

NATIONAL MARFAN FOUNDATION, INC.
REPORT ON AUDIT OF FINANCIAL STATEMENTS

Years Ended June 30, 2011 and 2010

Financial Statements

Independent Auditors' Report

Board of Directors
National Marfan Foundation, Inc.
Port Washington, New York

We have audited the accompanying statement of financial position of National Marfan Foundation, Inc. (the "Foundation") as of June 30, 2011, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Foundation as of and for the year ended June 30, 2010 were audited by other auditors, whose report, dated August 24, 2010, expressed an unqualified opinion on those financial statements. The financial statements as of and for the year ended June 30, 2010 have been restated to reflect the effects of prior period adjustments (see Note 2).

We conducted our audit 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 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 audit provides 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 National Marfan Foundation, Inc. as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Holtz Rubenstein Reminick LLP

Melville, New York
October 28, 2011

NATIONAL MARFAN FOUNDATION, INC.

Statements of Financial Position

<i>June 30,</i>	2011	2010
Assets		
Cash	\$ 904,821	\$ 626,887
Investments	5,856,998	5,378,631
Pledge receivables, net	1,115,119	2,065,620
Prepaid Expenses and Other Current Assets	206,288	80,696
Property and Equipment, net	758,506	790,150
Beneficial Interest in Charitable Remainder Trust	934,479	834,544
Noncash Contributions	-	235,000
Reserve for Noncash Contributions	-	(168,454)
Other Assets	80,071	59,679
Total Assets	<u>\$ 9,856,282</u>	<u>\$ 9,902,753</u>
Liabilities and Net Assets		
Liabilities:		
Accrued liabilities	\$ 230,785	\$ 112,727
Grant payable	25,000	-
Deferred conference income	116,549	119,770
Other payables	80,071	59,679
Total Liabilities	<u>452,405</u>	<u>292,176</u>
Net Assets:		
Unrestricted:		
General	1,730,996	1,609,820
Board designated	2,157,985	2,090,024
Temporarily restricted	5,514,896	5,910,733
Total Net Assets	<u>9,403,877</u>	<u>9,610,577</u>
Total Liabilities and Net Assets	<u>\$ 9,856,282</u>	<u>\$ 9,902,753</u>

NATIONAL MARFAN FOUNDATION, INC.

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2011 (with comparative totals for 2010)

	Unrestricted	Temporarily Restricted	Total	
			2011	2010
Revenues and Gains:				
Contributions	\$ 1,571,097	\$ 121,392	\$ 1,692,489	\$ 1,450,466
Unrealized loss on land	-	-	-	(168,454)
Memorials	84,707	-	84,707	98,457
Membership contributions	123,744	-	123,744	112,538
National Marfan Conference	149,311	14,294	163,605	202,017
Program revenue	6,590	-	6,590	9,529
Net investment income	127,521	-	127,521	256,092
Events, net of direct expenses of \$338,020 and \$302,111	1,076,305	-	1,076,305	881,761
Change in value of beneficial interest charitable remainder trust	-	99,935	99,935	74,895
Gifts in-kind	118,991	-	118,991	-
Net assets released from restriction	631,458	(631,458)	-	-
Total Revenues and Gains	3,889,724	(395,837)	3,493,887	2,917,301
Expenses:				
Program service expenses:				
Research initiatives and grants	1,536,107	-	1,536,107	1,528,552
Education and public awareness	510,693	-	510,693	287,209
Patient services and annual conference	721,748	-	721,748	648,773
Total Program Service Expenses	2,768,548	-	2,768,548	2,464,534
Supporting service expenses:				
Management and general	304,227	-	304,227	270,285
Fundraising	627,812	-	627,812	416,228
Total Supporting Service Expenses	932,039	-	932,039	686,513
Total Expenses	3,700,587	-	3,700,587	3,151,047
Increase (Decrease) in Net Assets	189,137	(395,837)	(206,700)	(233,746)
Net Assets, beginning of the year, as restated	3,699,844	5,910,733	9,610,577	9,844,323
Net Assets, end of the year	\$ 3,888,981	\$ 5,514,896	\$ 9,403,877	\$ 9,610,577

NATIONAL MARFAN FOUNDATION, INC.

