2019			
Description	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	$ 1,187,352	$ 2,580,530	$ (2,040,148)	$ 1,727,734

	2018			
Description	Balance December 31, 2017	Support and Revenue	Net Assets Released From Expense	Balance December 31 2018
NBHA	$ 592,605	$ 265,412	$ (350,710)	$ 507,307
Education	409,855	1,140,522	(1,093,285)	457,092
Research endowment	221,740	12,043	(10,830)	222,953
Total	$ 1,224,200	$ 1,417,977	$ (1,454,825)	$ 1,187,352

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, 2019, 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, 2019 and 2018.

NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS

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 2019.

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, 2019.

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 $149,572.

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

2020	$ 181,235
2021	185,766
2022	190,410
2023	195,170
2024	200,049
Total future minimum payments	361,705
	$ 1,314,335

Rent expense for the years ended December 31, 2019 and 2018 totaled $175,322 and $174,928, 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, 2019 and 2018 included joint costs which are not specifically attributable to particular components of the activities. These joint costs were allocated as follows:

	2019	2018
Fundraising	$ 75,411	$ 94,753
Program	54,571	52,496
Management and general	30,247	21,929
	$ 160,229	$ 169,178

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 $2,783,646 and $2,489,035 of uninsured funds in its bank and investment accounts as of December 31, 2019 and 2018, 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, 2019 and 2018 was $39,945 and $35,987, respectively.

NOTE 14. SUBSEQUENT EVENTS

Subsequent to year-end, U.S. and global business and financial markets have been severely impacted by the Coronavirus pandemic. The potential impacts on the Foundation's revenues, expenses and cash flows cannot be determined at this time. All subsequent events have been evaluated through May 13, 2020, 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.