



BONE HEALTH AND OSTEOPOROSIS FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2023





BONE HEALTH AND OSTEOPOROSIS FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Bone Health and Osteoporosis Foundation

Opinion

We have audited the accompanying financial statements of the Bone Health and Osteoporosis Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the year ended December 31, 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bone Health and Osteoporosis Foundation as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the year ended December 31, 2023 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on Summarized Comparative Information

We have previously audited the financial statements of the Foundation as of and for the year ended December 31, 2022, and we expressed an unmodified audit opinion on those financial statements in our report dated June 2, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.


In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Calibre CPA Group, PLLC

Bethesda, MD
June 26, 2024



BONE HEALTH AND OSTEOPOROSIS FOUNDATION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	2023	2022
Current assets		
Cash and cash equivalents	\$ 1,395,789	\$ 2,286,984
Accounts receivable	-	24
Contributions and bequests receivable	46,785	241,692
Prepaid expenses	172,168	96,020
Inventory	65,617	72,000
Total current assets	1,680,359	2,696,720
 Property and equipment, at cost, net	 12,588	 12,067
 Investments	 4,070,688	 3,788,370
 Right-of-use asset - operating	 481,671	 646,576
Total assets	\$ 6,245,306	\$ 7,143,733
 Current liabilities		
Accounts payable and accrued expenses	\$ 202,821	\$ 178,668
Deferred revenue	166,759	615,948
Total current liabilities	369,580	794,616
 Other liabilities		
Obligations under charitable gift annuities	204,807	219,787
Operating lease liability	567,628	753,632
Total liabilities	1,142,015	1,768,035
 Net assets		
Without donor restrictions	4,319,661	4,168,512
With donor restrictions	783,630	1,207,186
Total net assets	5,103,291	5,375,698
Total liabilities and net assets	\$ 6,245,306	\$ 7,143,733

See accompanying notes to financial statements.

BONE HEALTH AND OSTEOPOROSIS FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue				
Grant and contributions	\$ 694,701	\$ 1,090,706	\$ 1,785,407	\$ 2,270,285
Membership dues	63,075	-	63,075	71,875
Royalties and consulting income	421,017	-	421,017	378,223
Legacies and bequests	167,501	-	167,501	658,448
Publication sales	51,293	-	51,293	51,518
Contribution nonfinancial assets	9,537	-	9,537	8,499
Other income	139,000	-	139,000	20,468
Net assets released from restrictions				
Satisfaction of program restrictions	<u>1,519,330</u>	<u>(1,519,330)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>3,065,454</u>	<u>(428,624)</u>	<u>2,636,830</u>	<u>3,459,316</u>
Expenses				
Program services				
National Bone Health Alliance (NBHA)/Paget's	11,429	-	11,429	14,068
Patient education	303,773	-	303,773	651,463
Professional education	1,150,837	-	1,150,837	1,238,004
Advocacy	892,114	-	892,114	800,412
Communications	159,967	-	159,967	153,161
Membership	8,402	-	8,402	21,442
Research	<u>7,178</u>	<u>-</u>	<u>7,178</u>	<u>10,163</u>
Total program services	<u>2,533,700</u>	<u>-</u>	<u>2,533,700</u>	<u>2,888,713</u>
Supporting services				
Fundraising	634,893	-	634,893	478,520
Management and general	<u>277,066</u>	<u>-</u>	<u>277,066</u>	<u>254,442</u>
Total supporting expenses	<u>911,959</u>	<u>-</u>	<u>911,959</u>	<u>732,962</u>
Total expenses	<u>3,445,659</u>	<u>-</u>	<u>3,445,659</u>	<u>3,621,675</u>
Change in net assets before other income (loss)	(380,205)	(428,624)	(808,829)	(162,359)
Net investment income (loss)	500,485	5,068	505,553	(664,402)
American Bone Health education assets	<u>30,869</u>	<u>-</u>	<u>30,869</u>	<u>-</u>
Change in net assets	151,149	(423,556)	(272,407)	(826,761)
Net assets				
Beginning of year	<u>4,168,512</u>	<u>1,207,186</u>	<u>5,375,698</u>	<u>6,202,459</u>
End of year	<u>\$ 4,319,661</u>	<u>\$ 783,630</u>	<u>\$ 5,103,291</u>	<u>\$ 5,375,698</u>

See accompanying notes to financial statements.

