Financial Statements and Report of
Independent Certified Public Accountants

National Foundation for the Centers for
Disease Control and Prevention, Inc.

June 30, 2009 and 2008

Metcalf Davis

Certified Public Accountants

FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

NATIONAL FOUNDATION FOR THE CENTERS FOR DISEASE CONTROL AND PREVENTION, INC.

June 30, 2009 and 2008

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Metcalf Davis

Certified Public Accountants

Report of Independent Certified Public Accountants

Board of Directors
National Foundation for the Centers for
Disease Control and Prevention, Inc.

We have audited the accompanying statements of financial position of the **National Foundation for the Centers for Disease Control and Prevention, Inc.**, as of June 30, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on the 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **National Foundation for the Centers for Disease Control and Prevention, Inc.** as of June 30, 2009 and 2008, and the results of its operations and changes in net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Metcalf Davis

Atlanta, Georgia
March 5, 2010

National Foundation for the Centers for
Disease Control and Prevention, Inc.

STATEMENT OF FINANCIAL POSITION

June 30, 2009
with comparative totals for 2008

	Unrestricted	Temporarily restricted	Permanently restricted	Total 2009	Total 2008
ASSETS					
Cash and cash equivalents, unrestricted (note B)	$ 14,012,629	$ -	$ -	$ 14,012,629	$ 12,174,204
Cash and cash equivalents, restricted for program or investing activities (note B)	-	19,595,553	611,557	20,207,110	18,719,321
Contributions receivable (notes B and C)	-	36,966,771	-	36,966,771	8,924,752
Accounts receivable	438,262	-	-	438,262	451,820
Investments (note D)	-	183,360	1,756,175	1,939,535	3,117,916
Prepaid and other assets (note M)	30,686	3,045,937	-	3,076,623	52,272
Property and equipment (note F)	210,093	-	-	210,093	179,981
	$ 14,691,670	$ 59,791,621	$ 2,367,732	$ 76,851,023	$ 43,620,266
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable and accrued expenses	$ 436,232	$ 30,356	$ -	$ 466,588	$ 519,229
Agency funds held in trust	491,308	-	-	491,308	567,990
Contracts payable	4,171,928	-	-	4,171,928	3,032,240
Grants payable (note G)	2,311,729	-	-	2,311,729	1,929,205
Refundable advances (note H)	-	4,976,032	-	4,976,032	-
Deferred rent	271,555	-	-	271,555	-
Total liabilities	7,682,752	5,006,388	-	12,689,140	6,048,664
Commitments and contingencies (note M)					
Net assets (note J)	7,008,918	54,785,233	2,367,732	64,161,883	37,571,602
	$ 14,691,670	$ 59,791,621	$ 2,367,732	$ 76,851,023	$ 43,620,266

The accompanying notes are an integral part of this statement.

National Foundation for the Centers for
Disease Control and Prevention, Inc.

STATEMENT OF FINANCIAL POSITION

June 30, 2008

	Unrestricted	Temporarily restricted	Permanently restricted	Total
ASSETS				
Cash and cash equivalents, unrestricted (note B)	$ 12,174,204	$ -	$ -	$ 12,174,204
Cash and cash equivalents, restricted for program or investing activities (note B)	133,689	18,513,525	72,107	18,719,321
Contributions receivable (notes B and C)	-	8,924,752	-	8,924,752
Accounts receivable	451,820	-	-	451,820
Investments (note D)	-	795,447	2,322,469	3,117,916
Prepaid and other assets (note M)	52,272	-	-	52,272
Property and equipment (note F)	179,981	-	-	179,981
	$ 12,991,966	$ 28,233,724	$ 2,394,576	$ 43,620,266
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	$ 519,229	$ -	$ -	$ 519,229
Agency funds held in trust	567,990	-	-	567,990
Contracts payable	3,032,240	-	-	3,032,240
Grants payable (note G)	1,929,205	-	-	1,929,205
Total liabilities	6,048,664	-	-	6,048,664
Commitments and contingencies (note M)				
Net assets (note J)	6,943,302	28,233,724	2,394,576	37,571,602
	$ 12,991,966	$ 28,233,724	$ 2,394,576	$ 43,620,266

The accompanying notes are an integral part of this statement.

National Foundation for the Centers for
Disease Control and Prevention, Inc.

