

CEREBRAL PALSY FOUNDATION, INC.

FINANCIAL STATEMENTS

September 30, 2018 and 2017

CEREBRAL PALSY FOUNDATION, INC.
New York, New York

FINANCIAL STATEMENTS
September 30, 2018 and 2017

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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, 2018 and 2017, 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, 2018 and 2017, 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

New York, New York
July 8, 2019

CEREBRAL PALSY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 1,662,536	\$ 1,425,760
Endowment invested in cash equivalents	<u>179,400</u>	<u>179,400</u>
Total cash and cash equivalents	1,841,936	1,605,160
Contributions receivable less allowance for doubtful accounts of \$0 in 2018 and 2017	113,096	65,000
Prepaid expenses and other assets	18,750	26,250
Investments	-	544
Beneficial interest in trusts held by third-parties	608,933	591,395
Fixed assets, net of accumulated depreciation	<u>24,563</u>	<u>25,563</u>
 Total assets	 <u>\$ 2,607,278</u>	 <u>\$ 2,313,912</u>
 LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 114,420	\$ 25,552
Grants payable	<u>77,138</u>	<u>-</u>
 Total liabilities	 <u>191,558</u>	 <u>25,552</u>
 Net Assets		
Unrestricted	622,851	1,166,278
Temporarily restricted	1,004,536	351,287
Permanently restricted	<u>788,333</u>	<u>770,795</u>
 Total net assets	 <u>2,415,720</u>	 <u>2,288,360</u>
 Total liabilities and net assets	 <u>\$ 2,607,278</u>	 <u>\$ 2,313,912</u>

See accompanying notes to financial statements.

CEREBRAL PALSY FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
Years ended September 30, 2018 and 2017

	2018				2017			
	<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	\$ 894,251	\$ 1,205,760	\$ -	\$ 2,100,011	\$ 899,065	\$ 110,000	\$ -	\$ 1,009,065
Program service fees	97,120	-	-	97,120	-	-	-	-
Contributions in-kind	126,229	-	-	126,229	56,700	-	-	56,700
Special event revenue, net related expenses of \$200,563 and \$317,158, respectively	525,511	-	-	525,511	252,401	-	-	252,401
Investment income	5,350	-	-	5,350	1,611	-	-	1,611
Realized loss on investments	(68,923)	-	-	(68,923)	-	-	-	-
Net assets released from restrictions	552,511	(552,511)	-	-	186,658	(186,658)	-	-
Total revenues and other support	<u>2,132,049</u>	<u>653,249</u>	<u>-</u>	<u>2,785,298</u>	<u>1,396,435</u>	<u>(76,658)</u>	<u>-</u>	<u>1,319,777</u>
Expenses								
Program services								
Grants	433,033	-	-	433,033	222,843	-	-	222,843
Other program expenses	<u>1,562,032</u>	<u>-</u>	<u>-</u>	<u>1,562,032</u>	<u>837,792</u>	<u>-</u>	<u>-</u>	<u>837,792</u>
Total program services	1,995,065	-	-	1,995,065	1,060,635	-	-	1,060,635
Management and general	261,400	-	-	261,400	414,359	-	-	414,359
Fundraising	<u>419,011</u>	<u>-</u>	<u>-</u>	<u>419,011</u>	<u>333,971</u>	<u>-</u>	<u>-</u>	<u>333,971</u>
Total expenses	<u>2,675,476</u>	<u>-</u>	<u>-</u>	<u>2,675,476</u>	<u>1,808,965</u>	<u>-</u>	<u>-</u>	<u>1,808,965</u>
Changes in net assets from operations	(543,427)	653,249	-	109,822	(412,530)	(76,658)	-	(489,188)
Non-Operating Activities								
Change in fair value of beneficial interest in trusts held by third-parties	<u>-</u>	<u>-</u>	<u>17,538</u>	<u>17,538</u>	<u>-</u>	<u>-</u>	<u>39,428</u>	<u>39,428</u>
Changes in net assets	(543,427)	653,249	17,538	127,360	(412,530)	(76,658)	39,428	(449,760)
Net assets, beginning 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>
Net assets, end of year	<u>\$ 622,851</u>	<u>\$ 1,004,536</u>	<u>\$ 788,333</u>	<u>\$ 2,415,720</u>	<u>\$ 1,166,278</u>	<u>\$ 351,287</u>	<u>\$ 770,795</u>	<u>\$ 2,288,360</u>

