Cystic Fibrosis Foundation

Consolidated Financial Statements
For the year ended December 31, 2009
(with summarized totals for 2008)

PRICEWATERHOUSECOOPERS

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Report of Independent Auditors

To the Board of Trustees of
Cystic Fibrosis Foundation

In our opinion, the accompanying consolidated statement of financial position and the related consolidated statements of activities, cash flows, and functional costs of services present fairly, in all material respects, the consolidated financial position of the Cystic Fibrosis Foundation, its subsidiaries and affiliate (the Foundation) at December 31, 2009, and the consolidated changes in their net assets and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. 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 prior year summarized comparative information has been derived from the Foundation's 2008 financial statements, and in our report dated April 14, 2009, we expressed an unqualified opinion on those financial statements. We conducted our audit of these statements 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2 to the consolidated financial statements, on January 1, 2008, the Foundation adopted authoritative guidance on Fair Value Measurements.

PricewaterhouseCoopers LLP

March 26, 2010

Cystic Fibrosis Foundation
Consolidated Statements of Financial Position
As of December 31, 2009 and 2008

	2009	2008
Assets		
Cash and cash equivalents	$ 30,961,284	$ 27,750,046
Investments	104,850,034	138,303,572
Receivables, net	37,257,652	41,094,105
Inventories	8,099,543	6,693,981
Prepaid expenses and other assets	1,511,570	2,717,594
Fixed assets, net	2,179,032	2,023,295
Total assets	$ 184,859,115	$ 218,582,593
Liabilities and Net Assets		
Awards payable	$ 42,758,590	$ 53,929,305
Accounts payable and accrued expenses	16,027,809	22,234,973
Total liabilities	58,786,399	76,164,278
Unrestricted net assets	100,674,842	118,160,384
Temporarily restricted net assets	22,579,133	21,828,910
Permanently restricted net assets	2,818,741	2,429,021
Total net assets	126,072,716	142,418,315
Total liabilities and net assets	$ 184,859,115	$ 218,582,593

The accompanying notes are an integral part of these consolidated financial statements.

Cystic Fibrosis Foundation
Consolidated Statements of Activities
For the years ended December 31, 2009 and 2008

	2009	2008
Revenue		
Support received from the public		
Special event revenue (including $499,563 and $802,747 in temporarily restricted revenue in 2009 and 2008, respectively)	$ 90,025,792	$ 99,884,598
Direct benefit expenses	(11,675,074)	(12,647,035)
Net special event revenue	78,350,718	87,237,563
General contributions (including $10,031,174 and $15,512,463 in temporarily restricted contributions in 2009 and 2008, respectively)	39,949,748	51,121,860
(Assets released from restriction amounted to $9,885,663 and $8,604,864 for 2009 and 2008, respectively)	-	-
Total support received from the public	118,300,466	138,359,423
Pharmacy services	96,196,306	84,790,010
Investment income (including $105,149 and $22,234 in temporarily restricted revenue in 2009 and 2008, respectively)	800,439	299,700
Other	2,240,980	2,447,034
Total revenue	217,538,191	225,896,167
Costs of services		
Program services		
Medical programs	181,576,864	185,573,535
Public and professional information and education	18,470,716	21,071,325
Community services	7,282,441	7,864,129
Total program services	207,330,021	214,508,989
Supporting services		
Management and general	5,986,634	5,647,153
Fundraising	17,505,771	20,585,092
Total supporting services	23,492,405	26,232,245
Total costs of services	230,822,426	240,741,234
Decrease in net assets from operations	(13,284,235)	(14,845,067)
Other changes in net assets		
Net nonoperating investment losses (including increase of $389,720 and decrease of $1,017,625 in permanently restricted net assets in 2009 and 2008, respectively)	(3,061,364)	(62,490,406)
Decrease in net assets (including increase in temporarily restricted net assets of $750,223 and $7,688,112 and increase of $389,720 and decrease of $1,017,625 in permanently restricted net assets in 2009 and 2008, respectively)	(16,345,599)	(77,335,473)
Net assets, beginning of year (includes temporarily restricted net assets of $21,828,910 and $14,140,798 and permanently restricted net assets of $2,429,021 and $3,446,646 at January 1, 2009 and 2008, respectively)	142,418,315	219,753,788
Net assets, end of year (includes temporarily restricted net assets of $22,579,133 and $21,828,910 and permanently restricted net assets of $2,818,741 and $2,429,021 at December 31, 2009 and 2008, respectively)	$ 126,072,716	$ 142,418,315

The accompanying notes are an integral part of these consolidated financial statements.