STATEMENT OF ACTIVITIES

Year ended June 30, 2009
with comparative totals for 2008

	Unrestricted	Temporarily restricted	Permanently restricted	Total 2009	Total 2008
Revenue, gains (losses), other support and transfers					
Grants and contributions (note B)	$ 156,511	$ 50,601,170	$ 22,984	$ 50,780,665	$ 8,669,865
Contributed services and equipment (note L)	498,407	2,674	-	501,081	1,005,108
Direct Federal grants (note K)	-	1,250,000	-	1,250,000	1,250,000
Indirect cost recovery	253,860	5,003,877	-	5,257,737	2,322,355
Total grants and contributions	908,778	56,857,721	22,984	57,789,483	13,247,328
Interest and dividend income	273,482	81,794	-	355,276	968,876
Administrative fees	849,646	-	-	849,646	575,288
Losses on uncollectible pledges	(24,177)	(860,626)	-	(884,803)	(461,317)
Net realized and unrealized (loss) on investments	(477,236)	(32,047)	(7,391)	(516,674)	(222,199)
Net assets released from restriction	29,676,848	(29,676,848)	-	-	-
Change in donor designation (note J)	-	275,000	(275,000)	-	-
Total revenue, gains (losses), other support and transfers	31,207,341	26,644,994	(259,407)	57,592,928	14,107,976
Expenses					
Program expenses					
Project grants	26,874,627	-	-	26,874,627	21,183,767
Other program	1,250,509	-	-	1,250,509	1,170,965
Total program	28,125,136	-	-	28,125,136	22,354,732
Management and general expenses	1,649,183	-	-	1,649,183	1,184,632
Fundraising	1,228,328	-	-	1,228,328	1,052,293
Total expenses	31,002,647	-	-	31,002,647	24,591,657
Change in net assets before cumulative effect of change in accounting principle	204,694	26,644,994	(259,407)	26,590,281	(10,483,681)
Cumulative effect of change in accounting principle (note A)	(139,078)	(93,485)	232,563	-	-
Change in net assets	65,616	26,551,509	(26,844)	26,590,281	(10,483,681)
Net assets at beginning of year	6,943,302	28,233,724	2,394,576	37,571,602	48,055,283
Net assets at end of year	$ 7,008,918	$ 54,785,233	$ 2,367,732	$ 64,161,883	$ 37,571,602

The accompanying notes are an integral part of this statement.

National Foundation for the Centers for
Disease Control and Prevention, Inc.

STATEMENT OF ACTIVITIES

Year ended June 30, 2008

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenue, gains (losses) and other support				
Grants and contributions (note B)	$ 254,959	$ 8,383,963	$ 30,943	$ 8,669,865
Contributed services and equipment (note L)	641,063	364,045	-	1,005,108
Direct Federal grants (note K)	-	1,250,000	-	1,250,000
Indirect cost recovery	248,485	2,073,870	-	2,322,355
Total grants and contributions	1,144,507	12,071,878	30,943	13,247,328
Interest and dividend income	683,942	284,934	-	968,876
Administrative fees	575,288	-	-	575,288
Losses on uncollectible pledges	-	(461,317)	-	(461,317)
Net realized and unrealized (loss) gain on investments	(12,577)	22,941	(232,563)	(222,199)
Net assets released from restriction	23,631,579	(23,631,579)	-	-
Total revenue, gains (losses) and other support	26,022,739	(11,713,143)	(201,620)	14,107,976
Expenses				
Program expenses				
Project grants	21,183,767	-	-	21,183,767
Other program	1,170,965	-	-	1,170,965
Total program	22,354,732	-	-	22,354,732
Management and general expenses	1,184,632	-	-	1,184,632
Fundraising	1,052,293	-	-	1,052,293
Total expenses	24,591,657	-	-	24,591,657
Change in net assets	1,431,082	(11,713,143)	(201,620)	(10,483,681)
Net assets at beginning of year	5,512,220	39,946,867	2,596,196	48,055,283
Net assets at end of year	$ 6,943,302	$ 28,233,724	$ 2,394,576	$ 37,571,602

The accompanying notes are an integral part of this statement.

National Foundation for the Centers for
Disease Control and Prevention, Inc.

