

Financial Statements and Report of
Independent Certified Public Accountants

CROHN'S & COLITIS FOUNDATION OF AMERICA, INC.

December 31, 2010 and 2009

CROHN'S & COLITIS FOUNDATION OF AMERICA, INC.

TABLE OF CONTENTS

	Page
Report of Independent Certified Public Accountants	1
Financial Statements:	
Statements of Financial Position as of December 31, 2010 and 2009	2
Statement of Activities for the year ended December 31, 2010	3
Statement of Cash Flows for the year ended December 31, 2010	4
Statement of Functional Expenses for the year ended December 31, 2010	5
Notes to Financial Statements	6 - 14
Supplemental Information:	
Schedule of Expenses by Location for the year ended December 31, 2010	16 - 17
Schedule of Activities by Location for the year ended December 31, 2010	18

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the National Board of Trustees of the
Crohn's & Colitis Foundation of America, Inc.:

We have audited the accompanying statements of financial position of the Crohn's & Colitis Foundation of America, Inc. (the "Foundation") as of December 31, 2010 and 2009 and the related statements of activities, cash flows and functional expenses for the year ended December 31, 2010. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. 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 also 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, 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 Crohn's & Colitis Foundation of America, Inc. as of December 31, 2010 and 2009 and the changes in its net assets and its cash flows for the year ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America.

Our audit of the 2010 financial statements referenced above was conducted for the purpose of forming an opinion on the 2010 financial statements taken as a whole. The accompanying schedules of expenses and activities by location for the year ended December 31, 2010 are presented for purposes of additional analysis and are not a required part of the 2010 financial statements. Such information has been subjected to the auditing procedures applied in our audit of the 2010 financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2010 financial statements taken as a whole.



New York, New York
May 12, 2011

CROHN'S & COLITIS FOUNDATION OF AMERICA, INC.
Statements of Financial Position
As of December 31, 2010 and 2009

ASSETS	2010	2009
	<u>2010</u>	<u>2009</u>
Cash and cash equivalents	\$ 6,929,930	\$ 4,618,912
Pledges receivable, net	3,966,987	5,966,896
Bequests receivable	609,751	2,002,430
Prepaid expenses and other assets	1,012,926	663,487
Investments	8,901,805	7,507,326
Charitable gift annuities	585,864	350,301
Charitable remainder trusts	317,858	304,409
Furniture, equipment, and leasehold improvements, net	<u>463,405</u>	<u>593,946</u>
 Total assets	 <u>\$ 22,788,526</u>	 <u>\$ 22,007,707</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,118,983	\$ 1,019,910
Research grants payable	15,567,218	11,845,912
Deferred revenue and refundable advances	-	531,605
Deferred rent	160,575	205,357
Gift annuity liability	<u>529,066</u>	<u>321,435</u>
 Total liabilities	 <u>17,375,842</u>	 <u>13,924,219</u>
 NET ASSETS (DEFICIT)		
Unrestricted	(773,372)	(296,436)
Temporarily restricted	<u>6,186,056</u>	<u>8,379,924</u>
 Total net assets	 <u>5,412,684</u>	 <u>8,083,488</u>
 Total liabilities and net assets	 <u>\$ 22,788,526</u>	 <u>\$ 22,007,707</u>

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

CROHN'S & COLITIS FOUNDATION OF AMERICA, INC.
Statement of Activities
For the year ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
CONTRIBUTIONS, OTHER INCOME AND RECLASSIFICATIONS			
Contributions:			
Contributions from individuals, foundations and corporations	\$ 9,149,037	\$ 12,860,153	\$ 22,009,190
Contributed airtime	973,463	-	973,463
Special events revenue	27,350,094	-	27,350,094
Less: costs of direct benefits to donors	<u>(5,219,082)</u>	<u>-</u>	<u>(5,219,082)</u>
Net special events revenue	<u>22,131,012</u>	<u>-</u>	<u>22,131,012</u>
Total contributions	<u>32,253,512</u>	<u>12,860,153</u>	<u>45,113,665</u>
Other income:			
Interest and dividends	229,922	-	229,922
Net realized and unrealized gain on investments	578,368	-	578,368
Federal grant revenue	475,854	-	475,854
Changes in gift annuities and remainder trust valuations	40,855	-	40,855
Other	<u>161,837</u>	<u>-</u>	<u>161,837</u>
Total other income	<u>1,486,836</u>	<u>-</u>	<u>1,486,836</u>
Total contributions and other income	33,740,348	12,860,153	46,600,501
Net assets released from restrictions	<u>15,054,021</u>	<u>(15,054,021)</u>	<u>-</u>
Total contributions, other income and reclassifications	<u>48,794,369</u>	<u>(2,193,868)</u>	<u>46,600,501</u>
EXPENSES			
Program services:			
Research	17,750,877	-	17,750,877
Health professional education and public information	<u>21,459,505</u>	<u>-</u>	<u>21,459,505</u>
Total program services	39,210,382	-	39,210,382
Supporting services:			
Management and general	5,911,455	-	5,911,455
Fundraising	<u>4,149,468</u>	<u>-</u>	<u>4,149,468</u>
Total supporting services	<u>10,060,923</u>	<u>-</u>	<u>10,060,923</u>
Total expenses	<u>49,271,305</u>	<u>-</u>	<u>49,271,305</u>
Changes in net assets	(476,936)	(2,193,868)	(2,670,804)
Net assets, beginning of year	<u>(296,436)</u>	<u>8,379,924</u>	<u>8,083,488</u>
Net assets, end of year	<u>\$ (773,372)</u>	<u>\$ 6,186,056</u>	<u>\$ 5,412,684</u>

The accompanying notes are an integral part of this financial statement.

