Financial Statements and
Independent Auditors' Report

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

June 30, 2014 and 2013

Metcalf Davis

CPAs | ADVISORS

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

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

June 30, 2014 and 2013

C O N T E N T S

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Independent Auditors' Report

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

We have audited the accompanying financial statements of the National Foundation for the Centers for Disease Control and Prevention, Inc., (a Georgia not-for-profit corporation) (the "Foundation"), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National Foundation for the Centers for Disease Control and Prevention, Inc. as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 23 and 24 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 audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Metcalf Davis

Atlanta, Georgia
March 19, 2015

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

STATEMENTS OF FINANCIAL POSITION

June 30, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 19,514,479	$ 20,226,256
Contributions receivable	25,280,870	16,760,004
Accounts receivable	401,678	1,019,475
Cash reserved or restricted	30,130,896	26,043,499
Investments	8,848,833	2,961,078
Prepaid and other assets	1,225,816	2,200,614
Property and equipment	28,426	58,867
Total assets	$ 85,430,998	$ 69,269,793
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 1,005,498	$ 649,839
Agency funds held in trust	192,971	180,571
Contracts payable	11,517,159	9,443,290
Grants payable	3,083,043	1,650,073
Refundable advances	4,474,976	4,474,976
Deferred rent	234,717	258,506
Other liabilities	876	656,961
Total liabilities	20,509,240	17,314,216
Commitments and contingencies (note N)		
Net assets		
Unrestricted	9,452,518	8,522,140
Temporarily restricted	52,047,722	40,368,607
Permanently restricted	3,421,518	3,064,830
Total net assets	64,921,758	51,955,577
Total liabilities and net assets	$ 85,430,998	$ 69,269,793

The accompanying notes are an integral part of these statements.

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

STATEMENT OF ACTIVITIES

Year ended June 30, 2014
with comparative totals for 2013

	Unrestricted	Temporarily restricted	Permanently restricted	Total 2014	Total 2013
Revenue, gains (losses), other support and transfers					
Grants and contributions	$ 133,837	$ 30,612,753	$ 356,688	$ 31,103,278	$ 19,187,351
Contributed services and equipment	520,983	-	-	520,983	507,472
Direct Federal grants	-	6,695,959	-	6,695,959	3,769,993
Indirect cost recovery	667,164	4,523,758	-	5,190,922	2,088,446
Total grants and contributions	1,321,984	41,832,470	356,688	43,511,142	25,553,262
Interest and dividend income	120,980	42,425	-	163,405	189,115
Administrative fees	1,238,913	-	-	1,238,913	1,142,360
Recovery (loss) on contributions receivable	-	(681,021)	-	(681,021)	322,298
Net realized and unrealized gain on investments	72,818	394,842	-	467,660	130,175
Net assets released from restriction for time and purpose	29,909,601	(29,909,601)	-	-	-
Total revenue, gains (losses), other support and transfers	32,664,296	11,679,115	356,688	44,700,099	27,337,210
Expenses					
Program expenses					
Project grants	12,516,490	-	-	12,516,490	10,783,644
Other program	14,844,679	-	-	14,844,679	14,606,883
Total program	27,361,169	-	-	27,361,169	25,390,527
Management and general expenses	2,756,169	-	-	2,756,169	2,614,434
Fundraising	1,616,580	-	-	1,616,580	1,732,296
Total expenses	31,733,918	-	-	31,733,918	29,737,257
Change in net assets	930,378	11,679,115	356,688	12,966,181	(2,400,047)
Net assets at beginning of year	8,522,140	40,368,607	3,064,830	51,955,577	54,355,624
Net assets at end of year	$ 9,452,518	$ 52,047,722	$ 3,421,518	$ 64,921,758	$ 51,955,577