STATEMENTS OF CASH FLOWS

Years ended June 30, 2009 and 2008

	2009	2008
Increase (Decrease) in Cash and Cash Equivalents		
Cash flows from operating activities		
Change in net assets	$ 26,590,281	$ (10,483,681)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	58,917	58,842
Realized and unrealized loss on investments - net	516,674	222,199
Grant and contributions restricted for long-term investment	(22,984)	(30,943)
(Increase) decrease in contributions receivable	(28,042,019)	14,449,127
Decrease (increase) in accounts receivable	13,558	(197,703)
Increase in prepaid and other assets	(3,024,351)	(23,597)
(Decrease) increase in accounts payable and accrued expenses	(52,641)	192,379
(Decrease) increase in funds held for others	(76,682)	20,486
Increase in contracts payable	1,139,688	1,756,543
Increase in deferred rent	271,555	-
Increase in grants payable	382,524	658,026
Increase in refundable advances	4,976,032	-
Net cash provided by operating activities	2,730,552	6,621,678
Cash flows from investing activities		
Proceeds from sales of investments	752,070	1,239,048
Purchase of investments	(90,363)	(78,835)
Purchases of property and equipment	(89,029)	(210,542)
Net cash provided by investing activities	572,678	949,671
Cash flows from financing activity		
Grants and contributions restricted for long-term investment	22,984	30,943
Net increase in cash and cash equivalents	3,326,214	7,602,292
Cash and cash equivalents at beginning of year	30,893,525	23,291,233
Cash and cash equivalents at end of year	$ 34,219,739	$ 30,893,525
Supplemental Information:		
Gifts in-kind included in contribution revenue and program expense	$ 501,081	$ 1,005,008
Proceeds from sale of donated securities	7,563,709	-

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE A – SUMMARY OF ACCOUNTING POLICIES

The National Foundation for the Centers for Disease Control and Prevention, Inc. (the "Foundation") is a foundation that was formed by Federal law, incorporated as a Georgia non-profit organization in 1993 and began operations in 1995. The Foundation, while a separately incorporated organization, synergistically works with the Centers for Disease Control and Prevention ("CDC") to forge effective partnerships by connecting people, resources and ideas to fight threats to health and safety. The Foundation's vision is to improve the health and well-being of all people by substantially enhancing the impact of the CDC.

The Foundation is recognized as an organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code") whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to Federal income tax. The Federal legislation authorizing the Foundation specifies that the Foundation shall not be an agency or instrumentality of the Federal government, and officers, employees and members of the Board of Directors of the Foundation shall not be officers or employees of the Federal government.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Accrual Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting.

2. Basis of Presentation

The Foundation classifies its net assets and revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that the Foundation maintains them permanently. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

NOTE A – SUMMARY OF ACCOUNTING POLICIES - Continued

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

3. Contributions

Contributions, which include unconditional promises to give, are recognized as revenues in the period received. Contributions with donor-imposed restrictions are reported as restricted support and added to temporarily or permanently restricted net assets, as appropriate. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift as determined by independent appraisal or other valuation methods as deemed appropriate by management. Contributions receivable are recorded at their estimated fair value.

4. Cash and Cash Equivalents

Cash and cash equivalents consist primarily of interest-bearing checking accounts, savings accounts, and certificates of deposit. It is the Foundation’s policy to include all certificates of deposit, regardless of maturity date, in cash and cash equivalents. Included with cash and cash equivalents are amounts that, while currently available, can only be utilized for disbursements related to projects developed in conjunction with the settlement grants.

5. Investments

Investments are stated at fair value determined by quoted market values. The net realized and unrealized gains and losses on investments are reflected in the statements of activities.

6. Property and Equipment

Property and equipment greater than $5,000 are capitalized at cost at date of acquisition or at estimated fair value at date of donation if acquired as gifts, less accumulated depreciation. Depreciation of property and equipment is computed on a straight-line basis over the estimated useful life of three to seven years. Capitalized leasehold improvements are depreciated over the life of the corresponding lease.

NOTE A – SUMMARY OF ACCOUNTING POLICIES - Continued

7. Agency Funds Held in Trust

The Foundation holds funds in a custodial capacity for various organizations. The funds are primarily used for conferences and management training courses.

8. Contracts Payable

Contracts payable represent payments received in advance on contracts that the Foundation holds on behalf of the CDC and others. Funds are disbursed as projects reach certain checkpoints or reach completion.

9. Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the cost centers benefited.

