Financial Statements and Report of Independent Certified Public Accountants

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

June 30, 2010 and 2009

Metcalf Davis

Certified Public Accountants

FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

June 30, 2010 and 2009

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Metcalf Davis

Certified Public Accountants

Independent Auditors' Report

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

We have audited the accompanying statements of financial position of the **National Foundation for the Centers for Disease Control and Prevention, Inc.**, as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **National Foundation for the Centers for Disease Control and Prevention, Inc.** as of June 30, 2010 and 2009, and the results of its operations and changes in net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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

Metcalf Davis

Atlanta, Georgia
March 21, 2011

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

STATEMENT OF FINANCIAL POSITION

June 30, 2010
with comparative totals for 2009

	Unrestricted	Temporarily restricted	Permanently restricted	Total 2010	Total 2009
ASSETS					
Cash and cash equivalents, unrestricted	$ 16,073,788	$ -	$ -	$ 16,073,788	$ 14,012,629
Cash and cash equivalents, restricted for program or investing activities	-	29,068,652	418,955	29,487,607	20,207,110
Contributions receivable	-	26,216,193	-	26,216,193	36,966,771
Accounts receivable	332,679	-	-	332,679	438,262
Investments	-	45,433	2,022,005	2,067,438	1,939,535
Prepaid and other assets	28,344	108,672	-	137,016	3,076,623
Property and equipment	206,484	-	-	206,484	210,093
	$ 16,641,295	$ 55,438,950	$ 2,440,960	$ 74,521,205	$ 76,851,023
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable and accrued expenses	$ 648,185	$ 36,780	$ -	$ 684,965	$ 466,588
Agency funds held in trust	421,677	-	-	421,677	491,308
Contracts payable	5,021,273	-	-	5,021,273	4,171,928
Grants payable	1,996,412	-	-	1,996,412	2,311,729
Refundable advances	-	4,974,976	-	4,974,976	4,976,032
Deferred rent	280,166	-	-	280,166	271,555
Other liabilities	26,250	-	-	26,250	-
Total liabilities	8,393,963	5,011,756	-	13,405,719	12,689,140
Commitments and contingencies (note N)					
Net assets	8,247,332	50,427,194	2,440,960	61,115,486	64,161,883
	$ 16,641,295	$ 55,438,950	$ 2,440,960	$ 74,521,205	$ 76,851,023

The accompanying notes are an integral part of this statement.

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

STATEMENT OF FINANCIAL POSITION

June 30, 2009

	Unrestricted	Temporarily restricted	Permanently restricted	Total
ASSETS				
Cash and cash equivalents, unrestricted	$ 14,012,629	$ -	$ -	$ 14,012,629
Cash and cash equivalents, restricted for program or investing activities	-	19,595,553	611,557	20,207,110
Contributions receivable	-	36,966,771	-	36,966,771
Accounts receivable	438,262	-	-	438,262
Investments	-	183,360	1,756,175	1,939,535
Prepaid and other assets	30,686	3,045,937	-	3,076,623
Property and equipment	210,093	-	-	210,093
	$ 14,691,670	$ 59,791,621	$ 2,367,732	$ 76,851,023
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	$ 436,232	$ 30,356	$ -	$ 466,588
Agency funds held in trust	491,308	-	-	491,308
Contracts payable	4,171,928	-	-	4,171,928
Grants payable	2,311,729	-	-	2,311,729
Refundable advances	-	4,976,032	-	4,976,032
Deferred rent	271,555	-	-	271,555
Other liabilities	-	-	-	-
Total liabilities	7,682,752	5,006,388	-	12,689,140
Commitments and contingencies (note N)				
Net assets	7,008,918	54,785,233	2,367,732	64,161,883
	$ 14,691,670	$ 59,791,621	$ 2,367,732	$ 76,851,023

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, 2010
with comparative totals for 2009

