

CEREBRAL PALSY FOUNDATION, INC.

FINANCIAL STATEMENTS
September 30, 2017 and 2016

CEREBRAL PALSY FOUNDATION, INC.
New York, New York

FINANCIAL STATEMENTS
September 30, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Cerebral Palsy Foundation, Inc.
New York, New York

We have audited the accompanying financial statements of the Cerebral Palsy Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of September 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cerebral Palsy Foundation, Inc. as of September 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Crowe LLP
Crowe LLP

New York, New York
August 13, 2018

CEREBRAL PALSY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 1,425,760	\$ 2,122,343
Endowment invested in cash equivalents	179,400	179,400
Total cash and cash equivalents	1,605,160	2,301,743
Contributions receivable less allowance for doubtful accounts of \$0 in 2017 and 2016	65,000	71,900
Prepaid expenses and other assets	26,250	28,250
Investments	544	544
Beneficial interest in trusts held by third-parties	591,395	551,967
Fixed assets, net of accumulated depreciation	25,563	7,596
 Total assets	 \$ 2,313,912	 \$ 2,962,000
 LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 25,552	\$ 223,880
 Total liabilities	 25,552	 223,880
 Commitments		
 Net Assets		
Unrestricted	1,166,278	1,578,808
Temporarily restricted	351,287	427,945
Permanently restricted	770,795	731,367
 Total net assets	 2,288,360	 2,738,120
 Total liabilities and net assets	 \$ 2,313,912	 \$ 2,962,000

See accompanying notes to financial statements.

CEREBRAL PALSY FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
Years ended September 30, 2017 and 2016

	2017				2016			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating Activities								
Revenues and other support								
Contributions	\$ 899,065	\$ 110,000	\$ -	\$ 1,009,065	\$ 1,338,378	\$ -	\$ -	\$ 1,338,378
Contributions In-Kind	-	-	-	-	3,959,873	-	-	3,959,873
Special event revenue, net related expenses of \$317,158 and \$135,691, respectively	309,101	-	-	309,101	440,651	-	-	440,651
Investment income	1,611	-	-	1,611	5,664	-	-	5,664
Unrealized gain (loss) on investments	-	-	-	-	(817)	-	-	(817)
Net assets released from restrictions	186,658	(186,658)	-	-	140,000	(140,000)	-	-
Total revenues and other support	<u>1,396,435</u>	<u>(76,658)</u>	<u>-</u>	<u>1,319,777</u>	<u>5,883,749</u>	<u>(140,000)</u>	<u>-</u>	<u>5,743,749</u>
Expenses								
Program services								
Grants	222,843	-	-	222,843	1,011,781	-	-	1,011,781
Public service announcements	-	-	-	-	3,959,873	-	-	3,959,873
Other program expenses	690,690	-	-	690,690	1,014,615	-	-	1,014,615
Total program services	<u>913,533</u>	<u>-</u>	<u>-</u>	<u>913,533</u>	<u>5,986,269</u>	<u>-</u>	<u>-</u>	<u>5,986,269</u>
Management and general	393,407	-	-	393,407	326,367	-	-	326,367
Fundraising	502,025	-	-	502,025	129,206	-	-	129,206
Total expenses	<u>1,808,965</u>	<u>-</u>	<u>-</u>	<u>1,808,965</u>	<u>6,441,842</u>	<u>-</u>	<u>-</u>	<u>6,441,842</u>
Changes in net assets from operations	(412,530)	(76,658)	-	(489,188)	(558,093)	(140,000)	-	(698,093)
Non-Operating Activities								
Change in fair value of beneficial interest in trusts held by third-parties	-	-	39,428	39,428	-	-	20,299	20,299
Changes in net assets	(412,530)	(76,658)	39,428	(449,760)	(558,093)	(140,000)	20,299	(677,794)
Net assets, beginning of year	<u>1,578,808</u>	<u>427,945</u>	<u>731,367</u>	<u>2,738,120</u>	<u>2,136,901</u>	<u>567,945</u>	<u>711,068</u>	<u>3,415,914</u>
Net assets, end of year	<u>\$ 1,166,278</u>	<u>\$ 351,287</u>	<u>\$ 770,795</u>	<u>\$ 2,288,360</u>	<u>\$ 1,578,808</u>	<u>\$ 427,945</u>	<u>\$ 731,367</u>	<u>\$ 2,738,120</u>

See accompanying notes to financial statements.