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, 2013

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenue, gains (losses) other support and transfers				
Grants and contributions	$ 377,591	$ 18,439,647	$ 370,113	$ 19,187,351
Contributed services and equipment	501,372	6,100	-	507,472
Direct Federal grants	-	3,769,993	-	3,769,993
Indirect cost recovery	598,362	1,490,084	-	2,088,446
Total grants and contributions	1,477,325	23,705,824	370,113	25,553,262
Interest and dividend income	122,420	66,695	-	189,115
Administrative fees	1,142,360	-	-	1,142,360
Recovery (loss) on contributions receivable	-	322,298	-	322,298
Net realized and unrealized gain on investments	76,191	53,984	-	130,175
Net assets released from restriction for time and purpose	27,047,702	(27,047,702)	-	-
Total revenue, gains (losses), other support and transfers	29,865,998	(2,898,901)	370,113	27,337,210
Expenses				
Program expenses				
Project grants	10,783,644	-	-	10,783,644
Other program	14,606,883	-	-	14,606,883
Total program	25,390,527	-	-	25,390,527
Management and general expenses	2,614,434	-	-	2,614,434
Fundraising	1,732,296	-	-	1,732,296
Total expenses	29,737,257	-	-	29,737,257
Change in net assets	128,741	(2,898,901)	370,113	(2,400,047)
Net assets at beginning of year	8,393,399	43,267,508	2,694,717	54,355,624
Net assets at end of year	$ 8,522,140	$ 40,368,607	$ 3,064,830	$ 51,955,577

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, 2014 and 2013

	2014	2013
Increase (Decrease) in Cash and Cash Equivalents		
Cash flows from operating activities		
Change in net assets	$ 12,966,181	$ (2,400,047)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	41,550	43,332
Realized and unrealized gain on investments	(467,660)	(130,175)
Grants and contributions restricted for long-term investment	(356,688)	(370,113)
Change in assets and liabilities:		
Contributions receivable	(8,520,866)	7,996,389
Reserved and restricted cash	(4,087,397)	(4,009,157)
Accounts receivable	617,797	(617,300)
Prepaid and other assets	974,798	(565,385)
Accounts payable and accrued expenses	355,659	46,964
Agency funds held in trust	12,400	(38,753)
Contracts payable	2,073,869	2,198,895
Grants payable	1,432,970	84,302
Deferred rent	(23,789)	(15,312)
Other liabilities	(656,085)	617,849
Net cash provided by operating activities	4,362,739	2,841,489
Cash flows from investing activities		
Purchase of investments	(5,420,095)	(494,456)
Purchase of property and equipment	(11,109)	-
Net cash used in investing activities	(5,431,204)	(494,456)
Cash flows from financing activity		
Grants and contributions restricted for long-term investment	356,688	370,113
Net (decrease) increase in cash and cash equivalents	(711,777)	2,717,146
Cash and cash equivalents at beginning of year	20,226,256	17,509,110
Cash and cash equivalents at end of year	$ 19,514,479	$ 20,226,256

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

NOTE A – SUMMARY OF SIGNIFICANT 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, was 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 (the "Board") 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 SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenues are reported as increases in unrestricted net assets unless their use 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 released from restriction. If a restriction is fulfilled in the same period in which the contribution is received, the Foundation reports the support as temporarily restricted revenue with a corresponding release from restriction. Contributions subject to donor-imposed restrictions that the corpus be maintained in perpetuity are recognized as increases in permanently restricted net assets.

3. Contributions

Contributions, which include unconditional promises to give, are recognized as revenue in the period received. Conditional pledges, if received, are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash, if received, are recorded at estimated fair value at the date of the gift as determined by independent appraisal or other valuation methods as deemed appropriate by management. Unconditional promises to give that are expected to be collected in future years are recorded at fair value which is measured at the present value of the future cash flows with discounts computed using risk-adjusted rates commensurate with the associated risks. Discounts on contributions receivable are amortized and recorded as additional contribution revenue in accordance with any donor-imposed restriction. An allowance for uncollectible contributions receivable is provided based upon management's judgment and consideration of various factors including prior collection history, type of contribution and nature of fundraising activity.

