Keiter Stephens

Business Assurance
& Advisory Services

UNOS DONATE LIFE SM

UNITED NETWORK FOR ORGAN SHARING

Consolidated Financial Statements

September 30, 2009

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UNITED NETWORK FOR ORGAN SHARING AND UNOS FOUNDATION

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KEITER STEPHENS

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of the
United Network for Organ Sharing:

We have audited the accompanying consolidated statement of financial position of the United Network for Organ Sharing and its subsidiary, the UNOS Foundation, (collectively, the "Organization") as of September 30, 2009, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2008 consolidated financial statements, and our audit report dated February 26, 2009 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the United Network for Organ Sharing and its subsidiary as of September 30, 2009, and the 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2010 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the 2009 basic consolidated financial statements taken as a whole. The accompanying 2009 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2009 basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the 2009 basic consolidated financial statements taken as a whole.

Keiter, Stephens, Hurst, Gary & Shreaves, P.C.

January 29, 2010
Glen Allen, Virginia

UNITED NETWORK FOR ORGAN SHARING AND UNOS FOUNDATION

Consolidated Statement of Financial Position
September 30, 2009, with Summarized Totals as of September 30, 2008

Assets	2009	2008
Current assets:		
Cash and cash equivalents	$ 2,960,296	$ 1,812,639
Restricted cash	1,164,945	1,348,599
Investments, at fair market value	710,231	180,290
Restricted investments, at fair market value	191,488	597,473
Accounts receivable	8,098,225	7,486,396
Prepaid expenses	633,883	673,855
Total current assets	13,759,068	12,099,252
Property and equipment, net	20,122,807	21,570,771
Investments, at fair market value	1,196,196	1,161,430
Restricted investments, at fair market value	1,021,864	66,852
Other assets	872,921	741,503
Total assets	$ 36,972,856	$ 35,639,808

Liabilities and Net Assets		
Current liabilities:		
Line of credit	$ -	$ 450,000
Current maturities of long-term debt	415,000	400,000
Account payable and accrued expenses	3,032,728	3,240,845
Due to OPTN	5,694,569	3,688,726
Total current liabilities	9,142,297	7,779,571
Long-term debt	9,720,000	10,135,000
Other liabilities	276,420	232,031
Total liabilities	19,138,717	18,146,602
Net assets:		
Unrestricted	17,297,574	16,978,348
Temporarily restricted	536,565	514,858
Total net assets	17,834,139	17,493,206
Total liabilities and net assets	$ 36,972,856	$ 35,639,808

See accompanying notes to consolidated financial statements.

UNITED NETWORK FOR ORGAN SHARING AND UNOS FOUNDATION

Consolidated Statement of Activities
Year Ended September 30, 2009, with Summarized Totals for Year Ended September 30, 2008