Cystic Fibrosis Foundation
Consolidated Statements of Cash Flows
For the years ended December 31, 2009 and 2008

	2009	2008
Cash flows from operating activities		
Decrease in net assets	$ (16,345,599)	$ (77,335,473)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Net realized and unrealized losses on investments	5,232,716	67,035,314
Receipt of contributed securities	(5,231,417)	(1,078,231)
(Decrease) increase in discount on pledges	(207,474)	499,371
Depreciation	923,495	891,578
Provision for losses on receivables	2,592,530	2,672,416
Decrease (increase) in receivables	1,451,397	(8,554,504)
(Increase) decrease in inventories	(1,405,562)	991,063
Decrease in prepaid and other assets	1,206,024	1,842,949
Decrease in awards payable	(11,170,715)	(5,918,544)
Decrease in accounts payable and accrued expenses	(6,207,164)	(66,813)
Net cash used in operating activities	(29,161,769)	(19,020,874)
Cash flows from investing activities		
Purchases of fixed assets	(1,079,232)	(1,399,860)
Maturities/sales of investments	156,767,533	116,023,243
Purchases of investments	(123,315,294)	(87,066,787)
Net cash provided by investing activities	32,373,007	27,556,596
Net increase in cash and cash equivalents	3,211,238	8,535,722
Cash and cash equivalents, beginning of year	27,750,046	19,214,324
Cash and cash equivalents, end of year	$ 30,961,284	$ 27,750,046

Other supplemental information:

	2009	2008
Income taxes paid	$ 287	$ -
Contributed securities	$ 5,231,417	$ 1,078,231

The accompanying notes are an integral part of these consolidated financial statements.

Cystic Fibrosis Foundation
Consolidated Statement of Functional Costs of Services
For the year ended December 31, 2009 (with summarized totals for 2008)

	Program Services			Supporting Services			
Nature of Costs of Services	Medical Programs	Public and Professional Information and Education	Community Services	Management and General	Fundraising	2009	2008
Therapeutics Development Program awards	$ 44,217,295	$ -	$ -	$ -	$ -	$ 44,217,295	$ 49,228,079
Research grants	8,175,775	-	-	-	-	8,175,775	12,856,911
Clinical research grants	5,325,635	-	-	-	-	5,325,635	6,529,628
Center and adult care grants	11,875,552	-	-	-	-	11,875,552	13,271,095
Clinical and research fellowship grants	2,479,998	-	-	-	-	2,479,998	2,783,730
Quality improvement training program	1,553,052	-	-	-	-	1,553,052	919,392
Patient assistance grants	247,929	-	-	-	-	247,929	2,216
Pharmaceuticals	82,169,578	-	-	-	-	82,169,578	71,178,558
Salaries	10,108,793	9,268,223	4,319,203	3,396,836	6,299,864	33,392,919	36,223,501
Employee benefits and payroll taxes	2,545,504	2,606,146	1,226,631	832,060	1,795,414	9,005,755	8,177,473
Publications and printing	631,169	1,872,394	175,438	49,891	3,762,036	6,490,928	8,060,794
Occupancy and insurance	1,583,888	1,290,357	602,864	408,424	901,422	4,786,955	4,131,465
Postage and shipping	196,734	1,466,884	131,204	46,400	3,214,692	5,055,914	7,101,455
Travel and conferences	2,432,232	373,747	185,161	78,110	259,613	3,328,863	4,948,598
Data processing	1,484,543	629,670	207,423	172,602	603,806	3,098,044	4,240,774
Telephone	218,768	171,086	88,281	33,334	126,215	637,684	717,229
Supplies	234,792	231,264	118,961	47,214	170,545	802,776	1,035,066
Professional fees and honoraria	1,800,053	115,916	29,942	265,197	43,289	2,254,397	2,622,731
Depreciation	460,062	196,557	79,046	59,375	128,455	923,495	891,578
Equipment maintenance	38,454	40,193	18,051	13,281	27,614	137,593	171,236
Provision for doubtful receivables	1,850,000	-	-	543,193	-	2,393,193	2,672,416
Other	1,947,058	208,279	100,236	40,717	172,806	2,469,096	2,977,309
Total	$ 181,576,864	$ 18,470,716	$ 7,282,441	$ 5,986,634	$ 17,505,771	$ 230,822,426	$ 240,741,234