	Unrestricted	Temporarily restricted	Permanently restricted	Total 2010	Total 2009
Revenue, gains (losses), other support and transfers					
Grants and contributions	$ 635,427	$ 15,781,717	$ 73,228	$ 16,490,372	$ 50,780,665
Contributed services and equipment	527,377	63,499	-	590,876	501,081
Direct Federal grants	-	3,043,334	-	3,043,334	1,250,000
Indirect cost recovery	635,053	1,391,547	-	2,026,600	5,257,737
Total grants and contributions	1,797,857	20,280,097	73,228	22,151,182	57,789,483
Interest and dividend income	113,967	37,973	-	151,940	355,276
Administrative fees	795,748	-	-	795,748	849,646
Recovery of losses (loss on uncollectible pledges)	-	423,945	-	423,945	(884,803)
Net realized and unrealized gain (loss) on investments	214,161	2,094	-	216,255	(516,674)
Net assets released from restriction	25,102,148	(25,102,148)	-	-	-
Total revenue, gains (losses), other support and transfers	28,023,881	(4,358,039)	73,228	23,739,070	57,592,928
Expenses					
Program expenses					
Project grants	11,636,870	-	-	11,636,870	14,942,908
Other program	11,659,787	-	-	11,659,787	13,195,649
Total program	23,296,657	-	-	23,296,657	28,138,557
Management and general expenses	2,171,998	-	-	2,171,998	1,635,762
Fundraising	1,316,812	-	-	1,316,812	1,228,328
Total expenses	26,785,467	-	-	26,785,467	31,002,647
Change in net assets	1,238,414	(4,358,039)	73,228	(3,046,397)	26,590,281
Net assets at beginning of year	7,008,918	54,785,233	2,367,732	64,161,883	37,571,602
Net assets at end of year	$ 8,247,332	$ 50,427,194	$ 2,440,960	$ 61,115,486	$ 64,161,883

The accompanying notes are an integral part of this statement.

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

STATEMENT OF ACTIVITIES

Year ended June 30, 2009

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenue, gains (losses) other support and transfers				
Grants and contributions	$ 156,511	$ 50,601,170	$ 22,984	$ 50,780,665
Contributed services and equipment	498,407	2,674	-	501,081
Direct Federal grants	-	1,250,000	-	1,250,000
Indirect cost recovery	253,860	5,003,877	-	5,257,737
Total grants and contributions	908,778	56,857,721	22,984	57,789,483
Interest and dividend income	273,482	81,794	-	355,276
Administrative fees	849,646	-	-	849,646
Losses on uncollectible pledges	(24,177)	(860,626)	-	(884,803)
Net realized and unrealized loss on investments	(477,236)	(32,047)	(7,391)	(516,674)
Net assets released from restriction	29,676,848	(29,676,848)	-	-
Change in donor designation (note K)	-	275,000	(275,000)	-
Total revenue, gains (losses) other support and transfers	31,207,341	26,644,994	(259,407)	57,592,928
Expenses				
Program expenses				
Project grants	14,942,908	-	-	14,942,908
Other program	13,195,649	-	-	13,195,649
Total program	28,138,557	-	-	28,138,557
Management and general expenses	1,635,762	-	-	1,635,762
Fundraising	1,228,328	-	-	1,228,328
Total expenses	31,002,647	-	-	31,002,647
Change in net assets before cumulative effect of change in accounting policies	204,694	26,644,994	(259,407)	26,590,281
Reclassification based on change in law	(139,078)	(93,485)	232,563	-
Change in net assets	65,616	26,551,509	(26,844)	26,590,281
Net assets at beginning of year	6,943,302	28,233,724	2,394,576	37,571,602
Net assets at end of year	$ 7,008,918	$ 54,785,233	$ 2,367,732	$ 64,161,883