	OPTN	Network and Member Services	Management and General	Fundraising	2009 Total	2008 Total
Change in unrestricted assets:						
Revenue and other support:						
Registration fees	$26,026,062	$ -	$ -	$ -	$26,026,062	$26,648,323
Government contracts - OPTN	1,785,503	-	-	-	1,785,503	1,981,160
UNOS registration fees	-	3,830,538	-	-	3,830,538	3,523,253
Contributions	-	-	-	105,668	105,668	92,984
Education assessment	-	217,160	-	-	217,160	473,244
Interest income	-	73,671	-	-	73,671	99,962
Scientific and data analysis services	-	1,764,118	-	-	1,764,118	1,734,009
Regional and transplant forums	-	288,724	-	184,436	473,160	426,493
Miscellaneous	-	662,805	-	79,881	742,686	428,513
Satisfaction of program restrictions	-	93,379	-	-	93,379	199,164
Total unrestricted revenues	27,811,565	6,930,395	-	369,985	35,111,945	35,607,105
Expenses:						
Salaries	13,718,026	2,072,287	1,646,070	17,530	17,453,913	16,163,816
Employee benefits and payroll taxes	6,128,063	455,960	362,135	3,857	6,950,015	6,291,216
Temporary help	47,748	20,933	-	-	68,681	1,030,736
Meetings and travel	1,648,896	801,152	75,775	-	2,525,823	2,481,771
Professional education programs and projects	-	197,277	-	-	197,277	268,245
Other purchased services	884,071	521,442	543,711	36,565	1,985,789	2,486,259
Telephone, telecommunications and utilities	140,728	99,909	163,144	4,079	407,860	470,254
Equipment leases	58,196	66,764	60,000	-	184,960	190,284
Repairs and maintenance	1,029,732	206,047	32,602	2,879	1,271,260	1,428,965
Postage	35,910	14,200	5,361	1,303	56,774	71,942
Depreciations and amortization	693,391	450,193	497,135	-	1,640,719	1,744,306
Donated services	-	65,847	-	-	65,847	74,266
Educations assessment expense	-	217,160	-	-	217,160	473,244
Indirect Costs	3,310,547	(3,310,547)	-	-	-	-
Other	116,257	395,838	1,048,375	5,830	1,566,300	2,235,273
Total expenses	27,811,565	2,274,462	4,434,308	72,043	34,592,378	35,410,577
Revenues over (under) expenses	$ -	$ 4,655,933	$ (4,434,308)	$ 297,942	519,567	196,528
Loss on investments, net					-	(50,068)
Unrealized gain on investments					64,708	(47,487)
Loss in the fair value of interest rate swap					(265,049)	(87,592)
Loss on disposal of property and equipment					-	2,183
Change in unrestricted assets					319,226	13,564
Change in temporarily restricted net assets:						
Contributions					115,086	245,987
Net assets released from restrictions					(93,379)	(199,164)
Change in temporarily restricted net assets					21,707	46,823
Change in net assets					340,933	60,387
Net assets, beginning of the year					17,493,206	17,432,819
Net assets, end of the year					$17,834,139	$17,493,206

See accompanying notes to consolidated financial statements.

UNITED NETWORK FOR ORGAN SHARING AND UNOS FOUNDATION

Consolidated Statement of Cash Flows
Year Ended September 30, 2009, with Summarized Totals for Year Ended September 30, 2008

	2009	2008
Cash flows from operating activities:		
Change in net assets	$ 340,933	$ 60,387
Adjustments to reconcile change in net assets to net cash provided by operating activities :		
Depreciation and amortization	1,640,719	1,744,306
Gain on disposal of property and equipment	-	(2,183)
Loss on interest rate swap	265,049	87,592
Loss on investments	-	50,068
Unrealized (gain) loss on investments, net	(64,708)	47,487
Change in operating assets and liabilities:		
Restricted cash	183,654	(123,466)
Pledge receivable	-	11,702
Accounts receivable	(611,829)	(390,952)
Prepaid expenses	39,972	(78,090)
Other assets	(131,418)	47,171
Accounts payable and accrued expenses	(473,166)	(10,620)
Due to OPTN	2,005,843	(1,238,726)
Other liabilities	44,389	31,171
Net cash provided by operating activities	3,239,438	235,847
Cash flows from investing activities:		
Purchases of property and equipment	(192,755)	(588,465)
Purchases of investments	(1,800,000)	(297,000)
Proceeds from sales of investments	750,974	1,419,696
Net cash provided by (used in) investing activities	(1,241,781)	534,231
Cash flows from financing activities:		
Proceeds from (repayments of) line of credit	(435,000)	250,000
Repayments of long-term debt	(415,000)	(385,000)
Net cash used in financing activities	(850,000)	(135,000)
Increase in cash and cash equivalents	1,147,657	635,078
Cash and cash equivalents, beginning of year	1,812,639	1,177,561
Cash and cash equivalents, end of year	$ 2,960,296	$ 1,812,639
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	$ 277,191	$ 370,935
Cash paid during the year for income taxes	$ 114,002	$ 215,461

See accompanying notes to consolidated financial statements.