10. Compensated Absences

Foundation policies allow employees who work 20 or more hours per week to receive from 48 to 192 hours of vacation annually, based upon years of service. Up to two years of unused annual vacation may be carried forward at the end of each fiscal year. An accrual for unused vacation days has been included with accounts payable and accrued expenses on the statement of financial position.

11. Recent Accounting Pronouncements

Effective June 1, 2008, the Foundation adopted Financial Accounting Standards Board ("FASB") Statement No. 157, Fair Value Measurements. FASB Statement No. 157 defines fair value, establishes a framework for measuring fair value in accordance with U.S. generally accepted accounting principles ("GAAP") and expands disclosures about fair value measurements. In February 2008, the FASB issued FASB Staff Position ("FSP") FAS No. 157-2, Effective Date of FASB Statement No. 157, which defers the effective date of FASB Statement No. 157 for one year for nonfinancial assets and nonfinancial liabilities that are not disclosed at fair value in the financial statements on a recurring basis. The FSP did not defer the recognition and disclosure requirements for financial or nonfinancial assets and liabilities that are measured at least annually.

NOTE A – SUMMARY OF ACCOUNTING POLICIES - Continued

The adoption of FASB No. 157 for financial assets and liabilities required additional footnote disclosure but did not have an effect on the Foundation's results of operations or financial position.

In August 2008, the FASB issued FASB Staff Position No. 117-1, *Endowments for Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act and Enhanced Disclosures for All Endowment Funds* ("FSP FAS 117-1"), which, among other things provides guidance on net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Act of 2006 ("UPMIFA") and additional disclosures about an organization's endowment funds. The State of Georgia adopted UPMIFA on July 1, 2008. To comply with this new pronouncement the Foundation examined supporting documentation for all endowment funds and determined it appropriate to reclassify among the various net asset groupings certain accumulated income, gains, and losses. This resulting net asset reclassification is shown on the current year Statement of Activities as a cumulative effect of change in accounting principle. Additional required disclosures under FSP FAS 117-1 have been added to note E.

12. Fair Value Hierarchy

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS No. 157 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level I – Quoted prices in active markets for identical assets or liabilities. Level I assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.

Level II – Observable inputs other than Level II prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level II assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. Government and agency mortgage-backed debt securities, and corporate-debt securities and certain alternative investments, if any.

NOTE A – SUMMARY OF ACCOUNTING POLICIES - Continued

Level III – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level III assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private debt and equity instruments and alternative investments.

The fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

13. Management Estimates

Management of the Foundation has made certain estimates and assumptions related to the reporting of allowances for doubtful accounts, estimated lives of fixed assets, accrued expenses, and deferred compensation to prepare the financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

14. Reclassifications

Certain amounts for 2008 have been reclassified to conform to the 2009 presentation.

NOTE B – CONCENTRATIONS OF CREDIT RISK

The Foundation's cash and cash equivalents are insured by the Federal Deposit Insurance Corporation up to $250,000 for interest bearing accounts and to an unlimited amount for certain non-interest bearing business accounts. Uninsured balances consisting of Money Market Treasury funds totaled $22,486,128 at June 30, 2009.

NOTE B – CONCENTRATIONS OF CREDIT RISK – Continued

During the year ended June 30, 2009, the Foundation received grants from two donors which accounted for 70 percent of total revenues. Receivables from these donors also accounted for 79 percent of total contributions receivable at June 30, 2009.

During the year ended June 30, 2008, the Foundation received grants from one donor which accounted for 43 percent of total revenues. Receivables from this donor also accounted for 61 percent of total contributions receivable at June 30, 2008.

NOTE C – CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2009 and 2008 are summarized as follows:

	2009	2008
Unconditional promises to give	$ 38,913,488	$ 9,891,740
Less allowance for uncollectible pledges	(1,338,066)	(710,711)
	37,575,422	9,181,029
Less present value discount	(608,651)	(256,277)
	$ 36,966,771	$ 8,924,752
Amounts due in:		
Less than one year	$ 22,619,230	$ 3,848,483
One year to five years	16,294,258	6,043,257
	$ 38,913,488	$ 9,891,740

Contributions receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate between one and three percent.