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2010

	Unrestricted	Temporarily Restricted	Total
Revenues and Gains:			
Contributions	\$ 1,450,466	\$ -	\$ 1,450,466
Unrealized loss on land	(168,454)	-	(168,454)
Memorials	98,457	-	98,457
Membership contributions	112,538	-	112,538
National Marfan Conference	202,017	-	202,017
Program revenue	9,529	-	9,529
Net investment income	256,092	-	256,092
Events, net of expenses of \$302,211	881,761	-	881,761
Change in value of beneficial interest charitable remainder trust	-	74,895	74,895
Net assets released from restriction	411,868	(411,868)	-
Total Revenues and Gains	3,254,274	(336,973)	2,917,301
Expenses:			
Program service expenses:			
Research initiatives and grants	1,528,552	-	1,528,552
Education and public awareness	287,209	-	287,209
Patient services and annual conference	648,773	-	648,773
Total Program Service Expenses	2,464,534	-	2,464,534
Supporting service expenses:			
Management and general	270,285	-	270,285
Fundraising	416,228	-	416,228
Total Supporting Service Expenses	686,513	-	686,513
Total Expenses	3,151,047	-	3,151,047
Increase (Decrease) in Net Assets	103,227	(336,973)	(233,746)
Net Assets, beginning of the year, as restated	3,596,617	6,247,706	9,844,323
Net Assets, end of the year, as restated	\$ 3,699,844	\$ 5,910,733	\$ 9,610,577

Statement of Functional Expenses

Year Ended June 30, 2011 (with comparative totals for 2010)

	Research Initiatives and Grants		Program Services		Patient Services and Annual Conference		Supporting Services		2011 Total Expenses	2010 Total Expenses
			Education and Public Awareness				Management and General	Fund Raising		
Awards and Fellowships	\$	1,061,485	\$	49	\$	8,474	\$	171	\$	-
Payroll		213,052		187,987		388,506		150,390		313,312
Payroll Taxes		15,888		14,019		28,971		11,215		23,365
Employee Benefits		13,576		16,709		26,109		14,621		33,419
Professional Fees		67,441		101,822		19,404		20,621		50,948
Telephone		1,043		2,340		6,709		4,480		2,130
Utilities		2,812		4,821		6,829		2,611		3,013
Repairs and Maintenance		1,707		9,890		4,144		2,445		1,828
Office Supplies		3,867		4,089		6,534		3,867		3,867
Equipment Rentals		916		1,570		2,223		850		981
Postage and Shipping		4,252		8,837		21,918		3,645		44,822
Printing and Publications		2,947		53,444		29,049		4,689		52,376
Information Technology		3,248		8,191		10,228		1,247		12,590
Annual Conference, Scientific Medical Governance and Other Meetings, including Related Travel		108,630		52,749		115,782		17,911		22,690
Insurance		-		-		-		14,508		-
Recruitment and Training		174		365		713		174		313
Fees and Permits		-		4,350		-		4,212		-
Dues and Subscriptions		1,926		171		111		4,272		369
Transaction Fees		4,528		4,528		4,529		4,529		4,539
Gifts in-kind		23,798		23,798		23,798		23,799		19,039
Uncollectible Account Expenses		-		-		-		5,485		-
Miscellaneous		-		2,707		6,020		4,013		33,050
Total Expenses before Depreciation		1,531,290		502,436		710,051		299,755		622,651
Depreciation		4,817		8,257		11,697		4,472		5,161
Total Expenses	\$	1,536,107	\$	510,693	\$	721,748	\$	304,227	\$	627,812
Percent to Total Program and Supporting Service - Current	42%		14%		20%		8%		100%	
Percent to Total Program and Supporting Service - Prior	48%		9%		21%		9%		13%	
										100%

See notes to financial statements.