1. Organization:

United Network for Organ Sharing ("UNOS"), a Virginia non-stock, not-for-profit corporation, operates the national Organ Procurement and Transplantation Network ("OPTN") envisioned by the National Organ Transplantation Act passed by the U.S. Congress in 1984. Through a contract with the Health Resources and Services Administration ("HRSA") of the Department of Health and Human Services ("DHHS") (the "OPTN Contract"), UNOS functions as the sole national network whose mission is to improve the effectiveness of the U.S. organ procurement and transplantation system and to provide for the fair and equitable distribution of all donated organs. To carry out this mission, UNOS maintains a computerized database to identify potential transplant recipients and to provide for the systematic matching of donated organs with such recipients. UNOS is staffed 24 hours a day, 7 days a week, with specialists trained in assisting transplant centers and in administering Board of Directors-approved organ allocation policies. All organ procurement organizations ("OPOs") and transplant facilities in the United States are required to be members of OPTN. UNOS' Board of Directors is currently made up of 42 voting members elected from UNOS' membership and the general public.

The OPTN Contract was renewed by HRSA for the period from October 1, 2005 through September 30, 2007, with five, one-year options to extend the OPTN Contract to September 28, 2008, 2009, 2010, 2011, and 2012, respectively. The one year option was exercised for 2010. UNOS must submit a bid to perform the new OPTN contract upon expiration of option years and/or if HRSA does not exercise option years. The OPTN Contract is the primary source of revenue for UNOS. If UNOS were not awarded the new OPTN contract, its future operations could be materially adversely affected.

The accompanying consolidated financial statements include the financial position and results of operation of the UNOS Foundation (the "Foundation"). The Foundation is a 501(c)(3) corporation that was incorporated in 1993 to hold the exclusive rights to all software developed and used by UNOS, and to solicit contributions to support UNOS' capital campaign and ongoing operations. UNOS exercises control of the Foundation as a two thirds (2/3) majority of the Foundation's Board of Directors is composed of members of UNOS' Executive Committee. All intercompany amounts have been eliminated in consolidation.

2. Summary of Significant Accounting Policies:

Basis of Accounting: The accompanying consolidated financial statements of UNOS and the Foundation (collectively, the "Organization) have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

2. Summary of Significant Accounting Policies, Continued:

Basis of Presentation: The financial statements include certain prior-year summarized comparative information in total but not by net asset class. 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 consolidated financial statements as of and for the year ended September 30, 2008, from which the summarized information was derived.

Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of activities and changes in net assets. Costs that are billed under the provisions of the OPTN contract are reflected as costs of the program. Network and member services include items such as UNOS' support of Donate Life America, educational initiatives to increase organ donation, and other non-contract expenses. Costs that cannot be specifically identified with a particular function and benefit more than one functional category are allocated on the basis of hours worked between network and member services and management and general.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Revenue Recognition: UNOS member organizations consist of OPOs, tissue typing laboratories, and organ transplant centers throughout the United States. UNOS bills OPTN members an OPTN registration fee for listing members' patients on UNOS' computerized database. These fees are recognized as a receivable for OPTN registration fees and a payable due to the OPTN. UNOS recognizes revenue as it submits cost reimbursement vouchers to DHHS. UNOS' registration fees are recognized as revenue in the month a member lists a patient in UNOS' database.

For the year ended September 30, 2009, UNOS derived approximately 79% of its unrestricted revenue from government contracts.

UNOS bills its members a voluntary educational assessment for support of organ donation activities. Historically, most of these funds have been allocated by UNOS' Board of Directors to Donate Life America. Revenue and a related expense are recognized in the accompanying consolidated statements of activities as cash is received from the members.

2. Summary of Significant Accounting Policies, Continued:

Revenue Recognition, Continued: UNOS earns unrestricted revenue from services performed under scientific and data analysis contracts with nongovernmental entities, which is considered unrelated business income. UNOS recognizes the revenue as it is earned under the contract, which generally occurs over a specified period of time that services are provided, or as deliverables are provided to the respective clients.