NOTE D – INVESTMENTS

The following table summarizes the valuation of the Foundation's investments by the SFAS No. 157 fair value hierarchy levels as of June 30, 2009 along with comparative totals as of June 30, 2008:

	Level I	Level II	Year Ended June 30, 2009	Year Ended June 30, 2008
U.S. Treasury securities	$ -	$ -	$ -	$ 252,071
Mutual funds				
Value equity fund	1,258,971	-	1,258,971	1,732,721
Debt security fund	359,592	-	359,592	589,747
	1,618,563	-	1,618,563	2,322,468
Mortgage-backed securities issued by GNMA, FNMA and FHLMC	-	320,972	320,972	543,377
Total	$ 1,618,563	$ 320,972	$ 1,939,535	$ 3,117,916

Investment income (loss) is classified in the statements of activities as follows for the years ended June 30, 2009 and 2008:

	2009	2008
Interest and dividend income	$ 355,276	$ 968,876
Net realized and unrealized loss on investments	(516,674)	(222,199)
	$ (161,398)	$ 746,677

Interest and dividend income is recorded net of management fees totaling $14,575 and $11,882 for the years ended June 30, 2009 and 2008 respectively.

NOTE E – ENDOWMENTS

The Foundation’s endowment consists of 14 donor restricted funds established for programs, awards, research and operations.

The Foundation understands Georgia's adoption of the Uniform Prudent Management of Institutional Funds 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. The Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund in excess of the original fair value that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund
2) The purposes of the Foundation and the donor-restricted endowment fund
3) General economic conditions
4) The possible effects of inflation and deflation
5) The expected total return from income and the appreciation of investments
6) Other resources of the Foundation
7) The investment policies of the Foundation

The Foundation has adopted investment and spending policies for the endowment assets that attempt to provide the preservation of assets, growth of capital and generation of income. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to (a) minimize the risk of large losses and over time, exceed the rate of inflation in order to preserve the purchasing power of assets, (b) generate a long term rate of return to equal or exceed the appropriate market indices, and (c) generate income to fund operations as needed. Actual returns in any given year may vary from this amount.

NOTE E – ENDOWMENTS - Continued

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives with prudent risk restraints.

The Board encourages the growth of the Foundation endowment assets through a spending policy that will provide a predictable stream of income to the Foundation and to the appropriate restricted projects, while permitting reinvestment of any earnings above the approved spending rate. The initial payout is up to four percent of the 12 quarter trailing average fund balance as of June 30th of each year. In any year that the fair market value of an endowment is less than its historical cost at June 30, the Foundation will use an income only approach to the spending rate.

If the market value of any fund classified as permanently restricted at year-end is below the amount determined to be permanently restricted, the deficit which cannot be funded from temporarily restricted unspent earnings of the fund are reported as a reduction in unrestricted net assets. For the years ended June 30, 2009 and 2008, as a result of unfavorable market conditions, the Foundation's endowment funds experienced deficiencies from original fair value totaling $654,079 and $14,650, respectively, which were recorded as decreases in unrestricted net assets as required by generally accepted accounting principles.

Donor Restricted Endowment Net Asset Composition by Type of Fund is as follow as of June 30, 2009 and 2008:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
2009	$ (654,079)	$ 220,915	$ 2,367,732	$ 1,934,568
2008	$ (14,650)	$ 102,280	$ 2,394,576	$ 2,482,206

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE E – ENDOWMENTS - Continued

Changes in Endowment Net Assets for the year ended June 30, 2009:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ (14,650)	$ 102,280	$ 2,394,576	$ 2,482,206
Contributions	-	39,825	22,983	62,808
Donor authorized reclassification	-	275,000	(275,000)	-
Investment return:				
Investment income net of fees	-	73,784	-	73,784
Net depreciation (realized and unrealized)	(499,447)	(44,129)	-	(543,576)
Total investment return	(499,447)	29,655	-	(469,792)
Change in accounting principle	(139,078)	(93,485)	232,563	-
Appropriation of endowment assets for expenditure	(904)	(132,360)	(7,390)	(140,654)
Endowment net assets, end of year	$ (654,079)	$ 220,915	$ 2,367,732	$ 1,934,568

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows at June 30, 2009 and 2008:

	2009	2008
Office equipment	$ 122,710	$ 101,314
Office furniture	213,133	195,831
Software	29,547	29,547
Leasehold improvements	14,226	-
Automobiles	26,874	21,200
	406,490	347,892
Less accumulated depreciation	(196,397)	(167,911)
Property and equipment - net	$ 210,093	$ 179,981

Depreciation expense was $58,917 and $58,842 for the years ended June 30, 2009 and 2008, respectively.