BONE HEALTH AND OSTEOPOROSIS FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)

	2023								2022			
	Program Services							Supporting Services			Total	
NBHA/Paget's	Patient Education	Professional Education	Advocacy	Communications	Membership	Research	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total	Total
Personnel-related expenses	\$ 3,843	\$ 115,493	\$ 467,323	\$ 341,153	\$ 18,054	\$ 4,514	\$ 950,870	\$ 234,456	\$ 82,725	\$ 317,181	\$ 1,268,051	\$ 1,177,935
Professional fees and expenses	6,276	59,474	514,449	415,631	127,865	1,482	1,130,927	282,156	38,353	320,509	1,451,436	1,565,777
Conferences, conventions and events	120	10,014	61,710	59,631	476	119	132,169	21,648	13,591	35,239	167,408	103,180
Occupancy, maintenance and insurance	566	17,629	72,479	53,809	2,253	563	147,372	37,372	65,085	102,457	249,829	263,852
Printing, publications and promotion	509	74,318	4,443	1,832	4,145	249	86,247	12,148	5,956	18,104	104,351	246,184
Supplies, telephone and internet	55	11,336	9,370	8,535	6,935	1,415	37,653	3,884	56,055	59,939	97,592	114,421
Postage, mailing and shipping	7	13,846	14,225	6,447	27	7	34,560	39,133	9,968	49,101	83,661	125,383
Depreciation and amortization	9	290	1,192	885	37	9	2,423	615	1,058	1,673	4,096	3,195
Interest and other	44	1,373	5,646	4,191	175	44	11,479	3,481	4,275	7,756	19,235	21,748
	<u>\$ 11,429</u>	<u>\$ 303,773</u>	<u>\$ 1,150,837</u>	<u>\$ 892,114</u>	<u>\$ 159,967</u>	<u>\$ 8,402</u>	<u>\$ 2,533,700</u>	<u>\$ 634,893</u>	<u>\$ 277,066</u>	<u>\$ 911,959</u>	<u>\$ 3,445,659</u>	<u>\$ 3,621,675</u>

See accompanying notes to financial statements.



BONE HEALTH AND OSTEOPOROSIS FOUNDATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Cash received from operations		
Support and revenue	\$ 2,413,441	\$ 2,481,931
Investment income	<u>164,562</u>	<u>171,578</u>
Net cash received from operating activities	2,578,003	2,653,509
Cash disbursed from operations		
Payments to program recipients, employees and suppliers	<u>(3,385,067)</u>	<u>(3,620,088)</u>
Net cash used for operating activities	<u>(807,064)</u>	<u>(966,579)</u>
Cash flows from investing activities		
Purchase of investments	(358,226)	(873,227)
Proceeds from sale of investments	278,712	423,535
Purchase of property and equipment	<u>(4,617)</u>	<u>(10,111)</u>
Net cash used for investing activities	<u>(84,131)</u>	<u>(459,803)</u>
Net change in cash and cash equivalents	(891,195)	(1,426,382)
Cash and cash equivalents		
Beginning of year	<u>2,286,984</u>	<u>3,713,366</u>
End of year	<u>\$ 1,395,789</u>	<u>\$ 2,286,984</u>

See accompanying notes to financial statements.



BONE HEALTH AND OSTEOPOROSIS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Bone Health and Osteoporosis Foundation (Foundation), a nonprofit organization and formerly the National Osteoporosis Foundation, is America's only national nonprofit, voluntary health organization dedicated to reducing the widespread prevalence of osteoporosis. Established in 1984, the Foundation is the nation's leading health organization dedicated to promoting strong bones for life, preventing osteoporosis and broken bones, and reducing human suffering through programs of awareness, education, advocacy, and research. The Foundation is supported primarily by grants and contributions from foundations, corporations, individuals, and fundraising events. As of November 10, 2023, the Foundation agreed to acquire all of the American Bone Health's rights, titles, and interest in their specific education assets.