Temporarily restricted revenue represents funds received through a gift or grant that are restricted by the donor to be expended for a specific purpose and are recognized as revenue when received. Expirations of temporary restrictions recognized on net assets are reported as increases to unrestricted revenue and decreases to temporarily restricted revenue under assets released from restrictions. If the expiration of temporary restrictions occurs in the same period that the contributions are received, the contributions are shown as unrestricted revenue. Expenses are reported as decreases in unrestricted net assets.

Net Assets: The Organization's net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization are classified and reported as follows:

- Permanently restricted - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. There were no permanently restricted net assets during 2009.

- Temporarily restricted - Net assets whose use by the Organization is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time. At September 30, 2009, temporarily restricted net assets consisted of the specific purpose fund.

- Unrestricted - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Cash and Cash Equivalents: Cash and cash equivalents include cash on hand, cash in banks, and highly liquid cash management funds with an original maturity of three months or less. The Organization maintains deposit accounts at an institution that is insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. The Organization periodically has funds in excess of the federally insured limits.

Restricted Cash and Investments: Restricted cash and investments represent those funds that have been collected from OPTN members on behalf of the OPTN, for which cost reimbursement vouchers have not been submitted to the DHHS, or contributions received subject to donor-imposed stipulations.

2. Summary of Significant Accounting Policies, Continued:

Investments: UNOS accounts for investments in accordance with Statement of Financial Accounting Standards ("SFAS") No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations." SFAS No. 124 requires certain investments to be reflected at fair value in the consolidated statement of financial position. The fair value of investments is determined by an independent market valuation service using quoted closing prices at the end of the period. Interest income and dividends are recorded on the accrual basis. Investments are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the risks in the near term could materially affect amounts reported in the financial statements.

Property and Equipment: Property and equipment are carried at historical cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the assets' estimated useful lives of 39 years for the building, three to 15 years for furniture and non-computer equipment, and five years for computer equipment. Expenditures of less than $5,000 for property and equipment are expensed as incurred. The cost and accumulated depreciation applicable to assets retired or sold are removed from the respective accounts, and gains or losses thereon are included in changes in net assets.

The carrying value of property and equipment is evaluated when certain events or changes in circumstances indicate that the carrying amount may exceed fair value. Fair value is calculated by estimating cash flows produced by the assets over their remaining useful lives. If undiscounted projected cash flows are less than the carrying amount, an impairment would be recognized. No impairments were identified during 2009.

Income Taxes: UNOS has been granted an exemption from federal income taxes under Internal Revenue Code Section 501(c)(3) except for income generated from unrelated business activities.

On October 1, 2008 the Organization adopted new guidance related to Accounting for Uncertainty in Income Taxes. This guidance requires that a tax position be recognized or derecognized based on a 'more-likely-than-not' threshold. This applies to positions taken or expected to be taken in a tax return. The implementation of this guidance had no impact on the Organization's consolidated statement of financial position or consolidated statement of activities. The Organization does not believe its consolidated financial statements include, or reflect, any uncertain tax positions.

Due to OPTN: Due to OPTN represents total OPTN registrations billed to OPTN members, less total funding claimed by UNOS on the OPTN vouchers submitted to DHHS.

Compensated Absences: UNOS accrues a provision for vacation and holiday pay due to employees, which is reflected in compensated absences (see Note 6).

2. Summary of Significant Accounting Policies, Continued:

Subsequent Events: Management has evaluated subsequent events through January 29, 2010, the date the financial statements were available to be issued, and has determined there are no subsequent events to be reported in the accompanying consolidated financial statements.