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization

The accompanying consolidated financial statements include the operations of the Cystic Fibrosis Foundation, including all of its chapters (the Foundation), Cystic Fibrosis Foundation Therapeutics, Inc. (CFFT), Cystic Fibrosis Services, Inc. (CF Services), Cystic Fibrosis Foundation Pharmacy, LLC (CFFP) and the Cystic Fibrosis Patient Assistance Foundation, LLC (CFPAF). CFFT, an affiliate of the Foundation, operates the Therapeutics Development Program, which supports activities related to cystic fibrosis drug discovery through the many stages of drug development and clinical evaluation. The primary mission of the Foundation and CFFT is to develop the means to cure and control cystic fibrosis and to improve the quality of life for those with the disease.

The Foundation, CFFT, CFFP and CFPAF are not-for-profit voluntary health organizations exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and from state taxes and have been classified as organizations that are not private foundations under Section 509(a) of the Code. The Foundation does not have any unrelated business income tax liability as of December 31, 2009. Contributions to the Foundation qualify for the charitable contributions deduction to the extent provided by Section 170 of the Code.

CF Services is a taxable entity which provides pharmacy services for the benefit of Cystic Fibrosis patients. Payment for these services is provided by individuals, commercial insurance carriers, and other third party payors. CFPAF helps CF patients obtain access to FDA-approved medications and devices for inhalation for the nebulized treatment of cystic fibrosis pulmonary disease.

2. Summary of significant accounting policies

Basis of accounting
The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to voluntary health and welfare organizations. All inter-entity balances at year-end and transactions during the year have been eliminated in the consolidated financial statements. The consolidated financial statements are presented on an accrual basis. The expenses reported in the consolidated statements of activities are classified by function.

Recently adopted accounting pronouncements
In 2009, the Financial Accounting Standards Board ("FASB") issued "The FASB Accounting Standards Codification ("ASC" or "Codification") and the Hierarchy of Generally Accepted Accounting Principles ("GAAP"). This standard is effective for the Foundation in 2009. The Codification is the source of authoritative U.S. GAAP recognized by the FASB and the Foundation's notes to the consolidated financial statements no longer make reference to the Statement of Financial Accounting Standards ("SFAS") or other U.S. GAAP pronouncements. The adoption of the Codification will have no impact on the Foundation's consolidated financial position or results of activities.

In 2009, the Foundation adopted authoritative guidance specific to the accounting for uncertainty in income taxes. The adoption did not have a material effect on the consolidated financial statements.

In May 2009, authoritative guidance was issued on subsequent events. This guidance is intended to establish general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The standard requires disclosure of the date through which the Foundation has evaluated subsequent events and whether that date represents the date the financial statements were issued or were available to be issued. The Foundation has disclosed the date through which it has evaluated subsequent events.

Effective January 1, 2008, the Foundation adopted authoritative guidance on fair value measurements which defines fair value, establishes a framework for measuring fair value under GAAP and enhances disclosures about fair value measurements. Fair value is defined in the guidance 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. The guidance establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date and expands disclosures about instruments measured at fair value. This guidance applies to other accounting pronouncements that require or permit fair value measurements and, accordingly, it does not require any new fair value measurements. The adoption of the guidance had no impact on the Foundation's beginning balance of net assets as of January 1, 2008. Subsequent changes in fair value of these financial assets and liabilities are recognized in earnings when they occur.