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

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

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

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

With Donor Restrictions represent gifts of cash and other restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends, or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.



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

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, 2023, cash consists of checking and money market accounts.

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 reported on a trade date basis. Investment income is reported 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 reported on the ex-dividend date. Unrealized gains (losses) resulting from increases (decreases) in fair value of securities held as well as the net realized gains and (losses) arising from sales of securities are included in investment income. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Accordingly, it is at least reasonably possible that changes in investment values will occur in the near term, and such changes could affect balances and amounts reported in the accompanying statements of financial position.

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

Property - Property is recorded at cost, or if donated, at the fair value on the date of the donation and is depreciated on a straight-line basis over the estimated useful lives of the respective assets. The Foundation capitalizes all fixed assets with a purchase price of \$1,000 or greater. The Foundation capitalizes website development costs incurred during the application stage of development. Depreciation and amortization on property is computed using the following estimated useful lives: furniture and fixtures, 5-7 years; office equipment, 3-5 years; website development and computer software costs, 3 years. When assets are retired or sold, any gain or loss arising from such disposition is included as income or expense. Expenditures for repairs and maintenance are expensed as incurred. The depreciation and amortization expense for the years ended December 31, 2023 and 2022 was \$4,096 and \$3,195, respectively.



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

Lease Accounting - The Foundation makes a determination of whether leases meet the definition of operating or financing. All leases greater than twelve months are accounted for as a right-of-use asset and lease liability on the statements of financial position. A right-of-use asset represents the Foundation's right to use the underlying asset (office space) for the lease term. The lease liability represents the Foundation's obligation to make lease payments arising from a lease, measured on a discounted basis. The discount rate utilized for each lease is the risk-free discount rate at the lease inception which corresponds to the lease term. The Foundation does not separate non-lease components (if any) from lease components in determining the lease payments for leases of office equipment.

Revenue Recognition - Revenue is derived from both exchange transactions and contribution transactions. Revenue from exchange transactions is recognized when control of promised goods or services is transferred from the Foundation's members and customers, in an amount that reflects the consideration they expect to be entitled to in exchange for those goods or services. Except for goods and services provided in connection with membership dues, which are transferred over the period of membership, all goods and services are transferred at a point in time. Payments are generally required in advance and are reported as deferred revenue until the related revenue is recognized.

Unconditional contributions are recognized upon receipt of cash or other assets, or when a donor promises to transfer cash or other assets in the future. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return or release, are not recognized until the conditions on which they depend have been substantially met.

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

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

Events revenue and registration fees are recognized in the year in which the related events or conferences are held. Amounts other than donations, collected for future events, are classified as deferred revenue in the accompanying statements of financial position.

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



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

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

Contributed Nonfinancial Assets - 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 donated services are valued at daily reimbursement rates for consultants, which approximate fair value. These services provided are direct program related services with no management and general function and without donor restrictions. The contributed nonfinancial assets are \$8,499 and \$13,746 for the years ended December 31, 2023 and 2022, respectively.

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.

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, 2022, 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, 2023, the statute of limitations for tax years 2020 through 2022 remains open with the U.S. Federal jurisdiction and various states.

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

In accounting for uncertainty in income taxes, accounting standards require an entity to recognize the financial statement impact of a tax position when it is more-likely-than-not that the position will not be sustained upon examination. Management evaluated the Foundation's tax positions and concluded that the Foundation has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

NOTE 2. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Foundation maintains a liquid cash balance in checking and money market accounts in an amount necessary to meet its anticipated expenditures for at least the next 30 days. Cash in excess of this amount is invested in short-term investments.

The Foundation has secured a line of credit of up to \$500,000 to help manage cash flow. There was no borrowing during the year ended December 31, 2023. The line of credit is renewed annually.