3. Accounts Receivable:

Accounts receivable as shown in the accompanying consolidated statements of financial position as of September 30, 2009 consist of the following:

OPTN registration fees	$ 5,613,571
UNOS membership fees	776,463
Government contracts	390,587
Other	1,317,604
	$ 8,098,225

No allowance for uncollectible amounts has been recorded. OPTN members are required by federal regulation to pay the OPTN registration fee. Historically, all accounts receivable amounts have been collected, and there have been no significant write-offs of uncollectible accounts.

4. Investments:

Investments at fair market value as of September 30, 2009 consist of the following:

	2009
Short-term investments:	
Money market	$ 29,460
Corporate notes and bonds	210,525
Certificates of deposit	661,734
	901,719
Long-term investments	
Certificates of deposit	2,218,060
	$ 3,119,779

Interest income related to investments for the year ended September 30, 2009 was $73,671.

5. Property and Equipment:

Cost and accumulated depreciation as of September 30, 2009 are summarized as follows:

Land	$ 1,113,000
Building	16,838,442
Donor Memorial	1,700,212
Computer hardware	6,423,194
OPTN System	2,362,882
Furniture and other equipment	3,027,579
Leasehold improvements	23,365
Other fixed assets	1,304,808
	32,793,482
Less accumulated depreciation	(12,670,675)
Property and equipment, net	$ 20,122,807

Depreciation expense related to property and equipment for the year ended September 30, 2009 was $1,640,719.

6. Accounts Payable and Other Accrued Expenses:

As of September 30, 2009, accounts payable and other accrued expenses consist of the following:

Trade	$294,319
Accrued operating expenses	619,530
Accrued benefit contributions	161,005
Accrued compensation absences	1,275,248
Other	682,626
	$ 3,032,728

7. Lines of Credit:

UNOS has available a revolving line of credit up to $1,000,000 with an interest rate of LIBOR plus 2.4% (2.65% at September 30, 2009). The line of credit calls for monthly payments of accrued interest only. The line of credit expires on April 30, 2010. There were no outstanding borrowings on the line of credit at September 30, 2009.

8. Long-Term Debt:

Bonds payable and long-term obligations as of September 30, 2009 consist of the following amounts:

Revenue bonds, dated April 1, 2002, and issued in the original amount of $12,000,000	$ 10,135,000
Less current maturities	(415,000)
	$ 9,720,000

In 2002, UNOS completed the sale of $12,000,000 Revenue Bonds (the “2002 Bonds”), the proceeds from which, with the funds received from the Capital Campaign, were used for the construction of UNOS’ new corporate headquarters facility in Richmond, Virginia. Principal payments are due on April 1 of each year, beginning in 2005, through April 1, 2027. Management is reserving cash to meet the required principal and interest payment deadlines.

Interest is payable on the 2002 Bonds on the first day of each month. Interest rates were initially determined on the 2002 Bonds based on a weekly rate as determined by the bank serving as agent for the bond issuance. UNOS has the option to convert the rate to a term rate, as defined, for two or more semiannual periods, which is determined by the bank such that there is no premium or discount on conversion. UNOS also has the option to convert the rate to a fixed rate to maturity, as defined, which is determined by the bank, provided that there is no discount or premium on conversion. At no time may the interest rate exceed 12%. The applicable interest rate as of September 30, 2009 was 0.39%. The 2002 Bonds are collateralized by the land, building and all improvements.

Future maturities of payments on bonds payable are as follows:

Year ending September 30:	
2010	$ 415,000
2011	415,000
2012	430,000
2013	445,000
2014	460,000
Thereafter	7,970,000
	10,135,000
Less current maturities	(415,000)
	$ 9,720,000

UNOS incurred approximately $269,000 of interest expense for the year ended September 30, 2009. Certain of UNOS’ debt agreements contain restrictive covenants, including the requirement to maintain a minimum debt service coverage ratio and a minimum level of unrestricted liquidity. As of September 30, 2009, UNOS was in compliance with those covenants.