The Foundation did not elect fair value accounting for any assets or liabilities that are not currently required to be measured at fair value.

Use of estimates
The preparation of consolidated 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the allowance for doubtful accounts, investment fair value measurements and functional allocations. Actual results could differ materially, in the near term, from the amounts reported.

Measure of Operations
The Foundation includes in its measure of operations all support received from the public, pharmacy services revenue, income on investments designated for operations including interest and dividends and realized and unrealized gains and losses, other revenue and all costs of program and supporting services. The measure of operations excludes gains or losses on non-operating investments.

Revenue recognition
Support received directly or indirectly from the public is recorded as revenue when received or when the donor has made an unconditional promise to give. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash, including gifts-in-kind, are recorded at their estimated fair value at the date of gift. CF Services records revenue from sales upon shipment of pharmaceuticals and net of contractual discounts.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. All donor-restricted support, including related investment income and realized and unrealized gains and losses, is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 consolidated statements of activities as net assets released from restrictions.

Grants, contracts and awards
The Foundation and CFFT generally award medical/scientific grants and contracts for periods of three years or less. Grants are awarded contingent upon the availability of funds at the beginning of each award period. Awards are expensed at the time that the Foundation or CFFT unconditionally commits to fund the grant or incurs the contract expense.

Cash and cash equivalents
Cash and cash equivalents represent demand deposits and money market funds that consist of U.S. government and corporate securities. The Foundation considers these investments to be cash equivalents because they are highly liquid with original maturities of three months or less and present an insignificant risk of change in value.

Concentration of credit risk
Financial instruments that potentially subject the Foundation to significant concentrations of credit risk principally consist of cash and cash equivalents and investments. The Foundation places its cash and cash equivalents and investments in various financial institutions that are federally insured under the Federal Depository Insurance Corporation Act (FDICA) and the Securities Investor Protection Corporation (SIPC). At December 31, 2009, the Foundation's bank deposit balances were fully insured under the FDIC's Transaction Account Guarantee Program. As of December 31, 2008, the cash aggregate balances were in excess of the FDIC limits by $12,951,000 and therefore bore some risk as they were not collateralized. In addition, the Foundation maintained uninsured money market deposits amounting to $7,563,000 and $720,000 as of December 31, 2009 and 2008, respectively, as the U.S. Department of Treasury's Temporary Guarantee Program for Money Market Funds expired in 2009. The Foundation's investments were diversified among 9 and 15 different managers and funds of funds in 2009 and 2008, respectively. Applicable investment aggregate balances were in excess of the SIPC insurance limits by approximately $98,728,000 and $130,636,000 as of December 31, 2009 and 2008, respectively. The Foundation has not experienced any losses on its cash and cash equivalents or investments to date related to federal insurance limits. CF Services grants credit without collateral to its customers throughout the country, most of whom are insured under third-party payor agreements.

Investments
Investment assets are stated at fair market value in the consolidated financial statements. Investment income is reported when earned. The change in unrealized appreciation or depreciation of investments is reflected in the consolidated statement of activities. Realized gains and losses on sales of investments are computed on an average cost basis and are recorded on the trade date of the transaction.

Inventories
Inventories consist primarily of pharmaceuticals and supplies and are stated at the lower of first-in, first-out cost or market.

Fixed assets
Fixed assets consisting of furniture, fixtures, equipment, software, and leasehold improvements are recorded at cost and are depreciated over their estimated useful lives, ranging from three to ten years, on a straight-line basis. The cost and related accumulated depreciation of furniture, fixtures,

equipment and software are removed from the accounts upon sale or disposition and any resulting gain or loss is reflected in the consolidated statements of activities.

Functional expenses
The costs of various Foundation activities have been accounted for on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the various activities.