NOTE G – GRANTS PAYABLE

The Foundation disburses a majority of its project funds as cost reimbursement grants. Recognition of these funds as program expenses is contingent upon the recipient properly expending and documenting the expenditure as directed by the Foundation. Once these established conditions are met the respective amounts are expensed and accrued as grants payable. As of June 30, 2009 and 2008 the Foundation has grants payable totaling $2,311,729 and $1,929,205, respectively.

NOTE H – REFUNDABLE ADVANCES

During the current year the Foundation received $5,000,000 in refundable advances to be used for Emergency Preparedness and Response which includes severe and or frequent national level emergencies. Recognition as revenue is contingent upon the Foundation using these funds for their intended purpose by November 14, 2011. Any amounts not used by this date must be returned to the donor. At June 30, 2009 $4,976,032 remained available to be expended in future years.

NOTE I – RETIREMENT PLANS

In 1995, the Board of Directors of the Foundation established a voluntary defined contribution retirement plan. Under the terms of the plan, all employees who work at least 20 hours per week are eligible after 90 days of consecutive service. Upon meeting these eligibility requirements, employees are fully vested. Contributions under this plan are invested in one or more of the available investment options at the discretion of the participant to the Teachers Insurance and Annuity Association and College Retirement Equities Fund ("TIAA-CREF"). Contributions to the retirement plan by the Foundation totaled $151,664 and $142,921 for the years ended June 30, 2009 and 2008, respectively.

In 1995, the Board of Directors of the Foundation established a voluntary tax deferred annuity plan. Under the terms of the plan, all employees who work at least 20 hours per week are eligible. Upon meeting these eligibility requirements, employees are fully vested. Contributions under this plan are invested in one or more of the available investment options at the direction of the participant to TIAA-CREF. The employees may make contributions up to the maximum amount allowed by law. There are no provisions or obligations for the Foundation to make any contributions to this plan.

NOTE J – NET ASSETS

Temporarily restricted net assets were released from restriction as a result of actions of the Foundation and/or passage of time for the years ended June 30, 2009 and 2008 as follows:

	2009	2008
Project expenses	$ 26,681,911	$ 20,697,230
General operating expenses - expiration of time restrictions	1,046,213	1,331,650
Administrative fees	1,948,724	1,602,699
	$ 29,676,848	$ 23,631,579

During 2009 the Foundation obtained donor permission to release from permanently restricted net assets to temporarily restricted net assets $275,000 in restricted funds. These funds are restricted to fund a Student Fellowship in International Health and are included in temporarily restricted net assets at June 30, 2009.

NOTE J – NET ASSETS - Continued

Temporarily restricted net assets are available for the following purposes at June 30, 2009 and 2008:

	2009	2008
Sponsored programs	$ 48,416,560	$ 24,846,294
General operating expenses - restricted for use in future periods	782,008	831,043
Cost recovery - restricted for use in future periods	5,586,665	2,556,387
	$ 54,785,233	$ 28,233,724

Permanently restricted net assets totaling $2,367,732 and $2,394,576 at June 30, 2009 and 2008, respectively, are restricted for investment in perpetuity, the income of which is expendable to support various donor-specified activities.

NOTE K – GRANTS RECEIVED FROM THE CENTERS FOR DISEASE CONTROL AND PREVENTION

During each of the years ended June 30, 2009 and 2008, the Foundation received operating grants from the Centers for Disease Control and Prevention totaling $1,250,000.

NOTE L – CONTRIBUTED SERVICES AND EQUIPMENT

Contributed services totaling approximately $500,000 in 2009 and $640,000 in 2008 relate to services performed by individuals loaned to the Foundation by the CDC for specific management expertise. The Foundation would have paid individuals to perform the same tasks if the services had not been contributed.

In 2008, the Foundation received donated equipment with a fair market value of $364,045. No donated equipment was received in 2009.

NOTE M – COMMITMENTS AND CONTINGENCIES

Operating lease:

In 2008, the Foundation executed a non-cancelable operating lease for rental of office space that expires March 31, 2019. The lease has a provision that granted the Foundation an abatement of the first 10 installments of monthly rent totaling $253,905.