CROHN'S & COLITIS FOUNDATION OF AMERICA, INC.
Statement of Cash Flows
For the year ended December 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in net assets	\$ (2,670,804)
Adjustments to reconcile changes in net assets to net cash and cash equivalents provided by operating activities:	
Depreciation and amortization	289,392
Net realized and unrealized gain on investments	(578,368)
Donated securities	(923,428)
Charitable remainder trusts	(13,449)
Charitable gift annuities net of liability	(27,932)
Changes in operating assets and liabilities:	
Pledges receivable, net	1,999,909
Prepaid expenses and other assets	(349,439)
Bequests receivable	1,392,679
Accounts payable and accrued expenses	99,073
Deferred rent	(44,782)
Research grants payable	3,721,306
Deferred revenue and refundable advances	<u>(531,605)</u>
 Net cash and cash equivalents provided by operating activities	 <u>2,362,552</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	(6,004,263)
Proceeds from sales of investments	6,111,580
Purchases of furniture and equipment	<u>(158,851)</u>
 Net cash and cash equivalents used in investing activities	 <u>(51,534)</u>
 Net increase in cash and cash equivalents	 2,311,018
 Cash and cash equivalents, beginning of year	 <u>4,618,912</u>
 Cash and cash equivalents, end of year	 <u>\$ 6,929,930</u>

The accompanying notes are an integral part of this financial statement.

CROHN'S & COLITIS FOUNDATION OF AMERICA, INC.
Statement of Functional Expenses
For the year ended December 31, 2010

	Program Services			Supporting Services				
	Research	Health professional education and public information	Total	Management and general	Fundraising	Costs of direct benefits to donors	Total	Total
Research grants and awards, net	\$ 16,007,347	\$ -	\$ 16,007,347	\$ -	\$ -	\$ -	\$ -	\$ 16,007,347
Salaries and related expenses	842,199	10,287,166	11,129,365	3,284,282	2,305,358	-	5,589,640	16,719,005
Contract services and fees	175,134	3,344,435	3,519,569	462,911	324,934	3,442,836	4,230,682	7,750,251
Contributed airtime	-	973,463	973,463	-	-	-	-	973,463
Publications and related printed materials	70,356	985,987	1,056,344	340,798	239,219	-	580,017	1,636,361
Occupancy costs	46,241	930,321	976,562	323,074	226,777	-	549,851	1,526,413
Postage	56,639	1,027,145	1,083,784	349,296	245,183	-	594,479	1,678,263
Conferences, conventions and meetings	251,115	496,438	747,553	21,500	15,092	127	36,719	784,272
Telephone and communications	21,026	292,843	313,869	100,037	70,219	-	170,256	484,125
Travel	117,852	825,041	942,893	252,413	177,178	1,243,676	1,673,267	2,616,160
Office supplies and expenses	58,958	724,831	783,789	241,023	169,183	111,197	521,403	1,305,192
Mail processing	1,921	41,210	43,131	13,169	9,244	-	22,413	65,544
Database management	45,926	480,533	526,459	166,933	117,176	-	284,109	810,568
Advertising	17,997	331,676	349,673	114,550	80,407	-	194,957	544,630
Provision for doubtful accounts	(7,322)	(147,919)	(155,241)	(51,158)	(35,909)	-	(87,067)	(242,308)
Other	36,719	689,979	726,698	231,363	162,402	421,246	815,011	1,541,709
Total expenses before depreciation and amortization	17,742,108	21,283,150	39,025,258	5,850,191	4,106,464	5,219,082	15,175,737	54,200,995
Depreciation and amortization of fixed assets	8,769	176,355	185,124	61,264	43,004	-	104,268	289,392
Total functional expenses	17,750,877	21,459,505	39,210,382	5,911,455	4,149,468	5,219,082	15,280,005	54,490,387
Less:								
Costs of direct benefits to donors of special events	-	-	-	-	-	(5,219,082)	(5,219,082)	(5,219,082)
Total expenses reported by function on the statement of activities	\$ 17,750,877	\$ 21,459,505	\$ 39,210,382	\$ 5,911,455	\$ 4,149,468	\$ -	\$ 10,060,923	\$ 49,271,305

The accompanying notes are an integral part of this financial statement.

CROHN'S & COLITIS FOUNDATION OF AMERICA, INC.
Notes to Financial Statements
December 31, 2010

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The Crohn's & Colitis Foundation of America, Inc. (the "Foundation") is a not-for-profit organization founded in 1965.

The Foundation's mission is to cure Crohn's disease and ulcerative colitis, and to improve the quality of life of children and adults affected by these diseases. The Foundation has its headquarters in New York City (the "National Office") and has 41 Chapters (the "Chapters") and one volunteer affiliate.