Guarantees and Indemnifications
The Foundation, and in particular CFFT, its affiliate, may from time to time enter into agreements with service providers in which it agrees to indemnify the service providers against certain losses and liabilities arising from the service providers' performance under the agreements. Generally, such indemnification obligations do not apply in situations in which a service provider is grossly negligent, engages in willful misconduct, or acts in bad faith. The indemnifications serve to place the Foundation in a liability position no different than if it had performed the services for itself. The Foundation was not aware of any liability under such service agreements for the years ended December 31, 2009 and 2008.

Net assets
The Foundation's net assets have been grouped into the following three classes:

Unrestricted Net Assets – Unrestricted net assets generally result from revenues derived from receiving unrestricted contributions, less expenses incurred in providing program services, raising contributions, and performing administrative functions.

Temporarily Restricted Net Assets – Temporarily restricted net assets generally result from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation and CFFT pursuant to those stipulations. Temporarily restricted net assets consist of approximately $6,952,000 and $5,969,000 restricted for specific programs, including approximately $2,400,000 and $2,700,000 for CFPAF programs and approximately $15,627,000 and $15,860,000 restricted only as to time as of December 31, 2009 and 2008, respectively.

Permanently Restricted Net Assets – The Foundation's permanently restricted assets consist of a beneficial interest in six donor-restricted funds that must be maintained in perpetuity. Net assets associated with perpetual trusts are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation has a policy of appropriating for operations each year the income from the perpetual trusts.

Unrealized and realized gains and losses and dividends and interest from investing in marketable securities may be included in any of these net asset classifications depending on donor restrictions.

Fair Value Measurements
Authoritative guidance on fair value measurements requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The guidance describes three levels of inputs that may be used to measure fair value: Level 1 - Quoted prices in active markets for identical assets or liabilities. Level 2 - Observable inputs other than Level

1 prices, such as quoted prices for similar assets. Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. The Foundation carries its cash and cash equivalents, all investment balances and certain other assets at fair value.

Investment balances reported for all amounts classified as level 1 are derived from quoted market prices on public exchanges. Values reported for corporate bonds classified as level 2 represent the portfolio managers' good faith estimate as to what a buyer in the marketplace would pay for these securities in a current sale. In deriving these estimates, the portfolio managers utilize pricing models and applications that incorporate available market information and, because many fixed income securities do not trade on a daily basis, apply available information through processes such as benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing. Mutual funds classified as level 2 consist of investments in units of commingled funds to which proportionate net assets can be attributed. The Foundation maintains the ability to redeem these investments at the net asset values (NAV) reported by the investee managers and therefore uses these amounts to derive the reported investment values. Investments classified as level 3 consist of shares in two alternative investment funds of funds and a hedge fund and are subject to holdbacks. The Foundation has not incurred any losses related to holdbacks. Upon liquidation, approximately 10% of the alternative investment funds balances will be held back until the funds' financial statement audits are complete. The Foundation generally derives the reported values for these investments from the NAV provided by the funds' managers; however, in instances where NAV may not represent fair value because of redemption restrictions, the Foundation makes adjustments to net asset value to estimate the fair value of the investment.

Financial instruments measured at fair value on a recurring basis are summarized below.

Description	12/31/2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	$ 19,464,185	$ 19,464,185	$ -	$ -
Investments:				
U.S. government/agency bonds	18,910,503	18,910,503	-	-
Corporate bonds	26,465,528	-	26,465,528	-
Low duration bond funds	24,832,315	24,832,315	-	-
U.S. equity mutual funds	4,460,752	4,460,752	-	-
Int'l developed equity mutual funds	4,272,656	4,272,656	-	-
Emerging markets equity mutual funds	2,049,747	2,049,747	-	-
Inflation hedge mutual funds	3,603,600	961,618	2,641,982	-
Alternative investments:				
Long/short equity fund of funds	7,894,269	-	-	7,894,269
Absolute value fund of funds	10,085,052	-	-	10,085,052
Other - hedge fund	644,282	-	-	644,282
Other	1,631,330	1,631,330	-	-
Total investments	104,850,034	57,118,921	29,107,510	18,623,603
	$ 124,314,219	$ 76,583,106	$ 29,107,510	$ 18,623,603