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, 2010 and 2009

	2010	2009
Increase (Decrease) in Cash and Cash Equivalents		
Cash flows from operating activities		
Change in net assets	$ (3,046,397)	$ 26,590,281
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	73,515	58,917
Realized and unrealized (gain) loss on investments - net	(216,255)	516,674
Grants and contributions restricted for long-term investment	(73,228)	(22,984)
Decrease (increase) in contributions receivable	10,750,578	(28,042,019)
Decrease in accounts receivable	105,583	13,558
Decrease (increase) in prepaid and other assets	2,939,607	(3,024,351)
Increase (decrease) in accounts payable and accrued expenses	218,377	(52,641)
Decrease in funds held for others	(69,631)	(76,682)
Increase in contracts payable	849,345	1,139,688
(Decrease) increase in grants payable	(315,317)	382,524
Increase in deferred rent	8,611	271,555
Increase in other liabilities	26,250	-
(Decrease) increase in refundable advances	(1,056)	4,976,032
Net cash provided by operating activities	11,249,982	2,730,552
Cash flows from investing activities		
Proceeds from sales of investments	505,026	752,070
Purchase of investments	(416,674)	(90,363)
Purchase of property and equipment	(69,906)	(89,029)
Net cash provided by investing activities	18,446	572,678
Cash flows from financing activity		
Grants and contributions restricted for long-term investment	73,228	22,984
Net increase in cash and cash equivalents	11,341,656	3,326,214
Cash and cash equivalents at beginning of year	34,219,739	30,893,525
Cash and cash equivalents at end of year	$ 45,561,395	$ 34,219,739
Supplemental Information:		
Gifts in-kind included in contribution revenue and program expense	$ 63,000	$ -
Proceeds from sale of donated securities	3,373	7,563,709

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010 and 2009

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

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

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

1. Accrual Basis of Accounting

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

2. Basis of Presentation

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

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

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

3. Contributions

Private gifts, including pledges, are recognized as revenues in the period received. Conditional pledges, if received, are not recognized until the conditions on which they depend are substantially met. 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 risk at the date of donation. Discounts on pledges receivable are recorded as additional contribution revenue in accordance with any donor-imposed restriction. An allowance for uncollectible pledges receivable is provided based upon management's judgment and consideration of various factors including prior collection history, type of contribution and nature of fund-raising activity.

4. Cotributed Goods and Services

Contributed goods and services are reflected as both contribution revenue and expenses if the meet the criteria defined in accordance with Generally Accepted Accounting Principles ("GAAP"), "Accounting for Contributions", in the accompanying statement of activities at their estimated fair value at date of receipt. 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. Included with cash and cash equivalents are amounts that, while currently available, can only be utilized for disbursements related to projects developed in conjunction with the settlement grants.

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. These securities are exposed to various risks, such as interest rate, market, liquidity and credit risks. Liquidity risk represents the possibility that the Foundation may not be able to rapidly adjust the size of its portfolio holdings in times of high volatility and financial stress at a reasonable price. If it became necessary to dispose of a liquid investment at an inopportune time, the Foundation might be forced to do so at a substantial discount to recorded fair value. Due to the level of risk associated with certain investment securities, it is at least possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the Foundation's investment values. The Foundation attempts to manage this market risk through diversification, ongoing due diligence of fund managers and monitoring of economic conditions.

If an investment is held directly by the Foundation and an active market with quoted prices exists, the Foundation reports the fair value as the market price of an identical security.

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 in the relevant net asset class based on the presence or absence of donor restrictions on the investment return. A unitized valuation method is used to determine the basis for allocating investment income, gains and losses.

7. Property and Equipment

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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 $421,677 and $491,308 at June 30, 2010 and 2009, 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 disclosures for other financial instruments are 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 statement of activities. Accordingly, certain costs have been allocated among the cost centers benefited.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 statement of financial position.

14. Income Tax Status

The Foundation is recognized as an organization which is 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 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, 2010 and 2009 and, accordingly, no liability has been accrued.

Generally the IRS may examine a tax return for three years from the date it is filed. At June 30, 2010, tax years ended June 30, 2007, 2008 and 2009 remained open for possible examination by the IRS.

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 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 A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

17. Other Accounting Policies

Other accounting policies are set forth in the following notes.