Basis of Presentation

The financial statements of the Foundation have been prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP"). Those standards require that net assets and revenues, gains, expenses and losses be classified as unrestricted, temporarily restricted or permanently restricted based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets represent resources that are available for support of operations, including resources for capital expenditures.

Temporarily restricted - Net assets subject to donor-imposed restrictions. Temporarily restricted net assets include amounts that are restricted by donors for particular research projects or education programs, or are restricted as to the timing of use.

Permanently restricted - Net assets subject to donor-imposed stipulations that are to be maintained permanently by the Foundation. There were no permanently restricted net assets at December 31, 2010.

Change in Fiscal Year End

As of December 31, 2009, the Board of Trustees approved changing the operating year from a fiscal year ending August 31, to a calendar year ending December 31 to better align event income with expenses. This report presents comparative statements of financial position as of December 31, 2010 and 2009 however, only the statements of activities, cash flows, and functional expenses have been prepared for the year ended December 31, 2010 have been presented.

Cash and Cash Equivalents

The Foundation considers highly liquid financial instruments with maturities of three months or less when purchased, except those held in its investment portfolio for long-term purposes, to be cash equivalents.

Contributions and Pledges Receivable

Unconditional contributions, including cash, promises to give, and certain contributed services, gifts-in-kind and other assets are recorded as revenue at fair value when received. Conditional contributions are recorded when the conditions on which they depend are substantially met. Contributions are recorded, net of estimated uncollectible amounts. Unconditional pledges that are expected to be collected within one year are recorded at their net realizable value. Unconditional pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows using credit adjusted discount

CROHN'S & COLITIS FOUNDATION OF AMERICA, INC.
Notes to Financial Statements
December 31, 2010

rates which articulate with the collection period of the respective pledge. Amortization of the related discounts is included in contributions revenue.

Allowance for Doubtful Accounts

The Foundation maintains an allowance for doubtful accounts for estimated losses that may result from the inability of its donors to make payments. Such allowances are based upon several factors, including, but not limited to, historical collection experience and the financial condition of its donors. Receivables are written-off when deemed to be uncollectible.

Fair Value Measurements

The Financial Accounting Standards Board ("FASB") Topic 820, under the FASB Accounting Standards Codification ("ASC") defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

- Level I - Quoted prices are available in active markets for identical assets or liabilities as of the measurement date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.
- Level II - Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the measurement date. The nature of these securities include investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.
- Level III - Securities that have little to no pricing observability as of the measurement date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Foundation. The Foundation considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The

CROHN'S & COLITIS FOUNDATION OF AMERICA, INC.
Notes to Financial Statements
December 31, 2010

categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Foundation's perceived risk of that instrument.

In January 2010, the FASB issued guidance for Improving Disclosures about Fair Value Measurements. The guidance requires entities to disclose transfers of assets in and out of Levels I and II of the fair value hierarchy, and the reasons for such transfers. In addition, the guidance requires a separate presentation of purchases and sales in the Level III asset reconciliation. The Foundation adopted this guidance as of December 31, 2010.

Bequests Receivable

The Foundation records bequests receivable as contribution revenue in the year of notification, when the gift is irrevocable and the value can be estimated.

Charitable Gift Annuities

The Foundation has several charitable gift annuities which are arrangements between donors and the Foundation whereby donors contribute assets to the Foundation in exchange for a promise by the Foundation to pay a fixed amount for a specified period of time to the donors or to individuals or organizations designated by the donors. The fair value of the asset is recorded as a charitable gift annuity and the corresponding liability to the donors is recorded as a gift annuity liability at the present value of its future payments in the statement of financial position. The discount rates ranged from 2.0% to 6.2% at December 31, 2010.

Charitable Remainder Trusts

The Foundation has been named as the sole beneficiary of several charitable remainder trusts held by third party trustees. A charitable remainder trust is an arrangement in which a donor establishes a trust with specified distributions to be made to a designated beneficiary or beneficiaries over the trust's term. The Foundation will receive its share of the assets remaining upon the termination of the charitable remainder trust. The Foundation has recorded the estimated present value of its interest in the trusts' assets as charitable remainder trusts and contribution income. The discount rates ranged from 5.7% to 5.8% at December 31, 2010.

Furniture, Equipment, and Leasehold Improvements

Furniture and equipment are recorded at cost or, if donated, at fair value on the date received. Depreciation is computed using the straight-line basis over the estimated useful lives of the assets ranging from three to ten years. Leasehold improvements are amortized over the remaining lease term or the estimated life of the improvements, whichever is shorter.

Research Grants Payable

The Foundation records appropriations for research grants as a liability and expense after approval by the National Board of Trustees based upon: (i) the recommendations of the Board's advisory committees called the National Scientific Advisory Committee's Grants Review Committee, the Research Training Awards Program Committee the Research Initiatives Committee, and any appropriate ad hoc review committee, (collectively, the "Review Committees"); and, (ii) the availability of funding. Grants are approved for a one year term with conditional annual renewal periods up to two years. The only exceptions are the core administrative and data management centers for both the Clinical Research Alliance and DNA Bank, which are long-term grant commitments. However, these awards are subject to existing grant policies and

CROHN'S & COLITIS FOUNDATION OF AMERICA, INC.
Notes to Financial Statements
December 31, 2010

procedures, and progress reports are reviewed annually in accordance with these policies. The grants are conditional based upon the receipt, review and approval of annual progress reporting from the grant recipients by the Review Committees. The annual grants are disbursed monthly over the period for which they have been approved. Conditional grants are recognized in the period in which the terms of the conditions are met.

