



FINANCIAL REPORT

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

YEARS ENDED JUNE 30, 2017 AND 2016

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

**FINANCIAL REPORT
YEARS ENDED JUNE 30, 2017 AND 2016**

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3 - 4
Statements of Activities and Changes in Net Assets	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 19
SUPPLEMENTARY INFORMATION	
Schedules of Expenses by Services	20 - 21

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Osteogenesis Imperfecta Foundation, Inc.
Gaithersburg, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of Osteogenesis Imperfecta Foundation, Inc., which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 audits 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 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 Osteogenesis Imperfecta Foundation, Inc. as of June 30, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of expenses by services are presented for 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 audits 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 stated in all material respects in relation to the financial statements as a whole.

Thompson Greenspan

Fairfax, Virginia
November 20, 2017

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016**

ASSETS	<u>2017</u>	<u>2016</u>
Current Assets		
Cash and cash equivalents	\$ 120,836	\$ 237,882
Pledges receivable, net of allowance for uncollectible pledges	402,810	347,289
Investments	1,630,533	1,676,294
Inventory	17,373	16,613
Prepaid expenses	<u>34,722</u>	<u>39,721</u>
Total Current Assets	<u>2,206,274</u>	<u>2,317,799</u>
Fixed Assets		
Furniture and equipment	178,126	182,340
Accumulated depreciation	<u>(149,171)</u>	<u>(152,940)</u>
Net Fixed Assets	<u>28,955</u>	<u>29,400</u>
Other Assets		
Long-term pledges receivable, net	54,477	119,595
Funds held in perpetual trust	15,500	15,500
Deposits	<u>6,762</u>	<u>6,762</u>
Total Other Assets	<u>76,739</u>	<u>141,857</u>
Total Assets	<u>\$ 2,311,968</u>	<u>\$ 2,489,056</u>

The Notes to Financial Statements are an integral part of these statements.

	<u>2017</u>	<u>2016</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 62,829	\$ 57,948
Accrued payroll liabilities	27,890	44,816
Deferred revenue	12,850	140,341
Promises to give to others	<u>324,404</u>	<u>210,212</u>
Total Current Liabilities	<u>427,973</u>	<u>453,317</u>
Net Assets		
Unrestricted net assets	997,443	1,282,921
Temporarily restricted net assets	832,064	698,330
Permanently restricted net assets	<u>54,488</u>	<u>54,488</u>
Total Net Assets	<u>1,883,995</u>	<u>2,035,739</u>
Total Liabilities and Net Assets	<u><u>\$ 2,311,968</u></u>	<u><u>\$ 2,489,056</u></u>

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2017 AND 2016**

	2017			2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue								
Contributions and grants	\$ 160,193	\$ 532,266	\$ -	\$ 692,459	\$ 245,524	\$ 477,436	\$ -	\$ 722,960
Event revenue	634,063	110,983	-	745,046	399,479	7,500	-	406,979
Investment income	181,760	-	-	181,760	53,669	-	-	53,669
Direct mailing revenue	240,251	-	-	240,251	182,691	-	-	182,691
Conference revenue	121,533	6,565	-	128,098	1,561	99,925	-	101,486
Product sales, less cost of goods sold of \$1,039 for 2017 and \$646 for 2016	1,700	-	-	1,700	1,758	-	-	1,758
In-kind contributions	57,343	-	-	57,343	21,522	-	-	21,522
Net assets released from restrictions	516,080	(516,080)	-	-	512,097	(512,097)	-	-
Total Support and Revenue	1,912,923	133,734	-	2,046,657	1,418,301	72,764	-	1,491,065
Expenses								
Program services								
Conferences	359,723	-	-	359,723	155,487	-	-	155,487
Education and support	504,883	-	-	504,883	534,580	-	-	534,580
Research	703,445	-	-	703,445	563,633	-	-	563,633
Public awareness	53,090	-	-	53,090	45,116	-	-	45,116
Total Program Services	1,621,141	-	-	1,621,141	1,298,816	-	-	1,298,816
Support services								
General and administration	105,582	-	-	105,582	141,170	-	-	141,170
Fundraising	471,678	-	-	471,678	412,620	-	-	412,620
Total Support Services	577,260	-	-	577,260	553,790	-	-	553,790
Total Expenses	2,198,401	-	-	2,198,401	1,852,606	-	-	1,852,606
Change in Net Assets	(285,478)	133,734	-	(151,744)	(434,305)	72,764	-	(361,541)
Net Assets, beginning of year	1,282,921	698,330	54,488	2,035,739	1,717,226	625,566	54,488	2,397,280
Net Assets, end of year	\$ 997,443	\$ 832,064	\$ 54,488	\$ 1,883,995	\$ 1,282,921	\$ 698,330	\$ 54,488	\$ 2,035,739