NOTE B – CONCENTRATIONS OF CREDIT RISK

The Foundation's cash and cash equivalents are insured by the Federal Deposit Insurance Corporation up to $250,000 for interest bearing accounts and to an unlimited amount for certain non-interest bearing business accounts. Uninsured balances consisting of Money Market Treasury funds totaled $18,639,754 and $22,486,128 at June 30, 2010 and 2009, respectively.

During the year ended June 30, 2010, the Foundation had a pledge receivable from one donor which accounted for 52 percent of total contributions receivable.

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

NOTE C – CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2010 and 2009 are summarized as follows:

	2010	2009
Unconditional promises to give	$ 27,576,609	$ 38,913,488
Less allowance for uncollectible pledges	(802,444)	(1,338,066)
	26,774,165	37,575,422
Less present value discount	(557,972)	(608,651)
	$ 26,216,193	$ 36,966,771
Amounts due in:		
Less than one year	$ 22,619,230	$ 22,619,230
One year to five years	4,957,379	16,294,258
	$ 27,576,609	$ 38,913,488

Contributions to be received after one year are discounted at an appropriated discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions on the contributions. Estimated future cash flows to be received after one year were discounted using rates ranging from 0.5 to 1.5 percent.

NOTE D – INVESTMENTS

The following is a summary of investments at June 30, 2010 and 2009:

	2010		2009	
	Fair value	Cost	Fair value	Cost
Domestic equity mutual funds	$ 755,362	$ 728,844	$ 929,373	$ 1,133,499
International equity mutual funds	333,658	412,054	329,598	432,566
Debt security mutual funds	795,374	749,662	359,592	358,600
Mortgage backed securities				
Issued by GNMA	9,250	9,053	15,470	15,624
Issued by FNMA	92,092	89,776	131,618	130,337
Issued by FHLMC	81,702	80,873	173,884	173,763
	$ 2,067,438	$ 2,070,262	$ 1,939,535	$ 2,244,389

Investment income (loss) is classified in the statements of activities as follows for the years ended June 30, 2010 and 2009:

	2010	2009
Interest and dividend income	$ 151,940	$ 355,276
Net realized and unrealized gains (losses) on investments	216,255	(516,674)
	$ 368,195	$ (161,398)

Interest and dividend income is recorded net of management fees totaling $14,612 and $14,575 for the years ended June 30, 2010 and 2009, respectively.

NOTE E – FAIR VALUE HIERARCHY

The Foundation follows the guidance of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") topic 820, *"Fair Value Measurements and Disclosures,"* for fair value measurements of investments. Fair value is defined in the topic as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This guidance also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Three levels of inputs may be used to measure fair value:

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

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

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

NOTE E – FAIR VALUE HIERARCHY - Continued

The following tables summarize the valuation of the Foundation's investments by the fair value hierarchy levels described above as of June 30, 2010 and 2009:

	June 30, 2010		
	Level I	Level II	Total
Domestic equity mutual funds	$ 755,362	$ -	$ 755,362
International equity mutual funds	333,658	-	333,658
Debt security mutual funds	795,374	-	795,374
Mortgage backed securities			
Issued by GNMA	-	9,250	9,250
Issued by FNMA	-	92,092	92,092
Issued by FHLMC	-	81,702	81,702
	-	183,044	183,044
Total	$ 1,884,394	$ 183,044	$ 2,067,438

	June 30, 2009		
	Level I	Level II	Total
Domestic equity mutual funds	$ 929,373	$ -	$ 929,373
International equity mutual funds	329,598	-	329,598
Debt security mutual funds	359,592	-	359,592
Mortgage backed securities			
Issued by GNMA	-	15,470	15,470
Issued by FNMA	-	131,618	131,618
Issued by FHLMC	-	173,884	173,884
	-	320,972	320,972
Total	$ 1,618,563	$ 320,972	$ 1,939,535

NOTE F – ENDOWMENTS

The Foundation's endowment consists of approximately 15 individual funds established for a variety of purposes, including programs, awards, research and operations. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments 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

