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

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

June 30, 2015 and 2014

Warren Averett
CPAs AND ADVISORS

C O N T E N T S

Warren Averett
CPAs AND ADVISORS

6 Concourse Parkway, Suite 600
Atlanta, GA 30328-5351
770.396.1100
warrenaverett.com

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., (the "Foundation") (a Georgia not-for-profit corporation), which comprise the statements of financial position as of June 30, 2015 and 2014, 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, 2015 and 2014, 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 24 and 25 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.

Warren Averett, LLC

Atlanta, Georgia
March 17, 2016

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

STATEMENTS OF FINANCIAL POSITION

June 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	$ 20,665,186	$ 19,514,479
Contributions receivable	60,120,037	25,280,870
Accounts receivable	997,685	401,678
Cash reserved or restricted	50,460,154	30,130,896
Investments	8,901,897	8,848,833
Prepaid and other assets	2,271,327	1,225,816
Property and equipment	177,653	28,426
Total assets	$143,593,939	$ 85,430,998
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 939,628	$ 1,005,498
Agency funds held in trust	166,879	192,971
Contracts payable	11,216,274	11,517,159
Grants payable	3,997,080	3,083,043
Refundable advances	3,474,976	4,474,976
Deferred rent	214,725	234,717
Other liabilities	216,953	876
Total liabilities	20,226,515	20,509,240
Commitments and contingencies (note M)		
Net assets		
Unrestricted	10,485,431	9,452,518
Temporarily restricted	109,118,891	52,047,722
Permanently restricted	3,763,102	3,421,518
Total net assets	123,367,424	64,921,758
Total liabilities and net assets	$143,593,939	$ 85,430,998

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, 2015
with comparative totals for 2014

	Unrestricted	Temporarily restricted	Permanently restricted	Total 2015	Total 2014
Revenue, gains (losses), other support and transfers					
Grants and contributions	$ 475,124	$ 133,859,536	$ 327,765	$ 134,662,425	$ 31,103,278
Contributed services and equipment	310,052	537,642	-	847,694	520,983
Direct Federal grants	-	3,162,821	-	3,162,821	6,695,959
Indirect cost recovery	578,040	7,151,781	-	7,729,821	5,190,922
Total grants and contributions	1,363,216	144,711,780	327,765	146,402,761	43,511,142
Interest and dividend income	220,180	73,246	-	293,426	163,405
Administrative fees	1,086,626	-	-	1,086,626	1,238,913
Loss on contributions receivable	-	(2,113,161)	-	(2,113,161)	(681,021)
Net realized and unrealized gain (loss) on investments	8,392	(45,566)	-	(37,174)	467,660
Net assets released from restriction for time and purpose	85,541,311	(85,555,130)	13,819	-	-
Total revenue, gains (losses), other support and transfers	88,219,725	57,071,169	341,584	145,632,478	44,700,099
Expenses					
Program expenses					
Project grants	52,225,072	-	-	52,225,072	12,516,490
Other program expenses	29,548,856	-	-	29,548,856	14,844,679
Total program expenses	81,773,928	-	-	81,773,928	27,361,169
Management and general expenses	3,169,621	-	-	3,169,621	2,756,169
Fundraising	2,243,263	-	-	2,243,263	1,616,580
Total expenses	87,186,812	-	-	87,186,812	31,733,918
Change in net assets	1,032,913	57,071,169	341,584	58,445,666	12,966,181
Net assets at beginning of year	9,452,518	52,047,722	3,421,518	64,921,758	51,955,577
Net assets at end of year	$ 10,485,431	$ 109,118,891	$ 3,763,102	$ 123,367,424	$ 64,921,758