8. Long-Term Debt, Continued:

UNOS entered into an interest rate swap agreement in February 2006. As of September 30, 2009, the notional amount was $5,067,500. Under this swap agreement expiring on April 1, 2017, UNOS pays a fixed rate of 3.96% and receives a variable rate of the MMA Municipal Swap Index (.39% on September 30, 2009). The change in the fair value of the interest rate swap is recognized as a yield adjustment. For the year ended September 30, 2009, $265,049 is included for the loss in the fair value of the interest rate swap in the accompanying consolidated statement of activities and $449,908 is included in accounts payable and other accrued expenses in the accompanying consolidated statement of financial position to reflect the fair value of the interest rate swap.

9. Fair Value Measurements:

The Organization has adopted for 2009 certain provisions of the Financial Accounting Standards Board guidance on fair value measurements. This guidance establishes a framework for measuring fair value, clarifies the definition of fair value within that framework and expands disclosure requirements regarding the use of fair value measurements.

This guidance establishes a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets or liabilities fall within different levels of the hierarchy, the classification is based on the lowest level that is significant to the fair value measurement of the asset or liability. Classification of assets and liabilities within the hierarchy considers the market in which the assets or liabilities are traded and the reliability and transparency of the assumptions used to determine fair value. The hierarchy requires the use of observable market data when available. The levels of the hierarchy are defined as follows:

Level 1 – Unadjusted quoted prices that are available in active markets for the identical assets or liabilities at the measurement date.

Level 2 – Other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly, including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by other observable market data.

The fair values of the Organization's corporate bonds, notes, and certificates of deposit were determined to be Level 2 based on quoted prices for similar assets. The fair value of the Organization's interest rate swap (see Note 8) was determined on a Level 2 basis, based on values currently available for derivative instruments with similar terms and maturities.

9. Fair Value Measurements, Continued:

Level 3 – Unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions.

Assets measured at fair value on a recurring basis at September 30, 2009, include the following:

	Fair Value Using			Balance
	Level 1	Level 2	Level 3	at Fair Value
Assets:				
Investments:				
Corporate notes and bonds	$ -	$ 210,525	$ -	$ 210,525
Certificates of deposit	-	2,909,254	-	2,909,254
	-	3,119,779	-	3,119,779
Liabilities:				
Interest rate swap	$ -	$ 449,908	$ -	$ 449,908

10. Employee Benefit Plans:

Retirement benefits for all full-time employees are provided through a qualified defined contribution pension plan. Under the terms of the plan, all employees of UNOS who have completed 1,000 hours of continuous employment earn a year of vesting for plan purposes. All UNOS employees are eligible for participation coincident with employment. UNOS contributed an amount equal to four percent of each participant's compensation and matched participant deferrals dollar for dollar up to six percent of employee compensation for the year ended September 30, 2009. Employees become fully vested after six years of vesting service, as defined in the plan. Forfeitures serve to reduce the total contribution required of UNOS. Contributions made by UNOS for the year ended September 30, 2009 amounted to approximately $1,776,000.

UNOS has a deferred compensation agreement providing for payments to its current executive director at retirement. Expenses relating to these agreements amounted to approximately $34,000 for the year ended September 30, 2009. Other liabilities as of September 30, 2009 included approximately $266,000 relating to this agreement.

11. Operating Leases:

UNOS leases certain office equipment under non-cancelable operating leases. Equipment lease expense was approximately $185,000 for the year ended September 30, 2009. Scheduled future minimum lease payments under the remaining portion of non-cancelable operating leases are as follows:

Year ending September 30:		
2010	$	149,316
2011		149,316
2012		149,316
2013		149,316
2014		149,316
	$	746,580

12. Related-Party Transactions:

The Coalition on Donation, dba Donate Life America ("Donate Life"), is a separate legal entity founded to raise awareness about organ donation. Donate Life has a separate and independent Board of Directors. UNOS incurs some operating expenses on behalf of Donate Life and then requests to be reimbursed. Included in accounts receivable is approximately $19,000 as of September 30, 2009 due from Donate Life related to unreimbursed operating expenses.