The Notes to Financial Statements are an integral part of these statements.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

**STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016**

	2017	2016
Cash Flows from Operating Activities		
Change in net assets	\$ (151,744)	\$ (361,541)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	11,558	12,405
Unrealized (gain) loss on investments	(45,878)	27,682
Realized gain on investments	(98,073)	(37,269)
Deferred rent	-	(959)
(Increase) Decrease in		
Pledges receivable	9,597	129,706
Inventory	(760)	645
Prepaid expenses	4,999	(6,244)
Increase (Decrease) in		
Accounts payable and accruals	(12,045)	(3,028)
Deferred revenue	(127,491)	138,871
Promises to give to others	114,192	11,960
	<u>(295,645)</u>	<u>(87,772)</u>
Net Cash Used by Operating Activities		
Cash Flows from Investing Activities		
Payments for the purchase of property	(11,113)	(9,461)
Payments for the purchase of investments	(186,627)	(247,092)
Proceeds from sale of investments	376,339	393,376
	<u>178,599</u>	<u>136,823</u>
Net Cash Provided by Investing Activities		
Net (Decrease) Increase in Cash and Cash Equivalents	(117,046)	49,051
Cash and Cash Equivalents, beginning of year	<u>237,882</u>	<u>188,831</u>
Cash and Cash Equivalents, end of year	<u>\$ 120,836</u>	<u>\$ 237,882</u>

The Notes to Financial Statements are an integral part of these statements.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 AND 2016

1. DESCRIPTION OF THE FOUNDATION

Osteogenesis Imperfecta Foundation, Inc. (the Foundation or OIF) is a Georgia non-stock corporation incorporated in 1970 with the primary purpose of improving the quality of life for people affected by the bone disorder osteogenesis imperfecta (OI) through research into treatments and a cure, education, awareness, and mutual support. The Foundation's headquarters are located in Gaithersburg, Maryland.

The underlying categories represent the major program areas of the Foundation.

Public Awareness – OIF strives to build public awareness and generate additional support among people with OI, community organizations, government agencies, the general public, school personnel and medical professionals. The Foundation has a public service announcement, partners with related organizations such as The U.S. Bone & Joint Decade, the National Organization for Rare Disorders, the National Bone Health Alliance, the Rare Disease Patient Network, the National Health Council, committees/councils of the National Institutes of Health, and the OI Federation of Europe. In addition, OIF participates in Rare Disease Day activities, and sponsors OI Awareness Week each May. National Osteogenesis Imperfecta Awareness Week 2017 was May 6-13. Volunteers proclaimed OI Awareness Week in over 15 cities and states, as well as held multiple events nationwide. OIF celebrated Wishbone Day, the international OI Awareness Day, by sharing facts and information via social media every hour for a consecutive twelve hours. During OI Awareness Week 2017, the Foundation reached over 175,000 people on Facebook.

OIF manages four social networking sites and continues to offer, through its website www.oif.org, links to sites that might be helpful or interesting to parents and young people living with OI, in addition to sites that help older adults with OI manage their disorder throughout their life through mutual support. The Foundation also maintains an official OIF Facebook page that provides information and resources to all ages and is updated daily. Currently, the OIF Facebook page has more than 6,600 followers.

The Foundation is committed to advocating on behalf of people with OI and has established an advocacy initiative. A grassroots effort focuses on educating legislators and their staff about OI and the priorities of the Foundation.

Education and Support – The Foundation offers medically verified information related to OI. Topics include medical issues such as genetics, diagnosis and treatments. Additional topics focus on daily living strategies, school and employment. The Foundation's staff replies to requests for information via phone, internet, fax, social media and mail. Educational materials are available in print and electronically through the OIF website. Print materials include books, brochures, fact sheets and a quarterly newsletter. Electronic materials include a monthly email newsletter, and via the website, fact sheets, booklets and brochures. Information on OI is written for a variety of audiences including medical professionals, parents and other family members, children, adults who have OI, and school professionals. On average, 25,000 people use the website each month. Foundation staff and volunteers respond to more than 7,000 direct inquiries a year. Information from these contacts is used to assess the need for new resources.

The Foundation sponsors a network of support groups across the United States. Support group activities provide opportunities for mutual support and increased community awareness. Currently, there are 42 active groups in 33 states. In addition, 26 volunteer resource people are active in 25 states.