NOTE F – ENDOWMENTS - Continued

Endowment Net Asset Composition by Type of Fund as of June 30, 2010:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
2010	$ (478,599)	$ 81,318	$ 2,440,960	$ 2,043,679
2009	$ (654,079)	$ 220,915	$ 2,367,732	$ 1,934,568

Changes in endowment net assets for the year ended June 30, 2010:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$ (654,079)	$ 220,915	$ 2,367,732	$ 1,934,568
Contributions	-	39,640	73,228	112,868
Investment return:				
Investment income net of fees	-	27,449	-	27,449
Net appreciation (realized and unrealized)	175,480	-	-	175,480
Total investment return	175,480	27,449	-	202,929
Appropriation of endowment assets for expenditure	-	(206,686)	-	(206,686)
Endowment net assets, end of year	$ (478,599)	$ 81,318	$ 2,440,960	$ 2,043,679

NOTE F – ENDOWMENTS - Continued

Changes in endowment net assets for the year ended June 30, 2009:

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

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.

NOTE F – ENDOWMENTS - Continued

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

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

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 years ended June 30, 2010 and 2009, as a result of unfavorable market conditions, the Foundation's endowment funds experienced deficiencies from original fair value totaling $478,599 and $654,079, respectively, which were recorded as decreases in unrestricted net assets as required by generally accepted accounting principles.

NOTE G – PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows at June 30, 2010 and 2009:

	2010	2009
Office equipment	$ 126,558	$ 122,710
Office furniture	218,983	213,133
Software	72,270	29,547
Leasehold improvements	31,711	14,226
Automobiles	26,874	26,874
	476,396	406,490
Less accumulated depreciation	(269,912)	(196,397)
Property and equipment - net	$ 206,484	$ 210,093

Depreciation expense was $73,515 and $58,917 for the years ended June 30, 2010 and 2009, 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, 2010 and 2009, the Foundation has grants payable totaling $1,996,412 and $2,311,729, respectively.

NOTE I – REFUNDABLE ADVANCES

During the prior year the Foundation received $5,000,000 in refundable advances to be used for Emergency Preparedness and Response which includes severe and/or frequent national level emergencies. Recognition as revenue is contingent upon the Foundation using these funds for their intended purpose by November 14, 2011. Any amounts not used by this date must be returned to the donor. At June 30, 2010 and 2009, $4,974,976 and $4,976,032, respectively, remained available to be expended in future years.

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 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 $200,203 and $151,664 for the years ended June 30, 2010 and 2009, respectively.

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

In March of 2010, the Board of Directors of the Foundation established a deferred 457 compensation plan for the Foundation's Chief Executive 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, 2010 and 2009 as follows:

	2010	2009
Project expenses	$ 21,923,613	$ 26,681,911
General operating expenses - expiration of time restrictions	1,179,740	1,046,213
Administrative fees	1,998,795	1,948,724
	$ 25,102,148	$ 29,676,848

NOTE K – NET ASSETS - Continued

During 2009 the Foundation obtained donor permission to release $275,000 from permanently restricted net assets to temporarily restricted net assets. These funds are restricted to fund a Student Fellowship in International Health and are included in temporarily restricted net assets at June 30, 2010 and 2009.

Temporarily restricted net assets are available for the following purposes at June 30, 2010 and 2009:

	2010	2009
Sponsored programs	$ 44,807,781	$ 48,416,560
General operating expenses - restricted for use in future periods	227,269	782,008
Cost recovery - restricted for use in future periods	5,392,144	5,586,665
	$ 50,427,194	$ 54,785,233

Permanently restricted net assets totaling $2,440,960 and $2,367,732 at June 30, 2010 and 2009, 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, 2010 and 2009, the Foundation received operating grants from the CDC totaling $625,000 and $1,250,000, respectively.

NOTE M – CONTRIBUTED SERVICES AND EQUIPMENT

Contributed services totaling approximately $530,000 in 2010 and $500,000 in 2009 relate to services performed by individuals loaned to the Foundation by the CDC for specific management 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.