13. Contingencies:

DHHS and the General Accounting Office ("GAO") are entitled to review the accounting and other records of UNOS. DHHS is primarily responsible for determining the acceptability of estimated or incurred costs as allowable contract costs under the OPTN contract. GAO is responsible for determining that procurement actions are made in conformity with applicable laws and regulations. Management is of the opinion that UNOS is in compliance with applicable provisions of the OPTN contract.

UNOS, in the ordinary course of its business to provide for the fair and equitable distribution of donated organs, is sometimes named as a defendant in litigation involving claims related to its operation of the OPTN. While it is UNOS' policy to handle all claims promptly, efficiently, fairly, and in accordance with the provisions of the OPTN contract and applicable laws, UNOS may be subjected to a plaintiff's allegations seeking damages. On the basis of information provided by in-house and external counsel and others, UNOS believes there are no contingencies that will materially affect the consolidated financial statements.

UNOS maintains medical, professional and general liability coverage under various insurance policies.

UNITED NETWORK FOR ORGAN SHARING AND UNOS FOUNDATION

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2009

Federal Grantor	Identifying Number (CFDA Number Not Available)	Federal Expenditures
DHHS- Health Resources and Services Administration	Organ Procurement and Transplantation Network (93.231-00-0115)	$ 1,785,503
DHHS- Centers for Disease Control	Network for Detecting Emerging Infections among Allocraft Donors and Recipients (93.283)	43,489
		$ 1,828,992

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the United Network for Organ Sharing ("UNOS") and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic consolidated financial statements.

2. Subrecipients:

There were no amounts of federal expenditures presented in the schedule that were provided to subrecipients.

See report of independent accountants.

REPORT OF INDEPENDENT ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of the
United Network for Organ Sharing:

We have audited the consolidated financial statements of the United Network for Organ Sharing and its subsidiary, the UNOS Foundation, (collectively, the "Organization") as of and for the year ended September 30, 2009, and have issued our report thereon dated January 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis of designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organization's consolidated financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the consolidated financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free of material misstatement, we performed tests of the Organization's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that were reported to management of the Organization in a separate letter dated January 29, 2010.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Keith, Stephens, Hurst, Gary & Shreaves, P.C.

January 29, 2010
Glen Allen, Virginia

KEITER STEPHENS

REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of the
United Network for Organ Sharing:

Compliance

We have audited the compliance of the United Network for Organ Sharing and its subsidiary, the UNOS Foundation, (collectively, the "Organization") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. The Organization's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

Internal Control Over Compliance

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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A control deficiency in an Organization's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Organization's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Organization's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Organization's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Keith, Stephens, Hurst, Gary & Shreaves, P.C.

January 29, 2010
Glen Allen, Virginia

UNITED NETWORK FOR ORGAN SHARING AND UNOS FOUNDATION

Summary Schedule of Prior Audit Findings
Year Ended September 30, 2009

Not Applicable

UNITED NETWORK FOR ORGAN SHARING AND UNOS FOUNDATION

Schedule of Findings and Questioned Costs
Year Ended September 30, 2009

A. SUMMARY OF AUDIT RESULTS:

(1) Unqualified opinion on the basic consolidated financial statements.

(2) No material weaknesses or significant deficiencies in internal control were disclosed during the audit.

(3) No noncompliance which is material to the consolidated financial statements was disclosed by the audit.

(4) No material weaknesses or significant deficiencies relating to the audit of the major federal award programs were disclosed by the audit.

(5) Unqualified opinion on compliance for major programs.

(6) No audit findings were disclosed by the audit.

(7) Major Programs:

Department of Health and Human Services
93.231-00-0115 Organ Procurement and Transplantation Network

(8) The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

(9) The auditee did qualify as a low risk auditee.

B. FINDINGS RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS:

None

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

None

UNITED NETWORK FOR ORGAN SHARING AND UNOS FOUNDATION

Corrective Action Plan
Year Ended September 30, 2009

Not Applicable