Family Conference – The Foundation's principal educational event is the Biennial National Conference on OI. The conference brings together adults who have OI, parents, other family members and leading medical experts. This conference provides the opportunity for attendees to have face-to-face meetings with experienced physicians, learn about the latest research, and interact with other people who are affected by OI.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 AND 2016

1. DESCRIPTION OF THE FOUNDATION (continued)

Family Conference (continued) – In July 2016, the Foundation held its 20th Biennial National Conference in Orlando, Florida, bringing together twenty world class experts on OI and more than 600 individuals living with OI for three days of information, mutual support and fun. The conference began with OIF's second annual National Walk-n-Wheel for OI event, which drew more than 200 walkers and wheelers showing their Unbreakable Spirit to the local Orlando community. Local volunteers and partner organizations, like the Tampa Shriners Hospital, helped make the event a true success. The next conference will be held in July 2018 in Baltimore, Maryland.

Since its launch in 2015, OIF's Regional Conference program has reached more than 800 members of the OI community, half of whom had never attended an OI event before. These one-day conferences feature educational sessions led by OI experts including OIF Medical Advisory Council members Dr. Jay Shapiro, Dr. Cathy Raggio, Dr. Laura Tosi, Dr. David Vernick, Dr. Deborah Krakow, Dr. Brendan Lee, Dr. Reid Sutton, Dr. Frank Rauch and Dr. Francis Glorieux. Regional conferences were held in Houston, Texas (November 2016), and in Montreal, Quebec Canada (June 2017). The next regional meeting will be held in Portland, Oregon (November 2017).

Research – The Foundation funds grants to support research relevant to understanding and treating OI. Fellowships are awarded to post-doctoral trainees working on projects with clear relevance to OI. OIF hosts an annual Scientific Meeting to bring together leaders in clinical and basic research on a single topic related to OI. In addition, the Foundation participates in numerous research meetings sponsored by other organizations, including NIH. Every third year, OIF joins other OI associations at the International Scientific Congress on OI.

OIF also continued supporting three Michael Geisman Fellowships: Dr. Ronit Marom from the Baylor College of Medicine, Dr. Kyung-Eun Lim from the Indiana University School of Medicine, and Dr. Ivan Duran from UCLA.

A key activity in 2017 continued to be OIF's participation in the Brittle Bone Disorders Consortium (BBDC). OIF is responsible for providing education to medical professionals through materials and meetings designed to give the most up-to-date information on OI care and research. Through the support of the OIF supported Linked Clinical Research Centers (LCRC) and constituent participation, OIF was able to gather important information about individuals living with OI and form the foundation on which the BBDC was built. This is the only rare disease network at the NIH that is studying bone and specifically OI. Under the leadership of OIF Medical Advisory Council member, Dr. Brendan Lee of the Baylor College of Medicine, the BBDC has completed two studies and has six more in progress. Over 1,500 people have joined the BBDC Contact Registry and the consortium has welcomed three new partners in 2017 including Tampa Shriners Hospital for Children, A.I. DuPont Hospital for Children, and Cologne Hospital in Cologne, Germany. The clinical research in progress includes a Phase I drug study, a study on scoliosis in people with severe OI, pregnancy and OI, dentinogenesis imperfecta and other dental/craniofacial issues and OI, a biomarkers study, and a quality of life and OI study.

In addition, OIF has developed a new professional education website, www.oif.org/MedEd, and began attending scientific meetings that enable the Foundation to train the next generation of OI researchers and physicians. This grant is the product of a very strong collaboration between the OI scientific community and OIF.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 AND 2016

1. DESCRIPTION OF THE FOUNDATION (continued)

Scientific Meetings – OIF gathered more than ninety scientists and researchers for the 16th Annual OIF Science Meeting on April 19-21, 2017. The two-day meeting, titled “Novel Targets and New Therapeutic Strategies in Treating OI” was chaired by Dr. Sandesh Nagamani from the Baylor College of Medicine and Dr. Charlotte Phillips from the University of Missouri. The meeting focused on several areas including therapies for OI, gene discovery and implications for treatment, extraskeletal involvement in OI, craniofacial and dental issues in OI, and surgical treatment. Prior to the start of the meeting, the principal investigators from the BBDC held their annual meeting to discuss the progress of the consortium’s activities.

Each year, the meeting attracts scientists interested in learning more about the latest OI research, both basic and clinical, and how that research will ultimately benefit people living with OI. OIF continues to lead in providing opportunities for medical professionals and scientists to meet to discuss new and innovative treatments that may ultimately benefit people living with OI. It is important to keep all researchers current with the most up-to-date research on treatments that physicians will potentially use with their patients.