Description	12/31/2008	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	$ 13,901,780	$ 13,901,780	$ -	$ -
Investments:				
U.S. government/agency bonds	11,285,337	11,285,337	-	-
Corporate bonds	24,918,507	-	24,918,507	-
Low duration bond funds	962,316	-	962,316	-
U.S. equity mutual funds	30,626,472	2,901,503	27,724,969	-
Int'l developed equity mutual funds	23,338,441	23,338,441	-	-
Emerging markets equity mutual funds	2,561,729	-	2,561,729	-
Inflation hedge mutual funds	9,461,776	4,230,132	5,231,644	-
Alternative investments:				
Long/short equity fund of funds	21,149,460	-	-	21,149,460
Absolute value fund of funds	8,772,689	-	-	8,772,689
Other - hedge fund	3,394,629	-	-	3,394,629
Other	1,832,216	1,832,216	-	-
Total investments	138,303,572	43,587,629	61,399,165	33,316,778
	$ 152,205,352	$ 57,489,409	$ 61,399,165	$ 33,316,778

The table below presents reconciliation for financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during 2009 and 2008.

	2009	2008
Alternative investments, beginning of year	$ 33,316,778	$ 44,022,559
Total gains or losses		
Net realized (losses) gains	(305,094)	377,731
Net unrealized gains (losses)	4,610,750	(11,583,512)
Net purchases, sales and settlements	(18,998,831)	500,000
Alternative investments, end of year	$ 18,623,603	$ 33,316,778

The amount of net unrealized gains relating to Level 3 assets still held at December 31, 2009 is approximately $1,650,000. The amount of net unrealized losses relating to Level 3 assets still held at December 31, 2008 were approximately $2,960,000. There were no transfers in or out of Level 3 during 2009 and 2008.

The investment loss is as follows for the years ended December 31:

	2009	2008
Interest and dividends	$ 3,011,104	$ 5,809,985
Net realized (losses) gains	(41,354,988)	4,176,925
Net unrealized gains (loss)	36,300,178	(71,726,410)
Investment expenses	(217,219)	(451,206)
	$ (2,260,925)	$ (62,190,706)

Operating cash equivalents and investments amounted to $37,596,467 and $21,854,288 as of December 31, 2009 and 2008, respectively. Non-operating cash equivalents and investments amounted to $86,717,752 and $130,351,064 as of December 31, 2009 and 2008, respectively. The investment loss during the years ended December 31, 2009 and 2008 is reflected on the consolidated statements of activities as follows:

	2009	2008
Investment income (operating)	$ 800,439	$ 299,700
Net non-operating investment losses	(3,061,364)	(62,490,406)
	$ (2,260,925)	$ (62,190,706)

2008 Financial information

The consolidated statement of functional costs of services includes certain 2008 summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Foundation's consolidated ended December 31, 2008, from which the summarized information was derived. Certain figures presented in the 2008 consolidated financial statements have been reclassified to conform to the presentation in these consolidated financial statements.

3. Receivables

Receivables consist of the following at December 31, 2009 and 2008:

	2009	2008
Special events	$ 2,360,208	$ 3,366,704
Pharmacy	12,186,794	11,208,548
Pledges receivable	28,438,737	29,304,108
Interest	487,743	382,696
Other	485,301	2,876,248
	43,958,783	47,138,304
Discount on pledges receivable	(2,578,121)	(2,785,595)
Allowance for doubtful accounts	(4,123,010)	(3,258,604)
	$ 37,257,652	$ 41,094,105

New pledges received in 2009 and 2008 were recorded at present value using a discount rate averaging 1% - 5%, which is reflective of market considerations as required by the authoritative guidance. Pledges received prior to 2008 were recorded at present value, discounted using a rate averaging 3%-5%, representing the short-term risk-free interest rate in effect on the date the respective commitments were made. The pledges receivable as of December 31, 2009 are payable in the following periods: $11,651,000 within one year; $12,023,000 from one to five years; and $1,946,000 after five years. As of December 31, 2009, pledges receivable include $2,819,000 of permanently restricted funds. As of December 31, 2009 and 2008, pledges receivable amounting to approximately $6,826,000 and $10,587,000, respectively, were due from members of the Board of Trustees or related organizations.