Refundable Advances

From time to time, the Foundation receives cash in advance of special events that are to be held following the statement of financial position date. Such amounts are reflected as refundable advances on the statement of financial position.

Contributed Airtime

The Foundation receives considerable in-kind contributions primarily in the form of donated public service announcements on television and radio stations. The fair value of such in-kind contributions, based upon information provided by third-party media services, is reflected in the statement of activities as contributed airtime revenue and health professional education and public information program services expense.

Volunteers

Other than the Committees, a number of volunteers, including members of the National Board of Trustees, have made significant contributions of time to the Foundation's policy-making, program and support functions. The value of this contributed time does not meet the criteria for recognition of contributed services under US GAAP, and accordingly, has not been reflected in the accompanying financial statements.

Functional Allocation of Expenses

Expenses that can be directly identified with the program or supporting service activity to which they relate are charged accordingly. The costs of providing various programs and supporting services have been allocated among the programs and supporting services benefited.

Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit and market risk consist principally of cash and cash equivalents and investments on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation ("FDIC") limit. Management does not believe that a significant risk of loss due to the failure of a financial institution the Foundation utilizes is likely.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

CROHN'S & COLITIS FOUNDATION OF AMERICA, INC.
Notes to Financial Statements
December 31, 2010

The most significant management estimates and assumptions relate to the determination of allowances for doubtful accounts for pledges receivable, allocation of amongst functional expense categories, the present value of the Foundation's assets in charitable remainder trusts, obligations to annuitants, and the useful lives assigned to fixed assets. Actual results could differ from these estimates.

Income Taxes

The Foundation is a not-for-profit voluntary health organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") and has been classified as a publicly supported charitable organization under Section 509(a)(1) of the Code and qualifies for the maximum charitable contribution deduction by donors. Contributions to the Foundation are tax deductible within the limitations prescribed by the Code. The Foundation is also exempt from state and local taxes under similar statutes.

The Foundation adopted guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement as of January 1, 2010. This section provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. The Foundation is exempt from income tax under the Code, however, is subject to tax on income unrelated to its exempt purposes, unless that income is otherwise excluded under the Code. The tax years ending 2007, 2008, 2009 and 2010 are still open to audit for both federal and state purposes. The adoption of this guidance did not have an impact on the Foundation's financial statements as management believes that there are no uncertain tax positions within its financial statements.

Subsequent Events

The Foundation evaluated its December 31, 2010 financial statements for subsequent events through May 12, 2011, the date the financial statements were available to be issued. The Foundation is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements.

2. RESEARCH GRANTS

At December 31, 2010 and 2009, the accompanying statements of financial position includes research grants payable of \$15,567,218 and \$11,845,912, respectively, which are payable within one year.

Research grants and awards expense, net of refunds of \$506,029, total \$16,007,347, for the year ended December 31, 2010.

In addition, the Foundation has unpaid conditional grants outstanding of \$22,389,395 and \$13,811,704 at December 31, 2010 and 2009, respectively, which are payable upon satisfaction of the underlying conditions and, therefore, have not been recorded in the accompanying statements of financial position.

CROHN'S & COLITIS FOUNDATION OF AMERICA, INC.
Notes to Financial Statements
December 31, 2010

3. PLEDGES RECEIVABLE, NET

At December 31, 2010 and 2009, pledges receivable, discounted to present value, are due to be collected as follows:

	<u>2010</u>	<u>2009</u>
Within one year	\$ 3,358,050	\$ 3,360,654
One to five years	727,118	3,112,440
More than five years	<u>55,900</u>	<u>10,000</u>
	4,141,068	6,483,094
Discounted to present value (at rates ranging from .067% to 5.36%)	<u>(67,518)</u>	<u>(178,577)</u>
Net present value	4,073,550	6,304,517
Allowance for doubtful accounts	<u>(106,563)</u>	<u>(337,621)</u>
Pledges receivable, net	<u>\$ 3,966,987</u>	<u>\$ 5,966,896</u>

4. CHARITABLE REMAINDER TRUSTS

At December 31, 2010 and 2009, the Foundation has remainder interests in several irrevocable charitable remainder trusts. The present value of the Foundation's future interests in these charitable remainder trusts, which amount to \$317,858 and \$304,409 at December 31, 2010 and 2009, respectively, have been recorded as charitable remainder trusts, in accordance with the terms of the trusts and are included in temporarily restricted net assets. The present value of these trusts is calculated using a discount rate of 5.8% at December 31, 2010 and 2009. Changes in fair value of these charitable remainder trusts amounted to an increase of \$13,449 for the year ended December 31, 2010. While the underlying trusts' assets are marketable, the Foundation's beneficial interest is classified as Level III within the fair value hierarchy.