OI Adult Health Initiative – In 2017, OIF continued to promote the latest program activity, the OI Adult Health Initiative, which aims to provide information to medical professionals and adults with OI on the medical issues that affect adults, including routine tests and procedures and the risk/benefit to those with OI. In addition, this initiative will also fund clinical studies that address, including but not limited to, cardiovascular and pulmonary issues. During 2017, several Medical Advisory Council members traveled to various professional society meetings to talk about this new initiative reaching more than 2,000 physicians.

Impact Grant Program – In partnership with Children’s Brittle Bone Foundation (CBBF), this annual competitive grant program was designed and established to provide funding for items that will significantly improve the quality of life for a person who has OI and who has limited financial resources. This past year, the OIF was able to fund 32 of the 50 requests submitted in January 2016. Funding was provided for a wide range of items including hearing aids, ramps, and water therapy.

OIF continues to take the lead in developing programs that provide opportunities for scientific collaboration, mutual support for persons living with OI, and access to the most up-to-date and medically verified information about OI.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 AND 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents (continued)

For purposes of the statements of cash flows, cash equivalents include all highly liquid debt instruments with original maturities of three months or less. The Foundation maintains its cash balances with various financial institutions which, at times, may exceed federally insured limits of \$250,000. The Foundation has not experienced any losses from such accounts.

Donated securities or other assets that have no donor-imposed restrictions and that are immediately converted into cash are classified as cash from operating activities. During the years ended June 30, 2017 and 2016, the Foundation received \$6,363 and \$8,024, respectively, in donated stock that was immediately converted into cash and recognized as cash from operating activities in the accompanying statements of cash flows.

Inventory

Inventory is recorded at the lower of cost or market using the first-in, first-out (FIFO) method of inventory valuation. Inventory consists of books and videos to help children cope with OI, as well as small goods to promote OI awareness.

Prepaid Expenses

The Foundation records expenses incurred in advance for general operations and the Biennial National Conference as prepaid expenses.

Pledges Receivable

Pledges receivable represents amounts which have been promised but not yet received. Pledges are recorded at the original value less an estimate of uncollectible pledges. Pledges due beyond one year are discounted to reflect the present value of the pledge using the mid-term annual Applicable Federal Rate (AFR). The AFR was 1.96 percent and 1.41 percent at June 30, 2017 and 2016, respectively.

Fixed Assets

The Foundation has a capitalization policy for qualifying assets in excess of \$1,000. Furniture and equipment are reported at cost. Assets and capital lease purchases are depreciated over a three- to ten-year estimated life using the straight-line method. Depreciation expense for the years ended June 30, 2017 and 2016 was \$11,558 and \$12,405, respectively.

Investments

Investments are accounted for at fair market value with any unrealized gains and losses reported in the statements of activities and changes in net assets.

Fair Value

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value focuses on the price that would be received to sell the asset or paid to transfer the liability regardless of whether an observable liquid market price existed (an exit price). The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 AND 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value (continued)

Level 1 – inputs to the valuation methodology are based upon 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: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs. 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. Level 3 assets and liabilities measured at fair value are based on one or more of three valuation techniques (market, cost, or income approach). The market approach evaluates prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The cost approach evaluates the amount that would be required to replace the service capacity of an asset (i.e., replacement cost). The income approach uses techniques that convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following describes the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2017 and 2016.

Common stocks: Common stocks are valued at the closing price reported in the active market in which the individual securities are traded.

Corporate and municipal bonds: Bonds are valued at the closing price reported in the active market in which the bond is traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Promises to Give to Others

Research grants awarded prior to year end but not distributed are recorded as grants payable and expensed accordingly.

Pledges to give in future years are recorded as unrestricted support because it is believed that the intent of the donor is to support the Foundation's operations in the years the promises are made.

Deferred Revenue

The Foundation records income for conference fees which have been paid in advance as deferred revenue.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 AND 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets

Net assets are reported by the Foundation in accordance with generally accepted accounting principles. Accordingly, net assets have been reported using the following categories.

Unrestricted

Unrestricted net assets represent resources over which the Board of Directors has discretionary control, and are used to carry out operations of the Foundation in accordance with their by-laws. Unrestricted net assets have been reserved by the Board of Directors for future operations. For the years ended June 30, 2017 and 2016, the balance of the Board-designated net assets was \$997,443 and \$1,282,921, respectively.