4. Contributed Goods and Services

Contributed goods and services are recorded at fair value in the accompanying statements of activities as both contribution revenue and expenses. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided. Generally, such services include specific management expertise.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Cash and Cash Equivalents

Cash and cash equivalents consist primarily of interest bearing checking accounts, savings accounts and certificates of deposit with maturities of three months or less. Unrestricted amounts are available for operating activities. Restricted amounts, while currently available, are reserved by the Board for investment purposes or restricted by grantors for disbursements related to specific grants or contracts.

6. Investments

Investment securities are stated at fair value, generally determined based on quoted market prices or estimated fair value, and are recorded within the various net asset classifications based upon the existence or absence of donor restrictions. If an investment is held directly by the Foundation and an active market with quoted prices exists, the fair value reported is the market price of an identical security. Valuation of shares in mutual funds is based on share values reported by the funds as of the last business day of the fiscal year.

Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments, is shown in the statement of activities and is a component of investment return. A unitized valuation method is used to determine the basis for allocating investment income, gains and losses.

7. Property, Plant and Equipment

Property, plant and equipment greater than $5,000 are capitalized at cost at the 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. Land is not subject to depreciation. Capitalized leasehold improvements are depreciated over the life of the corresponding lease.

8. Accounts Receivable

Accounts receivable consists primarily of amounts due to the Foundation under contracts with third party organizations. Accounts receivable not received within 60 days of invoicing are considered past due. Based upon historical trends and specific account analysis, the Foundation feels all accounts receivable are fully collectible.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. 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. Agency funds held by the Foundation totaled $192,971 and $180,571 at June 30, 2014 and 2013, respectively.

10. 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.

11. Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, accounts receivable, short-term investments, accounts payable and accrued expenses approximates fair value because of the short maturity of these financial instruments.

Fair value for other financial instruments is disclosed in other footnotes.

12. Allocation of Functional Expenses

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

13. 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 statements of financial position.

14. Public Relations, Advertising and Marketing Costs

The Foundation's policy is to expense all public relations, advertising and marketing costs as they are incurred.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

15. Income Tax Status

The Foundation is recognized as an organization which is exempt from federal income tax under Section 501(c)(3) of the Code whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to Federal income tax.

The Foundation's policy is to record a liability for any tax position taken that is beneficial to the Foundation, including any related interest and penalties, when it is more likely than not the position taken by management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of June 30, 2014 and 2013, and accordingly, no liability has been accrued.

Generally the Internal Revenue Service (the "IRS") may examine a tax return for three years from the date it is filed. At June 30, 2014, tax years ended June 30, 2011, 2012 and 2013 remained open for possible examination by the IRS.

16. Risk Management

The Foundation is exposed to risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; material disasters; and liability. The Foundation carries commercial and directors and officers insurance covering each of these identified risks.

17. 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.

18. Reclassifications

Certain 2013 amounts have been reclassified to conform to the 2014 presentation.

NOTE B – CONCENTRATIONS OF CREDIT RISK

The Federal Deposit Insurance Corporation ("FDIC") insures up to $250,000 per financial institution. Uninsured cash balances aggregated approximately $48,847,000 and $45,637,000 at June 30, 2014 and 2013, respectively. Management of the Foundation has evaluated and accepted the risk associated with uninsured cash balances.

Contributions receivable from one donor via five pledges represent 41 percent of total contributions receivable at June 30, 2014. At June 30, 2013, amounts receivable from one donor totaled approximately 34 percent of total contributions receivable.

NOTE C – CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2014 and 2013 are summarized as follows:

	2014	2013
Unconditional promises to give	$ 27,552,070	$ 18,088,389
Less allowance for uncollectible pledges	(365,000)	(265,000)
	27,187,070	17,823,389
Less present value discount	(1,906,200)	(1,063,385)
	$ 25,280,870	$ 16,760,004
Amounts due in:		
Less than one year	$ 18,867,819	$ 17,398,248
One year to five years	8,684,251	690,141
	$ 27,552,070	$ 18,088,389

Discounts on contributions receivable were calculated at the date of donation using rates commensurate with the risk involved (rates range from 4.5 to 8.0 percent). Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions on the contributions.