CEREBRAL PALSY FOUNDATION, INC.
 STATEMENTS OF CASH FLOWS
 Years ended September 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Changes in net assets	\$ (449,760)	\$ (677,794)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	5,257	2,934
Unrealized/realized gain (loss) on investments	-	817
Change in fair value of beneficial interest in trusts held by third parties	(39,428)	(20,299)
Changes in operating assets and liabilities		
Contribution receivables	6,900	237,627
Prepaid expenses and other assets	2,000	1,000
Accounts payable and accrued expenses	(198,328)	209,040
	<u>(673,359)</u>	<u>(246,675)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Sale of investments	-	10,265
Purchase of fixed assets	(23,224)	-
	<u>(23,224)</u>	<u>10,265</u>
Net cash (used in) provided by investing activities		
Net decrease in cash and cash equivalents	(696,583)	(236,410)
Cash and cash equivalents, beginning of year	<u>2,301,743</u>	<u>2,538,153</u>
Cash and cash equivalents, end of year	<u>\$ 1,605,160</u>	<u>\$ 2,301,743</u>
Non cash operating activities		
Contributions In-Kind	\$ 56,700	\$ 3,959,873

See accompanying notes to financial statements.

CEREBRAL PALSY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

NOTE 1 - ORGANIZATION

Established in 1955, the Cerebral Palsy Foundation, Inc. (the "Foundation"), formerly known as the United Cerebral Palsy Research and Educational Foundation, Inc., supports a broad program of research on the causes and prevention of cerebral palsy and other disabilities, and on improving the quality of life of persons with cerebral palsy and other disabilities. The Foundation also makes training awards to augment the pool of scientific and clinical personnel (i.e. investigators, physicians, and bioengineers) in areas relevant to cerebral palsy and other related brain disorders. In addition, the Foundation organizes and sponsors scientific workshops that bring together the world's best minds to focus on cerebral palsy and related brain disorders research priorities.

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Foundation is also classified as a publicly supported charitable organization under Section 509(a)(1) of the IRC.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting.

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

Unrestricted net assets - include funds that are not subject to donor-imposed restrictions, and may be expended for any purpose in performing the primary objectives of the Foundation. Unrestricted net assets may also include those net assets which have been designated by the Board of Directors for specific purposes.

Temporarily restricted net assets - include funds subject to donor-imposed restrictions that will be met either by actions of the Foundation and/or the passage of time. As such restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the statement of activities as net assets released from restrictions.

Permanently restricted net assets - include funds subject to donor-imposed restrictions, which stipulate that the corpus be maintained in perpetuity by the Foundation, but permit the Foundation to expend part or all of the income and gains derived therefrom. Earnings on permanently restricted net assets are used to support the Foundation's general operations.

Contributions with donor stipulations that limit the use of the donated assets are reported as either temporarily or permanently restricted net assets. Contributions that are permanently restricted by donors for use as endowments are invested in perpetuity. The income generated by endowments is used for operating purposes or when expenditures satisfy donors' restrictions and such amounts are appropriated for expenditure by the Foundation's Board of Directors in accordance with the provisions of the New York State Prudent Management of Institutional Funds Act ("NYPMIFA") (see also Note 6). Income amounts that exceed related expenditures and appropriations during a fiscal year remain as part of temporarily restricted net assets. Unconditional promises to give, with payments due in future years, are reported as either temporarily restricted or permanently restricted net assets. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions on the statement of activities.

(Continued)

CEREBRAL PALSY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Equivalents: The Foundation considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. At September 30, 2017 and 2016, cash equivalents consist of money market funds.

Endowment invested in cash equivalents: Endowment invested in cash equivalents consists of donations to the Foundation's endowment that are invested in money market funds that are cash equivalents.

Fixed Assets: Fixed assets consists of furniture and equipment and are stated at cost, less accumulated depreciation. The Foundation capitalizes fixed assets acquired greater than \$1,000 with useful lives greater than one year. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of assets (5 years).

Investments: Investments in equity and debt securities are reported at fair value determined on the basis of quoted market values with gains and losses (if any) presented in the statement of activities. Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are determined based on average cost method and are recorded in the statement of activities in the period in which the securities are sold. Dividends and interest are recognized as earned.