Temporarily Restricted

Temporarily restricted net assets represent contributions and grants which have been restricted by donors for specific programs or activities. Restrictions which have been met by the passage of time or expenditure of net assets are reported as net assets released from restrictions on the statements of activities and changes in net assets. Temporarily restricted funds received and utilized in the same operating period are reported as temporarily restricted revenue and net assets released from restrictions on the statements of activities and changes in net assets. For the years ended June 30, 2017 and 2016, the Foundation received \$649,814 and \$584,861, respectively, in temporarily restricted assets. As of June 30, 2017 and 2016, temporarily restricted net assets were \$832,064 and \$698,330, respectively.

Permanently Restricted

Permanently restricted net assets represent contributions which have been restricted by donors indefinitely. The permanently restricted net assets have been identified by the Foundation and consist of an Endowment Fund. For the years ended June 30, 2017 and 2016, the Foundation did not receive any permanently restricted contributions. As of June 30, 2017 and 2016, permanently restricted net assets were \$54,488.

Contributions and Grants Revenue

The Foundation receives a portion of its revenue from contributions and grants. Contributions revenue is recognized when the funds are received. For cost-reimbursable grants, revenue is recognized when it is awarded per the terms of the agreement. All other grants are accounted for as unconditional promises to give, and revenue is recorded in the year that the promises are made.

Volunteer Event Revenue

The Foundation receives a portion of its revenue from events hosted throughout the country by related and unrelated individuals and organizations. An event coordinator is available at the Foundation headquarters to help plan the event as well as answer questions the sponsoring individual or organization may have. The Foundation provides event training, which includes on-site collection of revenue. Revenue from these events is collected by the sponsoring individual or organization, which then remits that revenue to the Foundation. The Foundation's website and lockbox provide assistance to the sponsors in collection of revenue.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 AND 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Services and Materials

Contributions of services are recognized if the services received create or enhance non-financial assets or require special skills, and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services and promises to give services that do not meet the above criteria are not recognized. During 2017 and 2016, the Foundation received \$57,343 and \$21,522, respectively, in donated materials or services, primarily legal fees.

In addition, the Foundation has estimated that total volunteer time donated during the years ended June 30, 2017 and 2016 was worth approximately \$296,198 and \$273,532, respectively, valued at \$24.14 and \$23.56 per hour, respectively. These services are not recorded in the accompanying financial statements as they did not meet the requirements as noted in the previous paragraph.

Income Taxes

The Foundation has received a favorable tax determination letter from the Internal Revenue Service stating that it is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code. However, the Foundation is subject to unrelated business income tax for activities conducted outside its tax-exempt purpose. During 2017 and 2016, the Foundation did not conduct unrelated business activities.

Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

The Foundation has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements and no interest and penalties have been recorded in the accompanying financial statements related to uncertain tax positions.

The Foundation files an informational income tax return for Federal reporting purposes. The Foundation is not currently under audit by any income tax jurisdictions.

Recent Accounting Pronouncements

ASU 2014-09

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. The standard's core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of the financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. ASU 2014-09 is effective for non-public entities for fiscal years beginning after December 15, 2018, with early adoption permitted for fiscal years beginning after December 15, 2016. The Foundation is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 AND 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements (continued)

ASU 2015-07

In May 2015, the FASB issued ASU 2015-07, *Disclosure for Investments in Certain Entities that Calculate Net Asset Value Per Share (or its Equivalent)*. ASU 2015-07 removes the requirement to categorize within the fair value hierarchy investments for which fair values are estimated using the net asset value practical expedient provided by ASC 820, *Fair Value Measurements and Disclosures*. Disclosures about investments in certain entities that calculate net asset value per share are limited under ASU 2015-07 to those investments for which the entity has elected to estimate the fair value using the net asset value practical expedient. ASU 2015-07 is effective for public entities for fiscal periods beginning after December 15, 2015, and for all other entities it is effective for fiscal years beginning after December 15, 2016, with retrospective application to all periods presented. Early application is permitted. Management elected to early adopt the provisions of this new standard. The adoption did not affect the financial statements.