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, 2014

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenue, gains (losses) other support and transfers				
Grants and contributions	$ 133,837	$ 30,612,753	$ 356,688	$ 31,103,278
Contributed services and equipment	520,983	-	-	520,983
Direct Federal grants	-	6,695,959	-	6,695,959
Indirect cost recovery	667,164	4,523,758	-	5,190,922
Total grants and contributions	1,321,984	41,832,470	356,688	43,511,142
Interest and dividend income	120,980	42,425	-	163,405
Administrative fees	1,238,913	-	-	1,238,913
Loss on contributions receivable	-	(681,021)	-	(681,021)
Net realized and unrealized gain on investments	72,818	394,842	-	467,660
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
Expenses				
Program expenses				
Project grants	12,516,490	-	-	12,516,490
Other program expenses	14,844,679	-	-	14,844,679
Total program expenses	27,361,169	-	-	27,361,169
Management and general expenses	2,756,169	-	-	2,756,169
Fundraising	1,616,580	-	-	1,616,580
Total expenses	31,733,918	-	-	31,733,918
Change in net assets	930,378	11,679,115	356,688	12,966,181
Net assets at beginning of year	8,522,140	40,368,607	3,064,830	51,955,577
Net assets at end of year	$ 9,452,518	$ 52,047,722	$ 3,421,518	$ 64,921,758

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, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Change in net assets	$ 58,445,666	$12,966,181
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	43,219	41,550
Realized and unrealized loss (gain) on investments	37,174	(467,660)
Grants and contributions restricted for long-term investment	(327,765)	(356,688)
Change in assets and liabilities:		
Contributions receivable	(34,839,167)	(8,520,866)
Reserved and restricted cash	(20,329,258)	(4,087,397)
Accounts receivable	(596,007)	617,797
Prepaid and other assets	(1,045,511)	974,798
Accounts payable and accrued expenses	(65,870)	355,659
Agency funds held in trust	(26,092)	12,400
Contracts payable	(300,885)	2,073,869
Grants payable	914,037	1,432,970
Refundable advances	(1,000,000)	-
Deferred rent	(19,992)	(23,789)
Other liabilities	216,077	(656,085)
Net cash provided by operating activities	1,105,626	4,362,739
Cash flows from investing activities		
Purchase of investments	(90,238)	(5,420,095)
Purchase of property and equipment	(192,446)	(11,109)
Net cash used in investing activities	(282,684)	(5,431,204)
Cash flows from financing activity		
Grants and contributions restricted for long-term investment	327,765	356,688
Net increase (decrease) in cash and cash equivalents	1,150,707	(711,777)
Cash and cash equivalents at beginning of year	19,514,479	20,226,256
Cash and cash equivalents at end of year	$ 20,665,186	$19,514,479

The accompanying notes are an integral part of these statements.

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.

During the year ended June 30, 2015, the Foundation was heavily involved in the effort to raise funds to help address the Ebola outbreak in West Africa. This effort significantly impacted the Foundation and its financial results. For the year ended June 30, 2015, the Foundation raised approximately $55,000,000 in donor-restricted contributions and grant revenue related to this crisis and expended approximately $45,000,000 for crisis related expenditures. As part of their commitment to ensuring maximum funding availability for this crisis, the Board of the Foundation elected not to charge an administrative cost recovery fee on any gifts received that were restricted for the response to the Ebola outbreak.

During the year ended June 30, 2015, the Foundation also received a $30,000,000 grant to fund program expenses related to a malaria elimination consortium in Haiti and a $16,700,000 grant to launch a new Data for Health Initiative which will assist 20 low- and middle-income countries across Latin America, Asia and Africa in strengthening their public health data systems and improve data used for critical health related policymaking decisions.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 they be maintained permanently by the Foundation. 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.

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. Contributions

Contributions, including 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.

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 statements 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 consist 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.

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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. 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.

16. 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.

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 $71,680,000 and $48,847,000 at June 30, 2015 and 2014, respectively. Management of the Foundation has evaluated and accepted the risk associated with uninsured cash balances.

Contributions receivable from two donors represent approximately 62 percent and 27 percent of total contributions receivable at June 30, 2015. Revenue from the same two donors represents approximately 32 percent and 21 percent of total revenue for the year ended June 30, 2015, while revenue from an additional donor represents approximately 17 percent of all revenue recognized during 2015. At June 30, 2014, amounts receivable from one donor via five pledges totaled approximately 41 percent of total contributions receivable.