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, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Total assets at end of year	\$ 6,245,306	\$ 7,143,733
Less non financial assets		
Prepaid expenses	(172,168)	(96,020)
Property and equipment, at cost, net	(12,588)	(12,067)
Right-of-use asset	(481,671)	(646,576)
Inventory	<u>(65,617)</u>	<u>(72,000)</u>
Total financial assets at year end	5,513,262	6,317,070
Less amounts not available to meet general expenditures coming due within one year		
Investment held to fund charitable gift annuities	(720,248)	(718,078)
Purpose restricted net assets	(515,550)	(939,106)
Endowment invested in perpetuity	<u>(268,080)</u>	<u>(268,080)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u>\$ 4,009,384</u>	<u>\$ 4,391,806</u>



NOTE 3. CONTRACT BALANCES

The timing of billings, cash collections, and revenue recognition result in contract assets and contract liabilities associated with revenue from exchange transactions. Contract assets consist entirely of trade accounts receivable, which are recognized only to the extent it is probable that the Foundation collects substantially all of the consideration to which the Foundation 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 its members and customers before revenue is recognized.

Balances in these accounts as of the beginning and end of the years ended December 31, 2023 and 2022 are as follows.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Deferred revenue	<u>\$ 166,759</u>	<u>\$ 615,948</u>	<u>\$ 1,382,114</u>

NOTE 4. CONTRIBUTIONS AND BEQUESTS RECEIVABLE

Contributions receivable represent amounts due from corporations, individuals, and bequests, and are scheduled to be received as of December 31, 2023 and 2022, respectively, as follows:

	<u>2023</u>	<u>2022</u>
Less than one year	<u>\$ 46,785</u>	<u>\$ 241,692</u>

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

NOTE 5. FAIR VALUE MEASUREMENTS

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

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

NOTE 5. FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2 Inputs to the valuation methodology include other significant observable inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

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, 2023.

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 table sets forth by level, within the fair value hierarchy, the Foundation's assets and liabilities at fair value as of December 31, 2023:

Description	2023			
	Total	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	<u>\$ 4,070,688</u>	<u>\$ 4,070,688</u>	<u>\$ -</u>	<u>\$ -</u>
Obligations under charitable gift annuities	<u>\$ 204,807</u>	<u>\$ -</u>	<u>\$ 204,807</u>	<u>\$ -</u>



NOTE 5. FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets and liabilities at fair value as of December 31, 2022:

Description	2022			
	Total	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	<u>\$ 3,788,370</u>	<u>\$ 3,788,370</u>	<u>\$ -</u>	<u>\$ -</u>
Obligations under charitable gift annuities	<u>\$ 219,787</u>	<u>\$ -</u>	<u>\$ 219,787</u>	<u>\$ -</u>

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

	2023	2022
Interest and dividends	\$ 164,562	\$ 171,578
Net realized and unrealized gains (loss)	367,181	(808,321)
Investment management fees	<u>(26,190)</u>	<u>(27,659)</u>
	<u>\$ 505,553</u>	<u>\$ (664,402)</u>

NOTE 6. LINE OF CREDIT

During December 2020, the Foundation entered into a new line of credit agreement with a financial institution for \$500,000, with an interest rate of four percent and matures in August 2023. During August 2023, the line of credit agreement was modified with an interest rate of 8.500% and mature in August 2025. As of December 31, 2023 and 2022, the outstanding balance was zero.

NOTE 7. CHARITABLE GIFT ANNUITY

The Foundation administers various charitable remainder trusts. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's terms, the remaining assets are available for the Foundation's use. The portion of the trust attributable to the present value of the future benefits to be received by the Foundation is recorded as contributions with donor restrictions contribution in the period the trust is established. Assets held in the charitable remainder trusts totaled \$720,248 and \$718,078 at December 31, 2023 and 2022, 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 \$204,807 and \$219,787 as of December 31, 2023 and 2022, respectively, and is calculated using a discount rate commensurate with the risks involved. This liability is included in the accompanying statements of financial position.