Beneficial Interest in Trusts Held by Third-Parties: The Foundation is the beneficiary of the income of two perpetual trusts that it does not administer. A trustee, who is independent of the Foundation, administers the investments of each trust and distributions are made to the Foundation in accordance with the respective trust agreement. Under the terms of these trusts, the Foundation has an irrevocable right to receive all or a portion of the income earned on the trust assets in perpetuity. The Foundation does not control the assets held by the outside trusts and will not receive the assets held in the trust. The Foundation measures its beneficial interest in trusts held by third-parties based upon its beneficial interest in the fair value of the underlying investments held by the trust which management believes approximates the fair value of expected future cash flows to be received by the Foundation. These trusts are invested in cash and cash equivalents, fixed income funds, mutual funds, convertible securities and equities which are exchange traded. The fair value of the Foundation's beneficial interest is adjusted for changes in fair value of the underlying investments or the changes to the Foundation's beneficial interest. Unrealized gains/(losses) on the Foundation's beneficial interest in trusts held by third-parties for the years ended September 30, 2017 and 2016 totaled \$39,428 and \$20,299 respectively, and are classified as permanently restricted support on the accompanying statements of activities. Income earned on these trusts is paid quarterly and is classified as unrestricted interest income on the statement of activities. The Foundation received income distributions of \$22,497 and \$19,609 for the years ended September 30, 2017 and 2016, respectively.

Special Events: Revenue and expenses incurred relative to special events are recognized upon occurrence of the respective event. Gross revenues from the special events held during fiscal 2017 totaled \$626,259 of which \$317,158 of expenses were incurred for the event associated with providing direct benefits to donors (e.g., meals and entertainment) and as such, have not been included as part of fundraising costs on the accompanying 2017 statement of activities. For fiscal year 2016 gross revenue totaled \$576,342, of which \$135,691 of expenses were incurred for the event associated with providing direct benefits to donors.

Contributions: Contributions, including unconditional promises to give, are reported as revenues in the period received or pledged. Contributions to be received after one year are discounted using an appropriate rate which articulates with the collection period of the respective pledge. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. At September 30, 2017 and 2016, the Foundation's contribution receivables are due within one year.

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CEREBRAL PALSY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

An allowance is recorded for estimated uncollectible contributions based on management's review of individual accounts. As of September 30, 2017 and 2016, no reserve was deemed necessary. Contributions of assets, other than cash, including goods and services, are recorded at their estimated fair value at the date of contribution.

In-Kind Contributions: During the year ended September 30, 2017, various corporations donated \$56,700 in items used as gifts provided to attendees of the Design for Disabilities Gala. In addition, during the year ended September 30, 2016, various media outlets contributed air time to run the Foundation's Just Say HI campaign at no charge. The Foundation records the estimated fair values of the advertisements donated based on the value a third party would pay for similar advertisements during the air time which is considered a significant estimate. The Foundation reports the amounts as in-kind contribution revenue and program expense in the period in which the advertisements are run. During the year ended September 30, 2016 the Foundation recognized as in-kind contributions and advertising expense \$3,725,873 from one national broadcaster and their affiliate stations, and \$210,000 from a New York City media organization.

Research and Training Grants: The Foundation records appropriations for grants as an expense and liability, after unconditional approval by the Foundation's Board of Directors and the respective grantee is notified, on an annual basis, based upon recommendation of the Foundation's subcommittees and the availability of funds. All grant commitments approved during fiscal 2017 and 2016 were paid in full by the Foundation as of September 30, 2017 and 2016, respectively. At September 30, 2017 and 2016, the Foundation's Board of Directors conditionally approved certain priority grants totaling approximately \$0 and \$100,000 respectively, to be paid in future years. Accordingly, the Foundation will assess the availability of its funds and the respective grantee's achievement toward stipulated research goals before making these grants unconditional and before consideration of additional grants. These conditional grants have not been reflected on the 2017 and 2016 accompanying financial statements due to their conditional nature. The 2016 conditional grant was subsequently paid and expensed in fiscal year 2017.

Concentration of Credit Risks: Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist principally of cash and cash equivalents and contributions receivable. The Foundation has exposure to credit risk to the extent that its cash and cash equivalents exceed amounts covered by the Federal Deposit Insurance Corporation limitation (\$250,000 for each of the years ended September 30, 2017 and 2016). The Foundation maintains its cash and cash equivalents on deposit with one high credit quality financial institution that, at times, may exceed these federally insured limits. Contributions receivable include one pledge totaling 85% and 58% of the total balance at September 30, 2017 and 2016, respectively. The Foundation has not experienced, nor does it anticipate, any losses with respect to such accounts.