The following table summarizes the activity within the Foundation's Level III charitable remainder trusts assets for the year ended December 31, 2010:

	<u>Level III</u>
Balance at January 1, 2010	\$ 304,409
Total net unrealized gains	<u>13,449</u>
Balance at December 31, 2010	<u>\$ 317,858</u>

CROHN'S & COLITIS FOUNDATION OF AMERICA, INC.
Notes to Financial Statements
December 31, 2010

5. INVESTMENTS

The following table summarizes the valuation of the Foundation's investments within the fair value hierarchy as of December 31, 2010 and 2009:

	2010		
	Equities & Fixed Income	Limited Liability Company	Total
Level I	\$ 8,856,389	\$ -	\$ 8,856,389
Level II	-	-	-
Level III	-	45,416	45,416
Total	<u>\$ 8,856,389</u>	<u>\$ 45,416</u>	<u>\$ 8,901,805</u>

	2009		
	Equities & Fixed Income	Limited Liability Company	Total
Level I	\$ 7,465,968	\$ -	\$ 7,465,968
Level II	-	-	-
Level III	-	41,358	41,358
Total	<u>\$ 7,465,968</u>	<u>\$ 41,358</u>	<u>\$ 7,507,326</u>

The following table summarizes the activity within the Foundation's Level III assets for the year ended December 31, 2010:

	Level III
Balance at January 1, 2010	\$ 41,358
Net realized losses	(557)
Net unrealized gains	7,666
Purchases of investments	37,750
Proceeds from sales, redemptions, and distributions	(40,801)
Balance at December 31, 2010	<u>\$ 45,416</u>

CROHN'S & COLITIS FOUNDATION OF AMERICA, INC.
Notes to Financial Statements
December 31, 2010

6. FURNITURE, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS, NET

Furniture, equipment, and leasehold improvements consist of the following at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Furniture and fixtures	\$ 410,560	\$ 381,418
Office equipment	201,537	285,681
Computer equipment	1,723,467	1,055,748
Leasehold improvements	<u>230,656</u>	<u>684,523</u>
	2,566,220	2,407,370
Less: accumulated depreciation and amortization	<u>(2,102,815)</u>	<u>(1,813,424)</u>
Furniture, equipment, and leasehold improvements, net	<u>\$ 463,405</u>	<u>\$ 593,946</u>

Depreciation and amortization expense for the year ended December 31, 2010 was \$289,392.

7. COMMITMENTS

Operating Leases

The Foundation leases office space for the National Office and Chapter offices in various cities throughout the country. These leases expire at various dates and have renewal options ranging from three to five years. The volunteer affiliate has no rent commitments. The leases provide for increases in future lease payments. The minimum annual rental commitments under all operating leases follows:

Year ending December 31,	
2011	\$ 957,226
2012	761,156
2013	446,110
2014	53,763
2015	<u>50,635</u>
Total	<u>\$ 2,268,890</u>

Rent expense was approximately \$1,256,085 for the year ended December 31, 2010.

8. PENSION PLAN

The Foundation has a defined contribution pension plan. Employees are eligible to participate in the plan upon hire, with full vesting upon one year of service. Contributions to this plan are 5% of each participating employee's salary. The Foundation's contribution to the plan was approximately \$466,000 for the year ended December 31, 2010.

CROHN'S & COLITIS FOUNDATION OF AMERICA, INC.

Notes to Financial Statements

December 31, 2010

9. NET ASSETS

As of December 31, 2010 and 2009, temporarily restricted net assets are available upon satisfying the following restrictions:

	<u>2010</u>	<u>2009</u>
Purpose restricted:		
Research programs	\$ 2,629,359	\$ 4,473,971
Education programs	1,131,700	626,045
Time restricted	<u>2,424,997</u>	<u>3,279,908</u>
	<u>\$ 6,186,056</u>	<u>\$ 8,379,924</u>

Net assets with time restrictions totaling \$2,424,997 above are expected to be received within the next twelve months and would then be classified as part of unrestricted net assets. In addition, the Foundation is focusing its efforts to restore its unrestricted net assets that were utilized during fiscal 2009 and 2010 to expand its infrastructure for continued growth in its mission.

10. NET ASSETS RELEASED FROM RESTRICTION

For the year ended December 31, 2010, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors or the passage of time as follows:

Purpose restricted:	
Research programs	\$ 9,120,874
Education programs	2,831,975
Time restricted	<u>3,101,172</u>
	<u>\$ 15,054,021</u>

11. RELATED PARTY TRANSACTIONS

The Foundation receives contributions from members of its Board of Trustees. For the year ended December 31, 2010, members of the Board of Trustees contributed \$294,319.

Included in pledges receivable is \$429,631 and \$455,992 due from related parties as of December 31, 2010 and 2009, respectively.

The Foundation uses a website to process online contributions for its special events. This website is affiliated with a member of the Foundation's Board of Trustees. The Foundation is charged a 6% processing fee on all transactions. For the year ended December 31, 2010, total fees paid were approximately \$270,000.