See accompanying notes to financial statements.

CEREBRAL PALSY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
Years ended September 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Changes in net assets	\$ 127,360	\$ (449,760)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	4,336	5,257
Realized loss on investments	68,923	-
Donated stock	(1,001,409)	-
Change in fair value of beneficial interest in trusts held by third parties	(17,538)	(39,428)
Changes in operating assets and liabilities		
Contributions receivable	(48,096)	6,900
Prepaid expenses and other assets	7,500	2,000
Accounts payable and accrued expenses	88,868	(198,328)
Grants payable	77,138	-
Net cash used in operating activities	<u>(692,918)</u>	<u>(673,359)</u>
Cash flows from investing activities		
Purchase of fixed assets	(3,336)	(23,224)
Sales of securities	933,030	-
Net cash provided by (used in) investing activities	<u>929,694</u>	<u>(23,224)</u>
Net increase (decrease) in cash and cash equivalents	236,776	(696,583)
Cash and cash equivalents, beginning of year	<u>1,605,160</u>	<u>2,301,743</u>
Cash and cash equivalents, end of year	<u>\$ 1,841,936</u>	<u>\$ 1,605,160</u>
Non cash operating activities		
Contributions in-kind	\$ 126,229	\$ 56,700

See accompanying notes to financial statements.

CEREBRAL PALSY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

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 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 5). 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, 2018 and 2017

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, 2018 and 2017, 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 that 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. 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. 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, 2018 and 2017 totaled \$17,538 and \$39,428, 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 \$20,635 and \$22,497 for the years ended September 30, 2018 and 2017, 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 2018 totaled \$726,074 of which \$200,563 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 2018 statement of activities. For fiscal year 2017 gross revenue totaled \$569,559, of which \$317,158 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, 2018 and 2017, the Foundation's contribution receivables are due within one year. An allowance is recorded for estimated uncollectible contributions based on management's review of individual accounts. As of September 30, 2018 and 2017, 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.

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CEREBRAL PALSY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Contributions: Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair value at the date of donation.

During the year ended September 30, 2018, a corporation donated \$126,299 in items for the Virtual Cerebral Palsy Center and items used as gifts provided to attendees of the Design for Disabilities Gala. 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. During the year ended September 30, 2018 and 2017, the Foundation received donated stock in the amount of \$1,001,409 and \$0, respectively.

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. Grants payable that are expected to be paid in future years absent of significant future conditions are recorded as a liability. As of September 30, 2018 and 2017, grants payable were \$77,138 and \$0, respectively.

Concentration of Credit Risks: Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist principally of cash, cash equivalents and contributions. 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, 2018 and 2017). 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. The Foundation has not experienced, nor does it anticipate, any losses with respect to such accounts. Contributions receivable include one pledge totaling 88% and 85% of the total balance at September 30, 2018 and 2017, 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, 2018, and 2017, management does not believe the Foundation has any material uncertain tax positions.

Fair Value of Financial Instruments: At September 30, 2018 and 2017, 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.

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.

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CEREBRAL PALSY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2018 or to the change in net assets for the year then ended.

Subsequent Events: The Foundation evaluated its September 30, 2018 financial statements for subsequent events through July 8, 2019, the date the financial statements were available to be issued. The Foundation is not aware of any 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.