NOTE 8. DEFERRED REVENUE

The Foundation is the recipient of some grants. The revenue is recognized on a pro-rata basis over the term of the grant agreements. The unearned portion is recorded as deferred revenue in the statements of financial position. Deferred revenue as of December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Grants	<u>\$ 166,759</u>	<u>\$ 615,948</u>

NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS

A summary of activity in net assets with donor restrictions for the years ended December 31, 2023 and 2022 are as follows:

Description	2023			
	Balance December 31, 2022	Support and Revenue	Net Assets Released From Expense	Balance December 31, 2023
Paget's	\$ 66,218	\$ -	\$ -	\$ 66,218
Education	858,339	1,043,845	(1,512,452)	389,732
Research endowment	<u>282,629</u>	<u>51,929</u>	<u>(6,878)</u>	<u>327,680</u>
Total	<u>\$ 1,207,186</u>	<u>\$ 1,095,774</u>	<u>\$ (1,519,330)</u>	<u>\$ 783,630</u>

Description	2022			
	Balance December 31, 2021	Support and Revenue	Net Assets Released From Expense	Balance December 31, 2022
Paget's	\$ 66,218	\$ -	\$ -	\$ 66,218
Education	1,074,629	1,719,733	(1,936,023)	858,339
Research endowment	<u>240,591</u>	<u>52,113</u>	<u>(10,075)</u>	<u>282,629</u>
Total	<u>\$ 1,381,438</u>	<u>\$ 1,771,846</u>	<u>\$ (1,946,098)</u>	<u>\$ 1,207,186</u>

The Foundation's endowment consists of donor-restricted endowment funds which are shown as net assets with donor restrictions in the accompanying financial statements. As of December 31, 2023, the Foundation's endowment totaled \$268,081. 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 \$188,069 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 restricted net assets (a) the



NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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 \$268,081 as of December 31, 2023 and 2022.

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 2023.

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, 2023.

Strategies Employed for Achieving Objectives - The finance 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. As part of the lease agreement, the Foundation is required to maintain an irrevocable standby letter of credit in the amount of \$81,586.

The Foundation recognized a right-of-use asset and related lease liability equal to the net present value of the expected future minimum base rent payments, discounted at 1.37%. The discount rate is based on the risk-free discount rate at the commencement of the lease. The right-of-use asset obtained in exchange for the lease obligation was approximately \$647,000 and \$809,000 for the years ended December 31, 2023 and 2022, respectively. The total amount of the lease liability recognized was approximately \$754,000 and \$932,000 for the years ended December 31, 2023 and 2022, respectively, consisting of the net present value of the future base monthly rent payments.

Operating lease expense for the years ended December 31, 2023 and 2022 totaled \$185,234 and \$202,791, respectively.



NOTE 10. COMMITMENTS AND CONTINGENCIES (CONTINUED)

The Foundation had no variable or short-term lease expense in 2023 or 2022 and does not have any finance leases.

The maturity of the lease liability under the Foundation of operating lease as of December 31, 2023 is as follows:

Year Ending December 31:

2024	\$	200,049
2025		205,051
2026		<u>174,059</u>
Undiscounted future cash flow		579,159
Less: discount to present value with a rate of 1.37%		<u>(11,531)</u>
Total lease liability	\$	<u><u>567,628</u></u>

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, 2023 and 2022 included joint costs which are not specifically attributable to particular components of the activities. These joint costs were allocated as follows:

	<u>2023</u>	<u>2022</u>
Fundraising	\$ 42,338	\$ 65,542
Program	17,689	46,191
Management and general	<u>13,923</u>	<u>21,513</u>
	<u>\$ 73,950</u>	<u>\$ 133,246</u>

NOTE 12. UNINSURED CASH

The Foundation maintains its cash in various deposit accounts. The checking, sweep, and money market accounts are insured by the Federal Deposit Insurance Corporation and the Securities Investor Protector Corporation, respectively, up to \$250,000. The Foundation had approximately \$112,000 and \$2,028,000 of uninsured funds in its bank and investment accounts as of December 31, 2023 and 2022, 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, 2023 and 2022 was \$45,045 and \$37,648, respectively.

NOTE 14. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 26, 2024, which is the date the financial statements were available to be issued. This review and evaluation revealed no material event or transaction which would require an adjustment to or disclosure in the accompanying financial statements.