Statement of Functional Expenses

Year Ended June 30, 2010

	Program Services			Supporting Services		2010 Total Expenses
	Research Initiatives and Grants	Education and Public Awareness	Patient Services and Annual Conference	Management and General	Fund Raising	
Awards and Fellowships	\$ 1,151,060	\$ 55	\$ 8,502	\$ -	\$ 635	\$ 1,160,252
Payroll	186,445	153,543	350,955	131,608	274,184	1,096,735
Payroll Taxes	21,172	17,436	39,852	14,945	31,135	124,540
Employee Benefits	10,925	16,884	31,782	11,918	27,808	99,317
Professional Fees	61,305	23,273	21,280	32,489	31	138,378
Telephone	1,421	2,584	7,419	4,856	993	17,273
Utilities	2,796	4,793	6,790	2,596	2,996	19,971
Repairs and Maintenance	1,541	2,642	3,743	1,431	1,652	11,009
Office Supplies	3,984	4,198	5,055	3,984	4,198	21,419
Equipment Rentals	916	1,570	2,223	850	981	6,540
Postage and Shipping	4,699	6,884	22,490	3,678	19,210	56,961
Printing and Publications	2,280	10,907	24,991	5,355	20,085	63,618
Information Technology	2,462	5,299	8,943	1,019	3,465	21,188
Annual Conference, Scientific Medical Governance and Other Meetings, including Related Travel	66,576	15,958	92,364	15,551	6,967	197,416
Insurance	-	-	-	11,817	-	11,817
Recruitment and Training	72	72	488	(113)	290	809
Fees and Permits	-	3,085	-	3,753	-	6,838
Dues and Subscriptions	251	296	106	4,908	-	5,561
Transaction Fees	5,036	5,036	5,037	5,444	5,036	25,589
Miscellaneous	-	3,075	3,126	8,987	10,550	25,738
Total Expenses before Depreciation	1,522,941	277,590	635,146	265,076	410,216	3,110,969
Depreciation	5,611	9,619	13,627	5,209	6,012	40,078
Total Expenses	\$ 1,528,552	\$ 287,209	\$ 648,773	\$ 270,285	\$ 416,228	\$ 3,151,047
Percent to Total Program and Supporting Service - Current	48%	9%	21%	9%	13%	100%

See notes to financial statements.

Statements of Cash Flows

<i>Years Ended June 30,</i>	2011	2010
Cash Flows from Operating Activities:		
Changes in net assets	\$ (206,700)	\$ (233,746)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	34,404	40,078
Net realized and unrealized loss (gain) on investments	14,991	(113,588)
Uncollectible account expenses	5,485	-
Decrease in unamortized discount of pledges receivable	71,742	-
Donated land	-	(235,000)
Reserve for decrease in value of donated land	-	168,454
Donated securities	(23,524)	(5,035)
Changes in operating assets and liabilities:		
(Increase) decrease in operating assets:		
Pledges receivable	873,274	1,083,383
Prepaid expenses and other current assets	(125,592)	(48,355)
Other assets	(20,392)	(32,998)
(Decrease) increase in operating liabilities:		
Accrued liabilities	118,058	(10,552)
Grant payable	25,000	-
Deferred conference income	(3,221)	(16,761)
Other payables	20,392	32,998
Net Cash Provided by Operating Activities	<u>783,917</u>	<u>628,878</u>
Cash Flows from Investing Activities:		
Fixed asset purchases	(2,760)	(10,499)
Proceeds received from sale of donated land	66,546	-
Purchases of investments	(3,949,210)	(2,142,346)
Proceeds from the sale of investments	3,479,376	1,884,771
Beneficial interest in charitable remainder trust	(99,935)	(74,895)
Net Cash Used in Investing Activities	<u>(505,983)</u>	<u>(342,969)</u>
Net Increase in Cash and Cash Equivalents	277,934	285,909
Cash and Cash Equivalents, beginning of year	626,887	340,978
Cash and Cash Equivalents, end of year	<u>\$ 904,821</u>	<u>\$ 626,887</u>

Notes to Financial Statements

Years Ended June 30, 2011 and 2010

1. Description of Organization and Summary of Significant Accounting Policies

Nature of operations - The National Marfan Foundation, Inc. (the "Foundation"), based in Port Washington, New York was incorporated in 1981 in Maryland. It is the only national not-for-profit health organization that supports people with Marfan syndrome (a genetic disorder of connective tissue) and related disorders. The Foundation conducts comprehensive, multi-pronged public and medical awareness campaigns about these conditions; provides extensive education and support to patients and family members through a national network of chapters and network groups, an Information Resource Center that is staffed by a registered nurse, and peer-to-peer connections both on-line and in-person; and supports a robust research program that provides grants to scientists, convenes international symposia, and encourages young researchers in the field.