Income Taxes: The Foundation follows guidance that establishes criterion that an individual tax position must meet for some or all of the benefits of that position to be recognized in an entity's financial statements. This standard requires the Foundation to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The Foundation has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; determine its filing and tax obligations in jurisdictions for which it has nexus; and, to review other matters that may be considered tax positions. As of September 30, 2017, and 2016, management does not believe the Foundation has any material uncertain tax positions.

Fair Value of Financial Instruments: At September 30, 2017 and 2016, the carrying value of cash and cash equivalents, prepaid expenses and other assets and accounts payable and accrued expenses represent a reasonable estimate of their fair value due to their short-term nature or relative market liquidity. The carrying amounts of the Foundation's investments approximate fair value. The carrying value of contributions receivable is estimated based on the present value of expected future cash flows, and thus approximates fair value. The fair value of beneficial interests in trusts held by third-parties is approximated by the Foundation's share of the fair value of the assets held by the trust as of the reporting date.

(Continued)

CEREBRAL PALSY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates: The preparation of 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, disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Operating Indicator: The accompanying statements of activities distinguish between operating and non-operating activities. The change in fair value of beneficial interest in trusts held by third-parties and nonrecurring items are recorded below the operating indicator on the accompanying statements of activities.

Reclassifications: Certain prior year amounts have been reclassified to conform to the current year's presentation with no changes to total net assets at September 30, 2016 or to the change in net assets for the year then ended.

Subsequent Events: The Foundation evaluated its September 30, 2017 financial statements for subsequent events through August 13, 2018, the date the financial statements were available to be issued. The Foundation received a \$1,000,000 contribution during the subsequent fiscal year, which will end September 30, 2018. The Foundation projects ending the fiscal year with a surplus. The Foundation is not aware of any other material subsequent events which would require recognition or disclosure in the accompanying financial statements.

NOTE 3 - FAIR VALUE MEASUREMENTS

The Foundation follows guidance which defines fair value 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 at the measurement date.

This guidance establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. Observable inputs reflect assumptions market participants would use in pricing the respective asset or liability developed from sources independent of the reporting entity; and unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the respective asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on inputs as follows:

Level 1 - Quoted market prices for identical assets or liabilities to which an entity has access to at 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 2 - 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 includes 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 3 - 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.

(Continued)

CEREBRAL PALSY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

The Foundation has segregated financial assets that are measured at fair value into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at September 30, 2017 and 2016:

	2017			
	Level 1	Level 2	Level 3	Total
Investments				
Equities	\$ 544	\$ -	\$ -	\$ 544
Split-interest agreements				
Beneficial interest in trusts held by third-parties	-	-	591,395	591,395
Total fair value measurements	\$ 544	\$ -	\$ 591,395	\$ 591,939
	2016			
	Level 1	Level 2	Level 3	Total
Investments				
Equities	\$ 544	\$ -	\$ -	\$ 544
Split-interest agreements				
Beneficial interest in trusts held by third-parties	-	-	551,967	551,967
Total fair value measurements	\$ 544	\$ -	\$ 551,967	\$ 552,511

The following is a reconciliation of Level 3 assets for the years ended September 30, 2017 and 2016:

	2017	2016
Balance, beginning of year	\$ 551,967	\$ 531,668
Unrealized gain (loss)	39,428	20,299
Balance, end of year	\$ 591,395	\$ 551,967

The fair value of beneficial interest in perpetual trusts is determined using the market approach. The corpus of these trusts will be held in perpetuity and only an annual distribution of investment returns is available to the Foundation. The fair value of the beneficial interest in the perpetual trusts is determined based on the beneficial interest in the fair value of the underlying investments held by the third-party trusts which management believes approximates the fair value of expected future cash flows to be received by the Foundation. (Level 3 inputs)

(Continued)

CEREBRAL PALSY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

NOTE 4 - FIXED ASSETS, NET

Fixed assets, net, at September 30, 2017 and 2016, consist of the following:

	<u>2017</u>	<u>2016</u>
Equipment	\$ 40,570	\$ 17,346
Computer software	<u>1,299</u>	<u>1,299</u>
	41,869	18,645
Less accumulated depreciation and amortization	<u>(16,306)</u>	<u>(11,049)</u>
Balance, end of year	<u>\$ 25,563</u>	<u>\$ 7,596</u>

Depreciation and amortization expense totaled \$5,257 and \$2,934 for the years ended September 30, 2017 and 2016, respectively.