NOTE C – CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2015 and 2014 are summarized as follows:

	2015	2014
Unconditional promises to give	$ 66,239,926	$ 27,552,070
Less allowance for uncollectible pledges	(1,092,000)	(365,000)
	65,147,926	27,187,070
Less present value discount	(5,027,889)	(1,906,200)
	$ 60,120,037	$ 25,280,870
Amounts due in:		
Less than one year	$ 40,261,000	$ 18,867,819
One year to five years	25,978,926	8,684,251
	$ 66,239,926	$ 27,552,070

Discounts on contributions receivable were calculated at the date of donation using rates commensurate with the risk involved (rates range from 4.45 to eight 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, 2015 and 2014:

	2015	2014
U.S. Treasury/agency securities	$ 4,998,050	$ 5,015,550
Domestic equity mutual funds	1,679,162	1,566,363
International equity mutual funds	764,216	801,138
Fixed income mutual funds	1,460,469	1,465,782
	$ 8,901,897	$ 8,848,833

NOTE D – INVESTMENTS - Continued

Investment return is classified in the statements of activities as follows for the years ended June 30, 2015 and 2014:

	2015		
	Unrestricted	Temporarily restricted	Total
Interest and dividend income	$ 220,180	$ 73,246	$ 293,426
Net realized and unrealized gains (losses)	8,392	(45,566)	(37,174)
Total investment return	$ 228,572	$ 27,680	$ 256,252

	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

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.

NOTE E – FAIR VALUE HIERARCHY - Continued

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.

At June 30, 2015 and 2014, all of the Foundation's investments are classified within Level 1 of the hierarchy.

.

NOTE F – ENDOWMENTS

The Foundation's endowment consists of 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.

NOTE F – ENDOWMENTS - Continued

Interpretation of Relevant Law

The Foundation interprets Georgia's adoption of the Uniform Prudent Management of Institutional Funds Act ("GPMIFA") 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 endowment 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 GPMIFA.

In accordance with GPMIFA, 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 endowment 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, 2015 and 2014 is as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
June 30, 2015	$ -	$ 515,544	$ 3,763,102	$ 4,278,646
June 30, 2014	$ -	$ 549,617	$ 3,421,518	$ 3,971,135

NOTE F – ENDOWMENTS - Continued

Changes in endowment net assets for the year ended June 30, 2015 are as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$ -	$ 549,617	$ 3,421,518	$ 3,971,135
Contributions	-	-	327,765	327,765
Transfers	-	(13,819)	13,819	-
Investment return:				
Investment income net of fees	-	71,469	-	71,469
Net depreciation (realized and unrealized)	-	(45,565)	-	(45,565)
Total investment return	-	25,904	-	25,904
Appropriation of endowment assets for expenditure	-	(46,158)	-	(46,158)
Endowment net assets, end of year	$ -	$ 515,544	$ 3,763,102	$ 4,278,646

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

NOTE F – ENDOWMENTS - Continued

Return Objectives and Risk Parameters

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.

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 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. No funds with deficiencies were recorded for the years ended June 30, 2015 and 2014.

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, 2015 and 2014, the Foundation has grants payable totaling $3,997,080 and $3,083,043, respectively.

NOTE H – 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, 2017. Any amounts not used by this date must be returned to the donor. During the year ended June 30, 2015, 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. At June 30, 2015, $3,474,976 remained available to be expended in future years.

NOTE I – RETIREMENT PLANS

The Foundation has 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 $736,802 and $394,153 for the years ended June 30, 2015 and 2014, respectively.

The Foundation has 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.