ASU 2016-02

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in ASU 2016-02 supersedes the lease recognition requirements in ASC Topic 840, *Leases (FAS 13)*. ASU 2016-02 requires an entity to recognize assets and liabilities on the balance sheet for the rights and obligations created by leased assets and provide additional disclosures. ASU 2016-02 is effective for non-public entities for fiscal years beginning after December 15, 2019, with early adoption permitted. The Foundation is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

ASU 2016-14

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 eliminates the distinction between resources with permanent restrictions and those with temporary restrictions from the face of not-for-profit financial statements by reducing the current three net asset classes (unrestricted, temporarily restricted, and permanently restricted) to two classes (net assets with donor restrictions and net assets without donor restrictions). ASU 2016-14 also requires enhanced disclosures regarding board designations, the method(s) used to allocate costs among program and support functions, underwater endowment funds, and qualitative and quantitative information that communicates how the organization will meet cash needs for general expenditures within one year of the balance sheet date. ASU 2016-14 is effective for not-for-profit entities for fiscal periods beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018, with retrospective application to all periods presented. Early application of the amendments is permitted. The amendments should be initially adopted only for an annual fiscal period or for the first interim period within the fiscal year of adoption. The Foundation is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Subsequent Events

The date to which events occurring after June 30, 2017, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is November 20, 2017, which is the date on which the financial statements were available to be issued.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

3. INVESTMENTS

Investments are stated at fair value for which fair value is readily determinable. The carrying value and cost are as follows at June 30:

	2017		2016	
	Cost	Market	Cost	Market
Common stocks				
Consumer stock	\$ 176,085	\$ 240,311	\$ 147,347	\$ 248,876
Energy stock	73,564	73,748	84,694	94,854
Financial stock	82,092	139,321	85,093	100,538
Healthcare stock	138,320	240,380	163,872	246,919
Industrial stock	118,710	204,242	141,444	209,340
Technology stock	106,906	229,088	128,199	231,731
Subtotals	695,677	1,127,090	750,649	1,132,258
Municipal bonds	158,537	163,110	401,900	412,973
Corporate bonds	339,192	340,333	133,528	131,063
Totals	<u>\$ 1,193,406</u>	<u>\$ 1,630,533</u>	<u>\$ 1,286,077</u>	<u>\$ 1,676,294</u>

Investment income included in the statements of activities and changes in net assets is as follows:

	2017	2016
Interest and dividends	\$ 37,809	\$ 44,082
Net realized and unrealized gain/loss on investments	143,951	9,587
Investment income, net	<u>\$ 181,760</u>	<u>\$ 53,669</u>

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 AND 2016

4. FAIR VALUE MEASUREMENTS

The following table summarizes the Foundation's financial assets that were measured at fair value on a recurring basis as of June 30:

	2017			Total
	Level 1	Level 2	Level 3	
Common stocks				
Consumer stock	\$ 240,311	\$ -	\$ -	\$ 240,311
Energy stock	73,748	-	-	73,748
Financial stock	139,321	-	-	139,321
Healthcare stock	240,380	-	-	240,380
Industrial stock	204,242	-	-	204,242
Technology stock	229,088	-	-	229,088
Subtotals	<u>1,127,090</u>	<u>-</u>	<u>-</u>	<u>1,127,090</u>
Municipal bonds	-	163,110	-	163,110
Corporate bonds	-	340,333	-	340,333
Totals	<u>\$ 1,127,090</u>	<u>\$ 503,443</u>	<u>\$ -</u>	<u>\$ 1,630,533</u>
	2016			
	Level 1	Level 2	Level 3	Total
Common stocks				
Consumer stock	\$ 248,876	\$ -	\$ -	\$ 248,876
Energy stock	94,854	-	-	94,854
Financial stock	100,538	-	-	100,538
Healthcare stock	246,919	-	-	246,919
Industrial stock	209,340	-	-	209,340
Technology stock	231,731	-	-	231,731
Subtotals	<u>1,132,258</u>	<u>-</u>	<u>-</u>	<u>1,132,258</u>
Municipal bonds	-	412,973	-	412,973
Corporate bonds	-	131,063	-	131,063
Totals	<u>\$ 1,132,258</u>	<u>\$ 544,036</u>	<u>\$ -</u>	<u>\$ 1,676,294</u>

We evaluated the significance of transfers between the levels based upon the nature of the financial instrument and size of the transfer relative to the total investments. For the years ending June 30, 2017 and 2016, there were no transfers in or out of Levels 1, 2 or 3.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

5. PLEDGES RECEIVABLE

Pledges receivable consist of the following at June 30:

	2017	2016
Pledges due in less than one year	\$ 406,149	\$ 351,255
Less: Allowance for uncollectible pledges	(3,339)	(3,966)
Net current pledges receivable	<u>402,810</u>	<u>347,289</u>
Due in one to five years	57,500	127,500
Less: Discount at present value	(3,023)	(7,905)
Net long-term pledges receivable	<u>54,477</u>	<u>119,595</u>
Total pledges receivable	<u>\$ 457,287</u>	<u>\$ 466,884</u>

6. LINE OF CREDIT

In July 2012, the Foundation entered into a \$100,000 line of credit agreement with a commercial bank. The line is renewed annually each July, and currently expires in July 2018. Outstanding borrowings on the line of credit bear interest at the Wall Street Journal Prime rate. There was no outstanding balance on the line of credit as of June 30, 2017 and 2016.