Basis of accounting - The financial statements of the Foundation have been prepared in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting.

Donor-imposed restrictions - The Foundation reports gifts of cash or other assets as unrestricted, unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets, as net assets released from restrictions. Temporarily restricted contributions that originate in a given year and are released from restrictions in the same year by meeting the donor's restricted purposes are reflected in unrestricted net assets.

The Foundation reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Net assets - The net assets of the Foundation are classified and reported as follows:

General unrestricted - Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in achieving the primary objectives of the Foundation.

Board-designated unrestricted - Unrestricted net assets that have been designated for specific programs and general reserves by the board of directors.

Temporarily restricted - Net assets that are subject to donor-imposed stipulations that will be met either by the actions of the Foundation and/or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the accompanying statement of activities and changes in net assets as net assets released from restrictions.

Permanently restricted - Net assets that are subject to donor-imposed stipulations that neither expire by the passage of time, nor can be fulfilled or removed by actions of the Foundation. Generally, the donors of these funds permit the Foundation to use all or part of the income earned on related investments, and the net capital appreciation thereon, for general or specific purposes. The Foundation has no permanently restricted net assets.

Cash and cash equivalents - Cash and cash equivalents includes cash and highly liquid investments with maturities of three months or less, except that cash and cash equivalents held by investment managers is included in investments, as the Foundation considers these balances to be invested for long-term purposes.

Notes to Financial Statements

Years Ended June 30, 2011 and 2010

Unconditional promises to give (pledges) - Unconditional promises to give that are expected to be collected within one year are recorded as contributions at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions have been substantially met.

Allowance for doubtful accounts and pledges - Management must make estimates of the uncollectability of all accounts and pledges receivable. Management specifically analyzes receivables, historical bad debts and changes in circumstances when evaluating the adequacy of the allowance for doubtful accounts and pledges.

Property, equipment and depreciation - Property and equipment are capitalized at cost when acquired. Donated fixed assets are recorded at fair value at the date of donation. Depreciation is computed over periods ranging from 3 to 39 years on a straight-line basis.

Fair value - Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the entity transacts. The Foundation must determine whether its assets and liabilities recorded at fair value were based on Level 1 (valued based on quoted prices in an active market for identical assets), Level 2 (valued based on significant other observable inputs), or Level 3 (valued based on significant unobservable inputs) measurements within the fair value hierarchy.

Investments - Investments are carried at fair value based upon their quoted market prices. Gains and losses on investments are reported in the statements of activities and changes in net assets as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulation or by law. Investments donated to the Foundation are recorded at fair value as of the date of the contribution.

Donated services - Donated services requiring specific expertise are recorded as in-kind contributions and expenses or capitalized at their fair value as determined by donors. For the year ended June 30, 2011, the Foundation received donated legal services of approximately \$119,000. No comparable donated services were received for the year ended June 30, 2010.

Tax-exempt status - The Foundation qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and as a not-for-profit organization under the laws of New York State. Accordingly, no provision for federal or state income taxes is required.

Functional allocation of expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and change in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Uncertain tax positions - Management has evaluated the Foundation's tax positions and concluded that the Foundation has not taken any uncertain tax positions that require adjustment to the financial statements to comply with the provisions of FASB Accounting Standards Codification ("ASC") No. 740. With few exceptions, the Foundation is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for the years before 2008, which is the standard statute of limitations look-back period.

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Evaluation of subsequent events - Management has evaluated subsequent events through October 28, 2011, the date the financial statements are available for issuance, for inclusion or disclosure in the financial statements.

Reclassifications - Certain 2010 amounts and descriptions have been reclassified to conform to the 2011 financial statement presentation. These reclassifications have no effect on previously reported changes in net assets.

NATIONAL MARFAN FOUNDATION, INC.