NOTE D – INVESTMENTS

The following is a summary of investments at June 30, 2014 and 2013:

	2014	2013
U.S. Treasury	$ 5,015,550	$ -
Domestic equity mutual funds	1,566,363	1,318,478
International equity mutual funds	801,138	568,892
Fixed income mutual funds	1,465,782	1,073,708
	$ 8,848,833	$ 2,961,078

Investment return is classified in the statements of activities as follows for the years ended June 30, 2014 and 2013:

	2014		
	Unrestricted	Temporarily restricted	Total
Interest and dividend income	$ 120,980	$ 42,425	$ 163,405
Net realized and unrealized gains	72,818	394,842	467,660
Total investment return	$ 193,798	$ 437,267	$ 631,065

	2013		
	Unrestricted	Temporarily restricted	Total
Interest and dividend income	$ 122,420	$ 66,695	$ 189,115
Net realized and unrealized gains	76,191	53,984	130,175
Total investment return	$ 198,611	$ 120,679	$ 319,290

NOTE E – FAIR VALUE HIERARCHY

Accounting standards emphasize that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, standards established a three-tier hierarchy to distinguish between various types of inputs used in determining the value of an organization’s financial instruments. The inputs are summarized as follows:

Level 1 Inputs - Quoted prices (unadjusted) in active markets for identical assets and liabilities. Valuations of these instruments do not require a high degree of judgment since the valuations are based on readily available quoted prices in active markets.

Level 2 Inputs - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and inputs other than quoted prices that are observable, such as models or other valuation methodologies. Valuations in this category are inherently less reliable than Level 1 quoted market prices due to the degree of subjectivity involved in determining appropriate methodologies and the applicable underlying assumptions.

Level 3 Inputs - Unobservable inputs for the valuation of the asset or liability. Level 3 assets include investments for which there is little, if any, market activity. These inputs require significant management judgment or estimation. These financial instruments have inputs that cannot be validated by readily determinable market data and generally involve considerable judgment by management.

In certain cases, the inputs used to measure fair value may fall into different hierarchy levels. In such cases, for disclosure purposes, the level in the hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement.

For the years ending June 30, 2014 and 2013, all of the Foundation’s investments are classified within Level 1 of the hierarchy.

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NOTE F – ENDOWMENTS

The Foundation's endowment consists of approximately 16 individual funds established by donors for a variety of purposes, including programs, awards, research and operations. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Foundation interprets 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 instruments 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

Endowment composition by net asset classification as of June 30, 2014 and 2013 is as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
June 30, 2014	$ -	$ 549,617	$ 3,421,518	$ 3,971,135
June 30, 2013	$ (54,078)	$ 141,188	$ 3,064,830	$ 3,151,940

NOTE F – ENDOWMENTS - Continued

Changes in endowment net assets for the year ended June 30, 2014 are as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$ (54,078)	$ 141,188	$ 3,064,830	$ 3,151,940
Contributions	-	-	356,688	356,688
Investment return:				
Investment income net of fees	-	42,263	-	42,263
Net appreciation (realized and unrealized)	54,078	394,842	-	448,920
Total investment return	54,078	437,105	-	491,183
Appropriation of endowment assets for expenditure	-	(28,676)	-	(28,676)
Endowment net assets, end of year	$ -	$ 549,617	$ 3,421,518	$ 3,971,135

Changes in endowment net assets for the year ended June 30, 2013 are as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$ (145,151)	$ 52,472	$ 2,694,717	$ 2,602,038
Contributions	-	-	370,113	370,113
Investment return:				
Investment income net of fees	-	75,572	-	75,572
Net depreciation (realized and unrealized)	91,073	53,984	-	145,057
Total investment return	91,073	129,556	-	220,629
Appropriation of endowment assets for expenditure	-	(40,840)	-	(40,840)
Endowment net assets, end of year	$ (54,078)	$ 141,188	$ 3,064,830	$ 3,151,940

NOTE F – ENDOWMENTS - Continued

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for the endowment assets that attempts 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.

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.