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30:

	2017	2016
BBDC	\$ 293,000	\$ 303,000
Adult Health	243,934	141,244
Research	151,284	110,558
Impact Grant Program	105,602	102,161
Regional Meeting	14,253	-
Biennial Conference	11,441	21,317
Services to Benefit Hearing Impaired	7,550	7,550
Resource Center	5,000	5,000
National Walk	-	7,500
Total temporarily restricted net assets	<u>\$ 832,064</u>	<u>\$ 698,330</u>

Temporarily restricted net assets are available for the following purposes at June 30:

	2017	2016
Research	\$ 688,218	\$ 554,802
Education and support	118,152	114,711
Events	14,253	7,500
Conferences	11,441	21,317
Total temporarily restricted net assets	<u>\$ 832,064</u>	<u>\$ 698,330</u>

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 AND 2016

8. PERMANENTLY RESTRICTED NET ASSETS

The Foundation was named as a beneficiary of a charitable remainder trust upon the death of the annuitant. As a result, \$15,500 was invested in a perpetual trust administered by a third party. The Foundation has the right to receive income earned on the asset. The principal asset is permanently restricted. The remaining \$38,988 is for lifetime memberships paid for in the 1990s that were designated as permanent endowments at the time of their contribution to the Foundation.

9. COMMITMENTS

In December 2014, the Foundation renewed its existing office space lease. The lease agreement provides for initial monthly payments of \$6,187 with an annual escalation increase at a rate of two percent, expiring on November 30, 2020. The lease also requires that the Foundation pay their pro-rata share of any building operating expenses in excess of the agreed-upon amount. Rent expense for the years ended June 30, 2017 and 2016 was \$75,106 and \$74,734, respectively.

The Foundation has entered into several agreements for office equipment and support services.

Future minimum payments under all lease agreements are as follows as of June 30, 2017:

<u>Year ending June 30:</u>	
2018	\$ 82,773
2019	84,305
2020	85,082
2021	35,514
2022	1,186
Total future payments	<u>\$ 288,860</u>

The Foundation has entered into an agreement with a human resources leasing group to provide all related human resource services for employees. The agreement is on a month-to-month basis and may be cancelled by the Foundation with 30 days written notice.

Subsequent to year end, the Foundation entered into a strategic alliance with the Canadian Osteogenesis Imperfecta Society to provide verified medical information and access to support networks to people living with osteogenesis imperfecta and their families who reside in Canada for a small administrative fee. This agreement is set to expire on June 30, 2020, with an extension option.

10. CONCENTRATION OF RISK

For the years ended June 30, 2017 and 2016, three entities accounted for 73 and 65 percent of pledges receivable, respectively. For the year ended June 30, 2016, one entity accounted for 10 percent of revenues.

11. RETIREMENT PLAN

The Foundation sponsors a 401(k) retirement plan that covers all eligible employees. The Foundation matches the first 4 percent of employee contributions. Contributions to the plan totaled \$24,817 and \$24,610 for the years ended June 30, 2017 and 2016, respectively.

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 AND 2016

12. RISKS AND UNCERTAINTIES

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the Foundation's investments and the amounts reported in the statements of financial position and the statements of activities and changes in net assets.