Notes to Financial Statements

Years Ended June 30, 2011 and 2010

2. Prior Period Adjustments

During the year ended June 30, 2011, the Foundation recorded a prior period adjustment to record a liability under its 457(b) plan. The entry had the following effect on previously reported 2010 amounts: Other payables increased \$59,679, expenses increased \$32,998, general unrestricted net assets as of July 1, 2009 decreased \$26,681 and general unrestricted net assets as of June 30, 2010 decreased \$59,679. The Foundation also recorded a prior period adjustment to record its beneficial interest in a charitable remainder trust. This adjustment had the following effect on previously reported 2010 amounts: Assets (beneficial interest in charitable remainder trust) increased \$834,544, revenues increased \$74,895, temporarily restricted net assets as of July 1, 2009 increased \$759,649 and temporarily restricted net assets as of June 30, 2010 increased \$834,544.

3. Investments

The composition of investments is as follows:

Years Ended June 30,	2011		2010	
	Cost	Fair Value	Cost	Fair Value
Cash and Cash Equivalents	\$ 1,198,435	\$ 1,198,435	\$ 764,063	\$ 764,063
Certificates of Deposit	1,784,000	1,783,055	2,018,000	2,021,210
U.S. Government Securities	2,029,905	2,073,565	1,825,370	1,894,532
Corporate Bonds	179,204	181,072	183,741	187,424
Equities	343	375	343	280
Fixed Income Funds	588,998	620,496	485,443	511,122
	<u>\$ 5,780,885</u>	<u>\$ 5,856,998</u>	<u>\$ 5,276,960</u>	<u>\$ 5,378,631</u>

The above assets measured at fair value represent Level 1, Level 2 and Level 3 inputs within the fair value hierarchy and were classified as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<i>Year Ended June 30, 2011</i>			
U.S. Government Securities	\$ 2,073,565	\$ -	\$ -
Corporate Bonds	-	181,072	-
Equities	375	-	-
Fixed Income Funds	-	-	620,496
	<u>\$ 2,073,940</u>	<u>\$ 181,072</u>	<u>\$ 620,496</u>
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<i>Year Ended June 30, 2010</i>			
U.S. Government Securities	\$ 1,894,532	\$ -	\$ -
Corporate Bonds	-	187,424	-
Equities	280	-	-
Fixed Income Funds	-	-	511,122
	<u>\$ 1,894,812</u>	<u>\$ 187,424</u>	<u>\$ 511,122</u>

NATIONAL MARFAN FOUNDATION, INC.

Notes to Financial Statements

Years Ended June 30, 2011 and 2010

The following is a reconciliation of Level 3 investments:

<i>Years Ended June 30,</i>	2011	2010
Balance, beginning of year	\$ 511,122	\$ 376,282
Total Gains/Losses (Realized/Unrealized) Included in Changes in Net Assets	57,286	48,040
Purchases and Sales:		
Purchases	125,892	86,800
Sales	(73,804)	-
Balance, end of year	<u>\$ 620,496</u>	<u>\$ 511,122</u>
Amount of Total Gains/Losses Included in Changes in Net Assets Attributable to the Change in Unrealized Gains/Losses Related to Assets Held at June 30, 2011 and 2010	<u>\$ 5,819</u>	<u>\$ 25,679</u>

Investment income included in the statements of activities and changes in net assets consists of the following:

<i>Years Ended June 30,</i>	2011	2010
Interest and Dividends	\$ 142,512	\$ 179,594
Realized Gain on Investments	10,567	26,824
Unrealized (Loss) Gain on Investments	(25,558)	49,674
Total Investment Income	<u>\$ 127,521</u>	<u>\$ 256,092</u>

4. Pledges Receivable

Pledges receivable, which consist of unconditional promises to give, are comprised of the following:

<i>June 30,</i>	2011	2010
Unconditional Promises to Give before Unamortized Discount	\$ 1,115,119	\$ 2,137,362
Less Unamortized Discount	-	(71,742)
Net Unconditional Promises to Give	<u>\$ 1,115,119</u>	<u>\$ 2,065,620</u>
Amounts Due in:		
One year	\$ 1,065,119	\$ 1,112,775
Two to five years	50,000	952,845
	<u>\$ 1,115,119</u>	<u>\$ 2,065,620</u>

The discount rate utilized to calculate the net present value of the pledges for the year ended June 30, 2010 was 5.0%.