SUPPLEMENTAL INFORMATION

CROHN'S & COLITIS FOUNDATION OF AMERICA, INC.
Schedule of Expenses by Location
For the four months ended December 31, 2010

Location	Research	Contributed Airtime	Salaries	Contract Services	Publications	Occupancy	Postage	Conferences	Telephone	Travel	Office Supplies	Mail	Database Management	Advertising	Bad Debt	Depreciation and Amortization	Other	Total
NATIONAL	\$ 16,007,347	\$ 973,463	\$ 6,089,330	\$ 2,767,728	\$ 602,392	\$ 411,164	\$ 622,356	\$ 552,073	\$ 226,758	\$ 662,863	\$ 535,454	\$ 9,917	\$ 779,750	\$ 381,953	\$ (86,686)	\$ 271,233	\$ 509,107	\$ 31,316,202
CAROLINAS	-	-	189,921	5,412	17,034	12,726	28,230	5,443	7,714	33,414	31,911	6,155	-	575	1,923	-	20,021	360,479
GREATER WASHINGTON D.C.	-	-	269,344	23,755	17,284	43,131	34,240	2,267	7,752	36,260	28,154	347	8,334	982	-	-	16,850	488,699
MARYLAND/S. DELAWARE	-	-	156,627	28,910	14,236	22,458	29,578	3,866	5,276	18,543	14,204	218	-	153	-	1,105	18,703	313,876
MID-ATLANTIC DIVISION	-	-	165,303	-	-	-	-	-	-	10,859	-	-	-	-	-	-	-	176,162
CONNECTICUT	-	-	43,541	5,575	1,884	-	1,786	287	606	4,580	2,295	-	-	-	-	-	334	60,888
NEW ENGLAND	-	-	569,810	98,618	24,652	48,149	43,084	(7,321)	2,986	14,360	18,800	442	1,429	(51)	(143,884)	318	16,017	687,409
NEW ENGLAND REGION OFFICE	-	-	6,847	-	-	-	-	-	8	-	-	-	-	-	-	-	-	6,856
NORTHWEST	-	-	397,630	58,365	27,857	37,449	37,037	13,077	6,362	23,203	11,839	16	-	5,086	-	388	42,491	660,801
NORTHWEST REGION OFFICE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ALABAMA/NORTHWEST FL	-	-	94,729	2,139	847	9,754	12,475	315	5,786	871	2,970	-	-	-	-	-	-	129,886
FLORIDA	-	-	538,361	29,982	51,951	61,627	65,628	11,353	13,589	36,881	41,176	1,875	1,320	5,669	183	49	13,226	872,871
GEORGIA	-	-	484,472	72,666	28,133	31,518	32,553	13,096	17,907	33,118	25,132	533	-	2,227	-	-	37,671	779,027
NORTH FLORIDA	-	-	47,212	3,602	1,925	56	11,989	538	1,172	4,476	6,075	-	-	500	-	-	787	78,332
TENNESSEE	-	-	108,380	36,378	2,023	25,842	4,997	504	5,710	10,346	13,246	-	-	882	-	618	428	209,354
SOUTHEAST REGION OFFICE	-	-	-	-	-	-	-	53	7	12,561	208	-	-	-	-	-	313	13,143
HOUSTON S.TEXAS	-	-	361,863	69,038	74,501	25,286	27,824	22,266	8,226	25,909	21,630	3	50	30,780	(3,226)	906	5,337	670,392
LOUISIANA/ MISS.	-	-	110,714	7,709	9,159	11,078	6,715	4,846	4,684	13,321	17,798	2,589	-	1,295	-	-	30	189,938
N. TEXAS	-	-	318,077	15,650	33,919	25,453	26,504	4,530	7,344	(763)	17,746	300	-	915	(2,092)	1,289	27,008	475,880
OKLAHOMA	-	-	-	-	68	-	93	-	1,024	-	76	-	-	-	-	-	-	1,260
TEXAS REGION OFFICE	-	-	-	-	-	-	-	-	-	2,921	-	-	-	-	-	-	-	2,921
ROCKY MTN	-	-	321,065	30,598	14,169	36,328	26,110	13,195	7,408	20,724	20,155	439	8,645	4,996	-	544	11,750	516,127
SOUTHWEST	-	-	330,673	24,218	54,824	31,673	54,142	13,672	6,678	15,481	30,281	1,063	-	4,321	70,926	1,663	48,818	688,434
ROCKY MTN S. WEST REGION	-	-	6,691	-	-	-	2,180	-	1,562	11,450	742	-	-	-	-	-	8,514	31,139
GREATER LA	-	-	489,477	138,587	40,332	86,598	52,756	2,686	11,027	21,067	13,579	8,345	-	3,545	1,595	-	24,702	894,295
GREATER SAN DIEGO & DESERT AREA	-	-	284,897	54,325	25,993	27,148	31,882	3,070	8,706	26,774	13,449	-	-	109	(1,000)	318	13,174	488,843