SUPPLEMENTARY INFORMATION

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

**SCHEDULE OF EXPENSES BY SERVICES
YEAR ENDED JUNE 30, 2017**

	Program Services				Support Services			Overall Total	
	Conferences	Education and Support	Research	Public Awareness	Total	General and Administration	Fundraising		Total
Salaries and fringe benefits	\$ 87,723	\$ 254,477	\$ 108,451	\$ 43,547	\$ 494,198	\$ 222,344	\$ 152,074	\$ 374,418	\$ 868,616
Bank fees	8	-	-	-	8	30,119	-	30,119	30,127
Consulting fees	-	-	14,091	-	14,091	-	500	500	14,591
Depreciation	-	-	-	-	-	11,558	-	11,558	11,558
Dues and subscriptions	-	2,895	-	-	2,895	-	320	320	3,215
Equipment rental and maintenance	-	-	181	-	181	1,190	2,120	3,310	3,491
Event expense	192,483	-	-	-	192,483	-	185,610	185,610	378,093
Grants and fellowships	-	80,031	341,992	-	422,023	-	-	-	422,023
Information technology and web support	-	37,469	2,265	-	39,734	20,443	2,040	22,483	62,217
Insurance	-	-	-	-	-	3,607	1,963	5,570	5,570
Interest expense	-	-	-	-	-	4,888	-	4,888	4,888
Licenses and permits	-	-	-	-	-	-	4,535	4,535	4,535
Meetings and conferences	12,170	13,338	91,467	-	116,975	2,829	59	2,888	119,863
Occupancy	-	-	-	-	-	75,106	-	75,106	75,106
Office supplies	1,042	317	91	-	1,450	15,928	1,082	17,010	18,460
Postage and delivery	464	4,042	100	-	4,606	2,512	6,804	9,316	13,922
Printing and duplicating	-	9,077	70	-	9,147	2,410	3,159	5,569	14,716
Professional fees	-	-	-	-	-	38,762	854	39,616	39,616
Survey	-	-	10,582	-	10,582	-	-	-	10,582
Telephone	34	114	308	-	456	8,360	184	8,544	9,000
Travel	-	6,567	1,398	-	7,965	5,149	17,755	22,904	30,869
In-kind expenses	1,136	5,800	6,000	-	12,936	36,575	7,832	44,407	57,343
Total expenses, before indirect cost allocation	295,060	414,127	576,996	43,547	1,329,730	481,780	386,891	868,671	2,198,401
Indirect cost allocation	64,663	90,756	126,449	9,543	291,411	(376,198)	84,787	(291,411)	-
Total Expenses	\$ 359,723	\$ 504,883	\$ 703,445	\$ 53,090	\$ 1,621,141	\$ 105,582	\$ 471,678	\$ 577,260	\$ 2,198,401

OSTEOGENESIS IMPERFECTA FOUNDATION, INC.

**SCHEDULE OF EXPENSES BY SERVICES
YEAR ENDED JUNE 30, 2016**

	Program Services					Support Services			Overall Total
	Conferences	Education and Support	Research	Public Awareness	Total	General and Administration	Fundraising	Total	
Salaries and fringe benefits	\$ 107,348	\$ 215,887	\$ 102,503	\$ 35,312	\$ 461,050	\$ 273,430	\$ 131,922	\$ 405,352	\$ 866,402
Bank fees	-	-	-	-	-	26,939	-	26,939	26,939
Consulting fees	-	-	10,600	-	10,600	-	-	-	10,600
Depreciation	-	-	-	-	-	12,405	-	12,405	12,405
Dues and subscriptions	-	3,174	-	-	3,174	-	-	-	3,174
Equipment rental and maintenance	-	-	-	-	-	2,366	3,219	5,585	5,585
Event expense	-	-	-	-	-	-	142,089	142,089	142,089
Grants and fellowships	-	133,813	237,056	-	370,869	-	-	-	370,869
Information technology and web support	-	37,576	2,010	-	39,586	18,479	2,010	20,489	60,075
Insurance	-	-	-	-	-	3,560	2,600	6,160	6,160
Interest expense	-	-	-	-	-	5,795	250	6,045	6,045
Licenses and permits	-	-	-	-	-	-	4,340	4,340	4,340
Meetings and conferences	11,011	2,818	82,291	-	96,120	6,517	411	6,928	103,048
Miscellaneous	-	-	-	-	-	362	-	362	362
Bad debt expense	-	-	-	-	-	17,213	-	17,213	17,213
Occupancy	-	-	-	-	-	74,734	-	74,734	74,734
Office supplies	-	38	122	-	160	11,822	5,153	16,975	17,135
Postage and delivery	79	3,825	240	-	4,144	1,435	6,950	8,385	12,529
Printing and duplicating	759	13,434	324	-	14,517	2,519	3,427	5,946	20,463
Professional fees	-	350	-	-	350	34,504	979	35,483	35,833
Survey	-	-	3,287	-	3,287	-	-	-	3,287
Telephone	87	111	220	-	418	7,944	150	8,094	8,512
Travel	2,415	4,310	2,501	-	9,226	1,047	13,012	14,059	23,285
In-kind expenses	-	3,078	-	-	3,078	12,000	6,444	18,444	21,522
Total expenses, before indirect cost allocation	121,699	418,414	441,154	35,312	1,016,579	513,071	322,956	836,027	1,852,606
Indirect cost allocation	33,788	116,166	122,479	9,804	282,237	(371,901)	89,664	(282,237)	-
Total Expenses	\$ 155,487	\$ 534,580	\$ 563,633	\$ 45,116	\$ 1,298,816	\$ 141,170	\$ 412,620	\$ 553,790	\$ 1,852,606