The Foundation will recognize rental expense over the life of the lease on a straight line basis based on the total cash payments to be made over the life of the lease.
The minimum lease payments under this office lease are as follows:

Year ending June 30,	
2010	$ 312,952
2011	320,753
2012	328,722
2013	336,876
2014	345,353
2015 and thereafter	1,762,143
	$ 3,406,799

Contingent payment of project funds:

The Foundation disburses the majority of its project funds as cost reimbursement grants with third party service providers. As discussed in note G above, the disbursement of funds by the Foundation is generally contingent upon the service provider properly expending and documenting approved expenditures, project disbursements are not accrued by the Foundation until these conditions are met. A majority of funding for these grants is provided by donor contributions and grants received by the Foundation. These grants are recognized as temporarily restricted revenue by the Foundation at the time of the initial gift. As most grants awarded by the Foundation occur over more than one fiscal year, it is not uncommon for timing differences to exist between the year revenue is recognized and the year an expenditure occurs. It should also be noted that gift revenues can fluctuate significantly year to year. Cost reimbursement grants expected to be funded by the Foundation in future years totaled $45,210,157 and $22,328,416 at June 30, 2009 and 2008, respectively.

NOTE M – COMMITMENTS AND CONTINGENCIES – Continued

Although not a usual practice, the Foundation agreed to prepay the World Health Organization approximately $3,000,000 for personnel services to be rendered during the following fiscal year. This arrangement was acceptable due to the legal requirements of the provider and based upon their history of providing exceptional performance.

Federal grants programs:

The Foundation has received proceeds from various Federal grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial.

NOTE N – SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through March 5, 2010, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued and no other items were noted.

SUPPLEMENTARY INFORMATION

National Foundation for the Centers for
Disease Control and Prevention, Inc.

SCHEDULE OF FUNCTIONAL EXPENSES

June 30, 2009
with comparative totals for 2008

	Program	Management and general	Fundraising	Total 2009	Total 2008
Personnel cost	$ 773,135	$ 913,039	$ 773,755	$ 2,459,929	$ 2,398,350
Project payments and awards to third parties	26,874,627	-	-	26,874,627	21,183,767
Professional and consulting fees	66,408	324,560	833	391,801	178,116
Conferences and meetings	35,549	26,630	88,632	150,811	119,349
Dues and subscriptions	254	15,938	5,334	21,526	12,063
Equipment repair and maintenance	23,870	54,259	28,776	106,905	53,806
Insurance	5,781	30,855	-	36,636	27,870
Occupancy	202,405	122,157	106,829	431,391	165,399
Postage and shipping	164	5,535	8,628	14,327	16,395
Printing and promotion	2,800	51,665	91,199	145,664	130,587
Supplies	2,570	17,260	24,073	43,903	29,440
Telephone	31,364	21,255	13,412	66,030	44,434
Travel	67,991	11,385	63,878	143,254	86,878
Depreciation	26,926	19,067	12,924	58,917	58,842
Miscellaneous	11,292	35,578	10,055	56,924	86,361
	$ 28,125,136	$ 1,649,183	$ 1,228,328	$ 31,002,647	$ 24,591,657

National Foundation for the Centers for
Disease Control and Prevention, Inc.

SCHEDULE OF FUNCTIONAL EXPENSES

June 30, 2008

	Program	Management and general	Fundraising	Total 2008
Personnel cost	$ 889,193	$ 764,653	$ 744,504	$ 2,398,350
Project payments and awards to third parties	21,183,767	-	-	21,183,767
Professional and consulting fees	48,481	111,058	18,577	178,116
Conferences and meetings	43,904	30,135	45,310	119,349
Dues and subscriptions	230	8,481	3,352	12,063
Equipment repair and maintenance	14,270	25,772	13,764	53,806
Insurance	7,285	20,585	-	27,870
Occupancy	54,504	62,692	48,203	165,399
Postage and shipping	310	6,294	9,791	16,395
Printing and promotion	39,194	33,659	57,734	130,587
Supplies	2,436	13,123	13,881	29,440
Telephone	19,595	14,613	10,226	44,433
Travel	13,011	21,353	52,514	86,878
Depreciation	16,345	20,704	21,793	58,842
Miscellaneous	22,207	51,510	12,644	86,360
	$ 22,354,732	$ 1,184,632	$ 1,052,293	$ 24,591,657