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CEREBRAL PALSY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

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, 2018 and 2017:

2018				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Split-interest agreements				
Beneficial interest in trusts held by third-parties	\$ -	\$ -	\$ 608,933	\$ 608,933
Total fair value measurements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 608,933</u>	<u>\$ 608,933</u>
2017				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Equities	\$ 544	\$ -	\$ -	\$ 544
Split-interest agreements				
Beneficial interest in trusts held by third-parties	-	-	591,395	591,395
Total fair value measurements	<u>\$ 544</u>	<u>\$ -</u>	<u>\$ 591,395</u>	<u>\$ 591,939</u>

The following is a reconciliation of Level 3 assets for the years ended September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 591,395	\$ 551,967
Unrealized gain	<u>17,538</u>	<u>39,428</u>
Balance, end of year	<u>\$ 608,933</u>	<u>\$ 591,395</u>

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 the expected future cash flows to be received by the Foundation. (Level 3 inputs)

(Continued)

CEREBRAL PALSY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

NOTE 4 - FIXED ASSETS, NET

Fixed assets, net, at September 30, 2018 and 2017, consist of the following:

	<u>2018</u>	<u>2017</u>
Equipment	\$ 43,906	\$ 40,570
Computer software	1,299	1,299
	<u>45,205</u>	<u>41,869</u>
Less accumulated depreciation and amortization	<u>(20,642)</u>	<u>(16,306)</u>
Balance, end of year	<u>\$ 24,563</u>	<u>\$ 25,563</u>

Depreciation and amortization expense totaled \$4,336 and \$5,257 for the years ended September 30, 2018 and 2017, respectively.

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

At September 30, 2018 and 2017, temporarily restricted net assets are restricted for the following special programs:

	<u>2018</u>	<u>2017</u>
The Virtual Cerebral Palsy Center	\$ 701,471	\$ -
Harvard Medical and other research funds	241,287	241,287
Early Detection UCLA	-	110,000
Employment Initiative	36,778	-
2019 Gala	<u>25,000</u>	<u>-</u>
Total temporarily restricted net assets	<u>\$ 1,004,536</u>	<u>\$ 351,287</u>

During the years ended September 30, 2018 and 2017, 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>2018</u>	<u>2017</u>
The Virtual Cerebral Palsy Center	\$ 360,289	\$ -
Early Detection UCLA	110,000	-
Employment Initiative	82,222	-
Electro Stimulation	-	51,658
Media Project	<u>-</u>	<u>135,000</u>
Total net assets released from restrictions	<u>\$ 552,511</u>	<u>\$ 186,658</u>

(Continued)

CEREBRAL PALSY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

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, 2018 and 2017:

	2018			
	<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>
	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>

(Continued)

CEREBRAL PALSY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

NOTE 6 - ENDOWMENT FUNDS (Continued)

The following details the changes in endowment net assets for the years ended September 30, 2018 and 2017:

	2018		2017	
	Temporarily Restricted	Permanently Restricted	Temporarily Restricted	Permanently Restricted
Endowment net assets, beginning of year	\$ -	\$ 179,400	\$ -	\$ 179,400
Investment return				
Interest income	467	-	141	-
Total investment return	467	-	141	-
Amounts appropriated for expenditure	(467)	-	(141)	-
Total fair value measurements	\$ -	\$ 179,400	\$ -	\$ 179,400

NOTE 7 - COMMITMENTS

The Foundation maintains an employment agreement for a certain key employee that expires in January 2019. The total amount remaining to be paid under the agreement is \$68,750 as of September 30, 2018.

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, 2018 and 2017 totaled approximately \$142,572 and \$102,787 respectively.

At September 30, 2018, minimum rental commitments due under non-cancelable operating leases for office space are as follows:

<u>Year ending September 30</u>	<u>Amount</u>
2019	\$ <u>112,500</u>

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, 2018 and 2017 totaled \$27,739 and \$23,517, respectively.