NORTHERN CA	-	-	427,447	162,939	46,552	55,271	62,972	18,508	13,798	30,109	23,412	8,403	175	30,401	(4,853)	1,110	40,292	899,538
CA REGION OFFICE	-	-	-	-	-	-	457	-	-	7,045	-	-	-	-	-	-	-	7,502
IOWA	-	-	-	-	118	-	114	-	514	606	-	-	-	-	-	-	-	2,114
MID-AMERICA	-	-	385,625	32,493	48,344	28,925	30,539	5,618	6,781	31,413	29,279	181	-	139	-	1,381	5,666	606,384
MINNESOTA/DAKOTAS	-	-	254,803	46,553	20,595	18,735	34,525	5,605	4,192	19,374	16,154	3,041	-	4,610	(500)	685	51,936	480,309
NEBRASKA	-	-	79,263	190	928	7,266	2,296	437	3,564	11,339	7,547	17	-	-	150	-	-	112,997
MIDWEST REGION OFFICE	-	-	25	-	-	-	-	180	-	3,599	189	-	-	-	-	-	-	3,993
CENTRAL OHIO	-	-	76,706	786	5,610	7,344	2,961	2,555	2,547	6,904	8,628	500	-	181	-	-	1,666	116,389
INDIANA	-	-	88,801	2,695	3,499	12,716	5,140	4,859	2,949	4,080	10,149	-	-	-	-	-	638	135,527
KENTUCKY	-	-	20,461	1,653	231	-	820	-	19	2,321	1,403	-	-	-	-	-	292	27,199
MICHIGAN	-	-	228,787	15,912	14,458	28,401	12,068	2,461	6,765	20,502	14,193	53	-	4,572	-	1,241	1,753	351,163
NORTHEAST OHIO	-	-	353,962	5,631	33,775	14,826	36,617	1,624	5,983	16,404	17,709	145	-	2,257	-	-	14,089	503,020
SOUTHWEST OHIO	-	-	179,214	9,717	21,185	9,811	22,598	2,137	4,184	12,752	-	443	1,159	106	5,821	-	16,087	285,214
GREAT LAKES REGION OFFICE	-	-	-	-	-	-	9	972	377	8,389	7,397	-	-	-	-	-	-	17,144
FAIRFIELD/WESTCHESTER	-	-	373,373	3,344	80,536	16,674	51,851	(11,382)	4,119	10,940	18,782	3,672	1,264	6,308	-	888	39,291	599,660
GREATER NY	-	-	532,699	199,856	111,023	132,400	39,118	10,031	24,093	48,121	35,232	10,062	-	33,449	-	847	28,101	1,205,033
LONG ISLAND	-	-	472,587	31,486	60,081	77,476	47,329	7,615	11,308	13,640	18,430	2,759	-	2,129	-	1,463	25,303	771,604
ROCHESTER	-	-	78,882	-	545	1,869	-	500	2,053	4,399	6,067	96	-	-	-	-	144	94,555
UPSTATE NE NEW YORK	-	-	19,325	8,604	2,107	3,512	1,940	2,685	2,108	980	7,490	-	-	7,334	-	-	1,474	57,560
WESTERN NEW YORK	-	-	71,776	-	679	5,082	2,219	1,000	58	5,061	3,401	22	-	-	-	-	-	89,298
NY REGION OFFICE	-	-	-	-	-	-	-	-	-	862	-	-	-	-	-	-	-	862
ILLINOIS	-	-	514,898	149,359	51,867	57,973	43,307	55,422	9,166	18,184	27,718	558	403	17,963	(79,649)	1,603	20,531	889,301
WISCONSIN	-	-	228,143	49,943	10,501	10,768	26,850	1,375	2,455	8,692	15,760	12	7,704	499	-	-	16,173	378,875
NEW JERSEY	-	-	253,601	24,332	27,689	19,777	32,208	8,582	4,303	20,836	10,276	2,647	334	101	-	-	19,117	423,803
PHILADELPHIA/D. VALLEY	-	-	457,766	70,774	42,913	42,786	50,731	627	8,231	10,530	29,711	335	-	3,337	(1,016)	1,417	21,423	739,564
WESTERN P WEST VA	-	-	235,897	17,893	9,943	29,232	17,564	2,908	6,268	16,184	17,399	357	-	4,309	-	326	1,208	359,487
SUBTOTALS	16,007,347	973,463	16,719,005	4,307,415	1,636,361	1,526,413	1,678,263	784,145	484,125	1,372,484	1,193,995	65,544	810,568	544,630	(242,308)	289,392	1,120,463	49,271,305
COSTS OF DIRECT BENEFITS TO DONORS TO DONORS	-	-	-	3,442,836	-	-	-	127	-	1,243,676	111,197	-	-	-	-	-	421,246	5,219,082
TOTALS	\$ 16,007,347	\$ 973,463	\$ 16,719,005	\$ 7,750,251	\$ 1,636,361	\$ 1,526,413	\$ 1,678,263	\$ 784,272	\$ 484,125	\$ 2,616,160	\$ 1,305,192	\$ 65,544	\$ 810,568	\$ 544,630	\$ (242,308)	\$ 289,392	\$ 1,541,709	\$ 54,490,387