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

At September 30, 2017 and 2016, temporarily restricted net assets are restricted for the following special programs:

	<u>2017</u>	<u>2016</u>
Harvard Medical and other research funds	\$ 241,287	\$ 241,287
Early Detection UCLA	110,000	-
Electro Stimulation	-	51,658
Media Project	<u>-</u>	<u>135,000</u>
Total temporarily restricted net assets	<u>\$ 351,287</u>	<u>\$ 427,945</u>

During the years ended September 30, 2017 and 2016, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes and/or by occurrence of other events specified by the donors as follows:

	<u>2017</u>	<u>2016</u>
Harvard Medical and other research funds	\$ -	\$ 140,000
Electro Stimulation	51,658	-
Media Project	<u>135,000</u>	<u>-</u>
Total net assets released from restrictions	<u>\$ 186,658</u>	<u>\$ 140,000</u>

(Continued)

CEREBRAL PALSY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

NOTE 6 - ENDOWMENT FUNDS

The Foundation adopted New York State's version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") or ("NYPMIFA") during the year ended September 30, 2010 and classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument.

In making a determination to appropriate or accumulate, the Foundation considers the following factors:

- (1) the duration and preservation of the endowment fund; (2) the purposes of the Foundation and its endowment fund; (3) general economic conditions; (4) the possible effect of inflation or deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of the Foundation; (7) the investment policy of the Foundation; and, (8) where appropriate, alternatives to spending from donor-restricted endowment funds and the possible effects on the Foundation.

The Foundation has adopted investment management and spending policies for its endowment fund that attempt to provide financial stability for the endowment in perpetuity. The Foundation's ability to tolerate risk and volatility is consistent with that of a conservative portfolio, with investments made in certificates of deposit with well-respected creditworthy financial institutions. Asset allocations are developed in accordance with this long-term, conservative strategy.

The Foundation excludes its beneficial interest in trusts held by third-parties from its endowment.

The following details endowment net asset composition by type of fund as of September 30, 2017 and 2016:

	2017			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 179,400	\$ 179,400
Total fair value measurements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179,400</u>	<u>\$ 179,400</u>
	2016			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 179,400	\$ 179,400
Total fair value measurements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179,400</u>	<u>\$ 179,400</u>

(Continued)

CEREBRAL PALSY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

NOTE 6 - ENDOWMENT FUNDS (Continued)

The following details the changes in endowment net assets for the years ended September 30, 2017 and 2016:

	2017		2016	
	Temporarily Restricted	Permanently Restricted	Temporarily Restricted	Permanently Restricted
Endowment net assets, beginning of year	\$ -	\$ 179,400	\$ -	\$ 179,400
Investment return				
Interest income	141	-	420	-
Total investment return	141	-	420	-
Amounts appropriated for expenditure	(141)	-	(420)	-
Total fair value measurements	\$ -	\$ 179,400	\$ -	\$ 179,400

NOTE 7 - COMMITMENTS

The Foundation maintains an employment agreement for a certain key employee that expires January 2019. Total amounts remaining to be paid under the agreement is \$343,750 as of September 30, 2017.

The Foundation has an operating lease for its office space in New York through June 30, 2019. Total rent expense related to these lease agreements for the years ended September 30, 2017 and 2016 totaled approximately \$102,787 and \$120,000, respectively.

At September 30, 2017, minimum rental commitments due under non-cancelable operating leases for office space are as follows:

<u>Year ending September 30</u>	<u>Amount</u>
2018	\$ 122,550
2019	112,500
	\$ 235,050

NOTE 8 - RETIREMENT PLAN

The Foundation sponsors a 401(k) plan for its employees, whereby the Foundation deposits to each eligible employee's 401(k) account an amount equal to the employee's 401(k) contribution up to a maximum of 2 percent of the employee's annual salary, and an additional Safe Harbor Contribution of 3 percent of the employee's annual salary. Full-time employees who have at least six months of service with the Foundation are eligible for the 2 percent employer match and 3 percent Safe Harbor Contribution. Total pension expense under this plan for the years ended September 30, 2017 and 2016 totaled \$23,517 and \$24,087, respectively.