NOTE I – RETIREMENT PLANS - Continued

The Foundation has 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 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, 2015 and 2014 as follows:

	2015	2014
Sponsored programs		
Ebola relief efforts	$ 45,397,827	$ -
Expanding the Immunization Data System in Nigeria	6,303,662	-
Other programs	28,292,646	26,077,732
Total sponsored programs	79,994,135	$ 26,077,732
General operating expenses - restricted for use in future periods	1,239,781	1,259,089
Cost recovery - restricted for use in future periods	4,321,214	2,572,780
	$ 85,555,130	$ 29,909,601

NOTE J – NET ASSETS - Continued

Temporarily restricted net assets are available for the following purposes at June 30, 2015 and 2014:

	2015	2014
Sponsored programs		
Haiti Malaria Elimination Consortium	$ 26,863,431	$ -
Data for Health	14,709,150	-
Freedom from Smoking Initiative	14,292,060	4,848,624
Other programs	46,360,753	42,763,192
Total sponsored programs	102,225,394	47,611,816
General operating expenses - restricted for use in future periods	824,216	813,997
Cost recovery - restricted for use in future periods	6,069,281	3,621,909
	$ 109,118,891	$ 52,047,722

Permanently restricted net assets totaling $3,763,102 and $3,421,518 at June 30, 2015 and 2014, 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 CDC

During the years ended June 30, 2015 and 2014, the Foundation received operating grants from the CDC totaling $1,250,000 for each year.

NOTE L – CONTRIBUTED SERVICES AND EQUIPMENT

Contributed services totaling approximately $236,000 and $235,000, at June 30, 2015 and 2014, 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 also received approximately $74,000 and $286,000 for the years ended June 30, 2015 and 2014, respectively, in donated equipment from a large corporation which was used in Foundation projects and operations.

NOTE L – CONTRIBUTED SERVICES AND EQUIPMENT - Continued

For the year ended June 30, 2015, the Foundation received additional donated equipment with fair values of approximately $538,000, which was immediately passed to organizations for use in the Foundation's sponsored projects. Since this equipment was passed on to other organizations, it is reflected in the accompanying statements of activities as both contribution revenue and an expense.

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. 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.

Subsequent to year end, the Foundation began negotiating a new lease. The details of this lease have not yet been finalized as of the date of this report.

The minimum lease payments under the Foundation's existing office lease are as follows:

Year ending June 30,	
2016	$ 480,870
2017	492,805
2018	505,160
2019	387,708
	$ 1,866,543

Rental expense was $403,963 and $329,068 for the years ended June 30, 2015 and 2014, respectively.

NOTE M – COMMITMENTS AND CONTINGENCIES - Continued

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.

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 $95,702,171 and $41,821,928 at June 30, 2015 and 2014, respectively.

Although not a usual practice, the Foundation agreed to prepay certain service organizations approximately $2,230,000 and $1,200,000 in 2015 and 2014, 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 N – SUBSEQUENT EVENTS

In connection with the preparation of the financial statements, management and the Board evaluated subsequent events after the statement of financial position date of June 30, 2015 through March 17, 2016, which was the date the financial statements were available to be issued. No subsequent events were noted which required disclosure.

SUPPLEMENTARY INFORMATION

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

SCHEDULE OF FUNCTIONAL EXPENSES

For the year ended June 30, 2015
with comparative totals for 2014

	Program	Management and general	Fundraising	Total 2015	Total 2014
Personnel cost	$ 6,898,627	$ 1,899,614	$ 1,626,093	$ 10,424,334	$ 5,267,794
Awards	52,225,072	-	-	52,225,072	12,516,490
Conferences and meetings	441,496	27,666	69,188	538,350	365,221
Legal	41,037	86,952	10,140	138,129	114,304
Accounting	-	54,669	-	54,669	48,675
Other professional fees	18,523,516	497,851	113,934	19,135,301	10,313,739
Advertising	-	44,501	1,613	46,114	21,577
Office expenses	1,044,622	130,993	143,607	1,319,222	658,859
Information technology	26,712	107,273	32,334	166,319	156,629
Occupancy	235,865	144,174	112,258	492,297	392,515
Travel	2,273,926	73,258	94,151	2,441,335	1,746,880
Depreciation	17,550	15,529	10,140	43,219	41,550
Insurance	21,364	40,528	-	61,892	46,164
Miscellaneous	24,141	46,613	29,805	100,559	43,521
	$ 81,773,928	$ 3,169,621	$ 2,243,263	$ 87,186,812	$ 31,733,918

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

SCHEDULE OF FUNCTIONAL EXPENSES

For the year ended June 30, 2014

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