CROHN'S & COLITIS FOUNDATION OF AMERICA, INC.
Schedule of Activities by Location
For the four months ended December 31, 2010

	Contributions	Special Events			Other income	Total revenue	Total expenses	Change in net assets
		Revenue	Direct benefit	Net				
NATIONAL	\$ 12,782,039	\$ 171,034	\$ (668,031)	\$ (496,997)	\$ 1,838,230	\$ 14,123,272	\$ 31,316,202	\$ (17,192,931)
CAROLINAS	176,590	413,250	(57,474)	355,776	(51)	532,315	360,479	171,836
GREATER WASHINGTON D.C.	304,114	734,242	(70,226)	664,017	1	968,132	488,699	479,432
MARYLAND/S. DELAWARE	110,037	462,830	(84,285)	378,545	-	488,582	313,876	174,706
MID-ATLANTIC DIVISION	-	-	-	-	-	-	176,162	(176,162)
CONNECTICUT	106,081	186,279	(20,938)	165,341	-	271,423	60,888	210,535
NEW ENGLAND	589,217	1,550,164	(275,381)	1,274,783	6,063	1,870,063	687,409	1,182,655
NEW ENGLAND REGION OFFICE	-	-	-	-	-	-	6,856	(6,856)
NORTHWEST	254,993	726,026	(81,057)	644,970	-	899,963	660,801	239,162
NORTHWEST REGION OFFICE	-	-	-	-	-	-	-	-
ALABAMA/NORTHWEST FL	166,603	163,033	(48,506)	114,528	-	281,130	129,886	151,244
FLORIDA	321,763	1,640,469	(303,638)	1,336,831	-	1,658,594	872,871	785,723
GEORGIA	563,757	1,057,590	(220,259)	837,330	30	1,401,117	779,027	622,090
NORTH FLORIDA	6,260	58,778	(9,142)	49,635	-	55,895	78,332	(22,437)
TENNESSEE	83,545	278,068	(23,920)	254,149	-	337,693	209,354	128,339
SOUTHEAST REGION OFFICE	-	-	-	-	-	-	13,143	(13,143)
HOUSTON/ S TEXAS	328,413	915,637	(198,170)	717,467	26	1,045,906	670,392	375,514
LOUISIANA/ MISS	24,682	147,585	(5,758)	141,826	253	166,761	189,938	(23,177)
N TEXAS	152,620	332,687	(40,852)	291,834	100	444,554	475,880	(31,326)
OKLAHOMA	53,433	55,228	-	55,228	-	108,660	1,260	107,400
TEXAS REGION OFFICE	-	-	-	-	-	-	2,921	(2,921)
ROCKY MTN	162,929	530,074	(73,585)	456,489	-	619,418	516,127	103,291
SOUTHWEST	142,223	592,387	(67,610)	524,777	102	667,102	688,434	(21,332)
ROCKY MTN S WEST REGION	-	-	-	-	-	-	31,139	(31,139)
GREATER LA	649,651	937,636	(195,527)	742,110	-	1,391,760	894,295	497,466
GREATER SAN DIEGO & DESERT AREA	198,400	405,203	(41,227)	363,976	-	562,376	488,843	73,533
NORTHERN CA	589,527	1,024,517	(134,947)	889,570	-	1,479,098	899,538	579,559
CA REGION OFFICE	-	-	-	-	-	-	7,502	(7,502)
IOWA	21,661	33,980	(303)	33,677	-	55,338	2,114	53,224
MID-AMERICA	265,687	598,702	(122,889)	475,813	-	741,499	606,384	135,116
MINNESOTA/DAKOTAS	156,958	517,474	(102,207)	415,267	-	572,225	480,309	91,916
NEBRASKA	56,345	123,283	(4,705)	118,578	-	174,922	112,997	61,926
MIDWEST REGION OFFICE	-	-	-	-	-	-	3,993	(3,993)
CENTRAL OHIO	30,894	103,168	(10,152)	93,015	1	123,911	116,389	7,522
INDIANA	47,039	141,339	(10,693)	130,645	8	177,692	135,527	42,166
KENTUCKY	12,375	50,029	(3,236)	46,794	-	59,168	27,199	31,969
MICHIGAN	173,573	438,196	(70,085)	368,111	300	541,983	351,163	190,821
NORTHEAST OHIO	101,325	425,309	(58,156)	367,153	-	468,478	503,020	(34,542)
SOUTHWEST OHIO	565,326	443,009	(70,960)	372,049	-	937,375	285,214	652,161
GREAT LAKES REGION OFFICE	-	-	-	-	-	-	17,144	(17,144)
FAIRFIELD/WESTCHESTER	165,665	1,078,056	(121,087)	956,969	-	1,122,633	599,660	522,974
GREATER NY	1,095,143	4,137,957	(844,406)	3,293,551	11	4,388,705	1,205,033	3,183,671
LONG ISLAND	261,335	1,694,629	(467,523)	1,227,107	145	1,488,587	771,604	716,983
ROCHESTER	89,802	82,591	(1,530)	81,061	-	170,863	94,555	76,308
UPSTATE NE NEW YORK	20,931	344,816	(53,151)	291,666	41	312,638	57,560	255,078
WESTERN NEW YORK	17,083	81,369	(60)	81,309	-	98,392	89,298	9,094
NY REGION OFFICE	-	-	-	-	-	-	862	(862)
ILLINOIS	613,545	1,460,908	(186,378)	1,274,529	168	1,888,243	889,301	998,942
WISCONSIN	119,739	536,574	(65,120)	471,454	-	591,193	378,875	212,317
NEW JERSEY	411,389	881,574	(153,017)	728,557	150	1,140,096	423,803	716,293
PHILADELPHIA/D. VALLEY	508,994	1,490,208	(208,659)	1,281,549	91	1,790,634	739,564	1,051,070
WESTERN PA WEST VA	122,137	304,208	(44,233)	259,976	-	382,113	359,487	22,626
TOTAL	\$ 22,623,820	\$ 27,350,094	\$ (5,219,082)	\$ 22,131,012	\$ 1,845,669	\$ 46,600,501	\$ 49,271,305	\$ (2,670,804)