Endowment Spending Policy

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 June 30 fair market value of an endowment is less than its fair value at the time of original contribution, the Foundation will use an income only approach to the spending rate.

Funds with Deficiencies

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 is reported as a reduction in unrestricted net assets. For the year ended June 30, 2013, as a result of unfavorable market conditions, the Foundation's endowment funds experienced deficiencies from original fair value totaling $54,078, which was recorded as decreases in unrestricted net assets as required by generally accepted accounting principles.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

NOTE G – PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows at June 30, 2014 and 2013:

	2014	2013
Office equipment	$ 93,277	$ 83,987
Office furniture	232,922	232,922
Software	72,270	72,270
Leasehold improvements	39,300	37,481
Automobiles	26,874	26,874
	464,643	453,534
Less accumulated depreciation	(436,217)	(394,667)
Property and equipment - net	$ 28,426	$ 58,867

Depreciation expense was $41,550 and $43,332 for the years ended June 30, 2014 and 2013, respectively.

NOTE H – 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, 2014 and 2013, the Foundation has grants payable totaling $3,083,043 and $1,650,073, respectively.

NOTE I – REFUNDABLE ADVANCES

During a prior year, the Foundation received $5,000,000 in refundable advances to be used for Emergency Preparedness and Response which includes severe and/or infrequent national level emergencies. Recognition as revenue is contingent upon the Foundation using these funds for their intended purpose by November 14, 2016. Any amounts not used by this date must be returned to the donor. At June 30, 2014 and 2013, $4,474,976 remained available to be expended in future years.

Subsequent to year end, the donor authorized the Foundation to use $1,000,000 of this funding as a part of the Foundation's response to the Ebola crisis in West Africa.

NOTE J – 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 to participate 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 $394,153 and $319,421 for the years ended June 30, 2014 and 2013, respectively.

In 1995, the Board of Directors of the Foundation also 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 to participate. 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.

In March of 2010, the Board of Directors of the Foundation established a deferred 457 compensation plan for the Foundation's Chief Executive Officer (the "officer"). Contributions to the plan vest at 20 percent per year and are fully vested after five years. This is an unfunded plan in which any amounts due or payable pursuant to the terms of the plan will be paid from the general assets of the Foundation. The Officer may make contributions up to the maximum amount allowed by law. There are no legal obligations for the Foundation to make any contributions to this plan.

NOTE K – 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, 2014 and 2013 as follows:

	2014	2013
Sponsored programs	$ 26,077,732	$ 24,058,040
General operating expenses - restricted for use in future periods	1,259,089	1,231,056
Cost recovery - restricted for use in future periods	2,572,780	1,758,606
	$ 29,909,601	$ 27,047,702

NOTE K – NET ASSETS - Continued

Temporarily restricted net assets are available for the following purposes at June 30, 2014 and 2013:

	2014	2013
Sponsored programs	$ 47,611,816	$ 37,832,348
General operating expenses - restricted for use in future periods	813,997	823,086
Cost recovery - restricted for use in future periods	3,621,909	1,713,173
	$ 52,047,722	$ 40,368,607

Permanently restricted net assets totaling $3,421,518 and $3,064,830 at June 30, 2014 and 2013, respectively, are restricted for investment in perpetuity, the income of which is expendable to support various donor-specified activities.

NOTE L – GRANTS RECEIVED FROM THE CDC

During the years ended June 30, 2014 and 2013, the Foundation received operating grants from the CDC totaling $1,250,000 for each year.

NOTE M – CONTRIBUTED SERVICES AND EQUIPMENT

Contributed services totaling approximately $235,000 and $210,000, at June 30, 2014 and 2013, respectively, relate to services performed by individuals loaned to the Foundation by the CDC for specific management and consulting expertise. These services were performed by individuals with specialized skills and the Foundation would have paid individuals to perform the same tasks if the services had not been contributed.

The Foundation received donated equipment with fair market values of approximately $297,000 for the year ended June 30, 2013, which was given to another organization for use in one of the projects the Foundation is involved in. Since this equipment was passed on to another organization, it is reflected in the accompanying statements of activities as both contribution revenue and an expense.