4. Fixed Assets

Fixed assets at December 31, 2009 and 2008 consisted of the following:

	2009	2008
Equipment and software	$ 6,317,757	$ 7,155,774
Furniture and fixtures	403,366	299,529
Leasehold improvements	825,043	712,663
	7,546,166	8,167,966
Accumulated depreciation	(5,367,134)	(6,144,671)
	$ 2,179,032	$ 2,023,295

5. Awards payable and commitments

Changes in awards payable during the years ended December 31, 2009 and 2008 are summarized as follows:

	2009	2008
Awards payable, beginning of year	$ 53,929,305	$ 59,847,849
Awards expensed	73,478,237	84,849,092
Awards disbursed	(84,648,952)	(90,767,636)
Awards payable, end of year	$ 42,758,590	$ 53,929,305

As of December 31, 2009, the Foundation and CFFT have medical scientific grant commitments of approximately $11,101,000, which extend through December 31, 2011, in addition to those presented on the consolidated statement of financial position. Subsequent year awards are contingent upon renewal criteria, and therefore, the costs and liabilities are not reflected in the consolidated financial statements.

Certain awards contain clauses whereby CFFT is obligated to make additional payments if awardees achieve certain CF drug discovery or development milestones. As of December 31, 2009, total additional payments contingent on these milestones were approximately $22,286,000. These contingent payments are not recognized as liabilities as the likelihood that the milestones will be achieved cannot be determined at this time. Additionally, certain agreements provide for future contracted drug discovery and development research payments amounting to $15,762,000. These costs will be expensed when the services are provided.

Volunteers from the medical and scientific community are included among CFFT/CFFP Board members. These volunteers provide valuable leadership and assistance to the Foundation, but do not participate in decisions regarding awards to institutions with which they are affiliated. Awards to institutions affiliated with these volunteers totalled $2,492,000 and $5,526,000 for the years ended December 31, 2009 and 2008, respectively.

6. Operating lease commitments

The Foundation and CFFP are obligated under various operating leases for office space as of December 31, 2009. The approximate future minimum rental commitments for each calendar year, subject to escalation, are as follows:

2010	$ 2,934,468
2011	2,486,515
2012	2,141,356
2013	1,943,888
2014	1,213,144
Thereafter	7,361,046
	$ 18,080,417

Rental costs for the years ended December 31, 2009 and 2008 were approximately $4,098,000 and $3,390,000, respectively.

7. Retirement plan

Under the provisions of the Foundation's 401(k) retirement plan, after one year of service employees who defer wages are eligible for an employer match, which vests immediately. In addition, eligible employees receive a non-matching employer contribution that, for service in 2007 and beyond, vests after employees complete three years of service, as defined in the plan. The Foundation, CFFT, and CFFP made contributions in accordance with the provisions of the plan amounting to approximately $1,933,000 and $1,732,000, respectively, for the years ended December 31, 2009 and 2008.

8. Allocation of joint costs

The Foundation conducted direct mail activities in the years ended December 31, 2009 and 2008 that included requests for contributions as well as program components. The costs of conducting those activities included a total of approximately $10,185,000 and $13,659,000 of joint costs during the years ended December 31, 2009 and 2008, respectively. These costs were not specifically attributable to particular components of the activities. Of those costs, $7,272,000 and $9,526,000 was allocated to fundraising expense and $2,913,000 and $4,133,000 was allocated to public and professional information and education program services for the years ended December 31, 2009 and 2008, respectively.

9. Subsequent events

The Foundation has performed an evaluation of subsequent events through March 26, 2010, which is the date the consolidated financial statements were available to be issued, noting no events which affect the consolidated financial statements as of December 31, 2009.