5. Board Designated Net Assets

The Foundation has restricted cash and cash equivalents and certificates of deposit included in the investment portfolio which represent board designated endowments, consisting of fellowship program funds and general reserve funds.

Notes to Financial Statements*Years Ended June 30, 2011 and 2010*

Board designated net assets consist of:

<i>Years Ended June 30,</i>	2011	2010
	Unrestricted	Unrestricted
Board Designated Fellowship Program Funds	\$ 506,995	\$ 688,538
Board Designated Cash Reserve Funds	1,650,990	1,401,486
Total Board Designated Net Assets	<u>\$ 2,157,985</u>	<u>\$ 2,090,024</u>

The changes in board designated net assets were as follows:

<i>Years Ended June 30,</i>	2011	2010
	Unrestricted	Unrestricted
Board Designated Net Assets, beginning of year	\$ 2,090,024	\$ 2,287,450
Investment Return:		
Investment income	17,130	10,177
Net depreciation	(5,398)	(2,336)
Investment Fees	(300)	(300)
Purchases	1,922,529	998,033
Sales	(1,678,000)	(992,000)
Transfers to Operating	(188,000)	(211,000)
Board Designated Net Assets, end of year	<u>\$ 2,157,985</u>	<u>\$ 2,090,024</u>

6. Property and Equipment, net

Property and Equipment, net, consists of the following:

<i>June 30,</i>	2011	2010
Land	\$ 107,927	\$ 107,927
Building and Improvements	792,474	791,298
Office equipment, furniture and fixtures	338,410	336,826
	<u>1,238,811</u>	<u>1,236,051</u>
Less Accumulated Depreciation	<u>480,305</u>	<u>445,901</u>
	<u>\$ 758,506</u>	<u>\$ 790,150</u>

7. Note Payable

During both 2011 and 2010, the Foundation maintained a loan management account, which is a demand line of credit that bears interest at LIBOR plus 2.00%. The Foundation has access, at the discretion of the financial institution, to borrow certain percentages of the value of the Foundation's collateral accounts held by the financial institution. The amount of credit available to the Foundation at June 30, 2011 and 2010 consists of approximately \$967,000 and \$1,000,000, respectively. There were no outstanding borrowings at June 30, 2011 and 2010. The line of credit can be terminated by the financial institution once the Foundation no longer holds accounts with the financial institution.

8. Deferred Revenue

Amounts received by the Foundation that are associated with its annual conference have been deferred as the annual conference occurred subsequent to the year ended June 30, 2011.

Notes to Financial Statements*Years Ended June 30, 2011 and 2010***9. Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of amounts restricted for the following:

<i>Years Ended June 30,</i>	2011	2010
Purpose Restricted:		
Scholarships	\$ 62,392	\$ 48,098
Research	529,558	769,696
Clinical Trials	3,858,259	4,249,579
Thoracic Aortic Disease ("TAD") Coalition	79,306	8,816
Technology Grant	28,517	-
Education Grant	22,385	-
Time Restricted:		
Charitable Remainder Trust	934,479	834,544
	<u>\$ 5,514,896</u>	<u>\$ 5,910,733</u>

During 2011 and 2010, net assets were released from restrictions by incurring expenses satisfying the restricted purposes as stipulated by the donors, as follows:

<i>Years Ended June 30,</i>	2011	2010
Research	\$ 240,138	\$ 351,363
Clinical Trials	391,320	60,505
	<u>\$ 631,458</u>	<u>\$ 411,868</u>

10. Pension Plan

A defined contribution plan, as defined by Internal Revenue Code Section 403(b), is offered to all employees of the Foundation. The Foundation may provide a discretionary employer contribution provided an employee has reached 21 years of age, has completed at least one year of service, and is actively employed on the last day of the fiscal year. Employer contributions are allocated on the basis of the ratio that each eligible participant's compensation bears to the total compensation of all eligible participants for the fiscal year. Pension expense for the years ended June 30, 2011 and 2010 approximated \$25,000 for each year.

11. Concentrations

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of investments and pledges receivable. The Foundation places its temporary cash investments with various financial institutions. Such cash investments are in excess of the Federal Depository Insurance Corporation insurance limit throughout the year. The Foundation's pledges receivable are subject to various collection risks.