NOTE N – 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. In 2014, to meet program needs, the Foundation leased additional square footage adjacent to the current Atlanta location. The revised lease for this additional space included certain rent abatement provisions. The Foundation is recognizing rental expense 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,	
2015	$ 417,113
2016	433,382
2017	444,130
2018	455,268
2019 and thereafter	349,354
	$ 2,099,247

Rental expense was $329,068 and $322,034 for the years ended June 30, 2014 and 2013, respectively.

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 – COMMITMENTS AND CONTINGENCIES - Continued

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 H 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 $41,821,928 and $32,356,387 at June 30, 2014 and 2013, respectively.

Although not a usual practice, the Foundation agreed to prepay certain service organizations approximately $1,200,000 and $2,200,000 in 2014 and 2013, respectively, for services to be rendered during a future year. This arrangement was acceptable due to the legal requirements of the providers and based upon their history of providing exceptional service.

NOTE O – SUBSEQUENT EVENTS

In connection with the preparation of the financial statements, management and the Board of Directors evaluated subsequent events after the statement of financial position date of June 30, 2014 through March 19, 2015, which was the date the financial statements were available to be issued.

Subsequent to year end, the Foundation began raising funds to help address the Ebola outbreak that occurred in West Africa. As of the date of this report, the Foundation has raised approximately $57,000,000 related to this crisis. The Foundation has expended approximately $30,000,000 of the funding received and obligated additional amounts of approximately $11,000,000. The Board of the Foundation has elected not to charge an administrative fee on any gifts received that are restricted for the response to the Ebola outbreak.

SUPPLEMENTARY INFORMATION

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

SCHEDULE OF FUNCTIONAL EXPENSES

For the year ended June 30, 2014
with comparative totals for 2013

	Program	Management and general	Fundraising	Total 2014	Total 2013
Personnel cost	$ 2,293,822	$ 1,756,693	$ 1,217,279	$ 5,267,794	$ 4,704,100
Awards	12,516,490	-	-	12,516,490	10,783,644
Conferences and meetings	319,404	23,558	22,259	365,221	433,914
Legal	3,009	96,742	14,553	114,304	90,951
Accounting	-	48,675	-	48,675	57,600
Other professional fees	9,838,919	373,012	101,808	10,313,739	10,788,509
Advertising	-	20,387	1,190	21,577	10,774
Office expenses	488,279	86,859	83,721	658,859	680,714
Information technology	9,434	131,446	15,749	156,629	158,806
Occupancy	188,692	121,129	82,694	392,515	428,133
Travel	1,671,337	25,356	50,187	1,746,880	1,476,062
Depreciation	15,679	16,912	8,959	41,550	43,332
Insurance	6,843	39,321	-	46,164	41,849
Miscellaneous	9,261	16,079	18,181	43,521	38,869
	$ 27,361,169	$ 2,756,169	$ 1,616,580	$ 31,733,918	$ 29,737,257

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

SCHEDULE OF FUNCTIONAL EXPENSES

For the year ended June 30, 2013

	Program	Management and general	Fundraising	Total 2013
Personnel cost	$ 1,796,851	$ 1,731,424	$ 1,175,825	$ 4,704,100
Awards	10,783,644	-	-	10,783,644
Conferences and meetings	345,053	34,147	54,714	433,914
Legal	3,290	77,108	10,553	90,951
Accounting	-	57,600	-	57,600
Other professional fees	10,325,185	247,750	215,574	10,788,509
Advertising	-	10,774	-	10,774
Office expenses	474,267	92,358	114,089	680,714
Information technology	12,399	132,415	13,992	158,806
Occupancy	209,234	138,680	80,219	428,133
Travel	1,404,619	26,657	44,786	1,476,062
Depreciation	12,816	18,941	11,575	43,332
Insurance	6,623	35,226	-	41,849
Scientific supplies	-	-	-	-
Miscellaneous	16,546	11,354	10,969	38,869
	$ 25,390,527	$ 2,614,434	$ 1,732,296	$ 29,737,257