In 2010, the Foundation received donated equipment with a fair market value of $63,499. No donated equipment was received in 2009.

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.

The Foundation is recognizing rental expense over the life of the lease on a straight line basis based on the total cash payments to be made over the life of the lease.

The minimum lease payments under this office lease are as follows:

Year ending June 30,	
2011	$ 320,753
2012	328,722
2013	336,876
2014	345,353
2015	354,000
2016 and thereafter	1,408,143
	$ 3,093,847

Contingent Payment of Project Funds

The Foundation disburses the majority of its project funds as cost reimbursement grants with third party service providers. As discussed in note 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 $39,406,204 and $45,210,157 at June 30, 2010 and 2009, respectively.

NOTE N – COMMITMENTS AND CONTINGENCIES – Continued

Although not a usual practice, in the prior year the Foundation agreed to prepay the World Health Organization approximately $3,000,000 for personnel services to be rendered during the current year. This arrangement was acceptable due to the legal requirements of the provider and based upon their history of providing exceptional performance. No such prepayments were made in the current year.

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 O – SUBSEQUENT EVENTS

In connection with the preparation of the financial statements, management evaluated subsequent events after the statement of financial position date of June 30, 2010 through March 21, 2011, which was the date the financial statements were available to be issued. No subsequent events were noted which require disclosure.

SUPPLEMENTARY INFORMATION

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

SCHEDULE OF FUNCTIONAL EXPENSES

June 30, 2010
with comparative totals for 2009

	Program	Management and general	Fundraising	Total 2010	Total 2009
Personnel cost	$ 1,611,979	$ 1,275,421	$ 964,822	$ 3,852,222	$ 3,171,454
Awards	11,636,870	-	-	11,636,870	14,942,908
Conferences and meetings	691,098	27,062	61,273	779,433	867,509
Legal	1,191	59,989	1,875	63,055	47,055
Accounting	-	44,100	-	44,100	35,700
Other professional fees	7,480,593	258,199	7,074	7,745,866	9,527,676
Investment	-	380	-	380	1,185
Advertising	7,863	14,760	-	22,623	84,911
Office Expenses	184,795	161,329	84,824	430,948	312,789
IT	58,910	134,558	18,079	211,547	198,771
Occupancy	177,362	123,085	64,695	365,141	427,687
Travel	1,208,207	27,836	92,296	1,328,339	1,185,177
Depreciation	28,749	28,338	16,428	73,515	58,917
Insurance	1,430	16,941	-	18,371	53,352
Scientific Supplies	166,801	-	-	166,801	41,377
Miscellaneous	40,809	-	5,446	46,254	46,179
	$ 23,296,657	$ 2,171,998	$ 1,316,812	$ 26,785,467	$ 31,002,647

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

SCHEDULE OF FUNCTIONAL EXPENSES

June 30, 2009

	Program	Management and general	Fundraising	Total 2009
Personnel cost	$ 1,484,660	$ 913,039	$ 773,755	$ 3,171,454
Awards	14,942,908	-	-	14,942,908
Conferences and meetings	752,247	26,630	88,632	867,509
Legal	1,360	45,537	158	47,055
Accounting	-	35,700	-	35,700
Other professional fees	9,368,329	158,672	675	9,527,676
Investment	-	1,185	-	1,185
Advertising	200	10,191	74,520	84,911
Office expenses	129,463	100,702	82,624	312,789
Information Technology	59,457	130,370	8,944	198,771
Occupancy	215,830	105,028	106,829	427,687
Travel	1,107,423	13,876	63,878	1,185,177
Depreciation	26,926	19,067	12,924	58,917
Insurance	5,368	47,984	-	53,352
Scientific Supplies	41,377	-	-	41,377
Miscellaneous	3,009	27,781	15,389	46,179
	$ 28,138,557	$ 1,635,762	$ 1,228,328	$ 31,002,647