

**CEREBRAL PALSY FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

September 30, 2020 and 2019

CEREBRAL PALSY FOUNDATION, INC.  
New York, New York

FINANCIAL STATEMENTS  
September 30, 2020 and 2019

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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, 2020 and 2019, and the related statements of activities, functional expenses 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.

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(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, 2020 and 2019, 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.

### ***Emphasis of Matter***

As discussed in Note 2 to the financial statements, the Foundation has adopted Accounting Standards Update 2018-08 – Not-for-Profit Entities (Topic 958), *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.



Crowe LLP

New York, New York  
January 7, 2021

CEREBRAL PALSY FOUNDATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
September 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,260,496	\$ 1,310,192
Contributions receivable	209,960	137,562
Prepaid expenses and other assets	2,200	2,200
Beneficial interest in trusts held by third-parties	613,665	590,399
Fixed assets, net of accumulated depreciation	<u>10,620</u>	<u>16,858</u>
Total assets	<u>\$ 2,096,941</u>	<u>\$ 2,057,211</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 9,222	\$ 367,718
Net Assets		
Without donor restrictions	1,028,722	425,370
With donor restrictions	<u>1,058,997</u>	<u>1,264,123</u>
Total net assets	<u>2,087,719</u>	<u>1,689,493</u>
Total liabilities and net assets	<u>\$ 2,096,941</u>	<u>\$ 2,057,211</u>

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See accompanying notes to financial statements.

CEREBRAL PALSY FOUNDATION, INC.  
STATEMENTS OF ACTIVITIES  
Years ended September 30, 2020 and 2019

	2020			2019		
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b>Operating Activities</b>						
Revenues and other support						
Contributions	\$ 1,169,964	\$ 264,957	\$ 1,434,921	\$ 1,560,329	\$ 65,257	\$ 1,625,586
Grants	-	111,000	111,000	-	-	-
Program service fees	133,811	-	133,811	65,819	-	65,819
Contributions in-kind	204,124	-	204,124	269,213	-	269,213
Special event revenue	27,750	-	27,750	110,740	-	110,740
Investment income	3,684	-	3,684	10,807	-	10,807
Net assets released from restrictions	604,349	(604,349)	-	575,469	(575,469)	-
Total revenues and other support	<u>2,143,682</u>	<u>(228,392)</u>	<u>1,915,290</u>	<u>2,592,377</u>	<u>(510,212)</u>	<u>2,082,165</u>
Expenses						
Program services						
Grants	349,882	-	349,882	414,582	-	414,582
Other program expenses	893,767	-	893,767	1,859,457	-	1,859,457
Total program services	<u>1,243,649</u>	<u>-</u>	<u>1,243,649</u>	<u>2,274,039</u>	<u>-</u>	<u>2,274,039</u>
Supporting services						
Management and general	214,868	-	214,868	244,140	-	244,140
Fundraising	81,813	-	81,813	271,679	-	271,679
Total supporting services	<u>296,681</u>	<u>-</u>	<u>296,681</u>	<u>515,819</u>	<u>-</u>	<u>515,819</u>
Total expenses	<u>1,540,330</u>	<u>-</u>	<u>1,540,330</u>	<u>2,789,858</u>	<u>-</u>	<u>2,789,858</u>
Changes in net assets from operations	603,352	(228,392)	374,960	(197,481)	(510,212)	(707,693)
<b>Non-Operating Activities</b>						
Change in fair value of beneficial interest in trusts held by third-parties	-	23,266	23,266	-	(18,534)	(18,534)
Changes in net assets	603,352	(205,126)	398,226	(197,481)	(528,746)	(726,227)
Net assets, beginning of year	425,370	1,264,123	1,689,493	622,851	1,792,869	2,415,720
Net assets, end of year	<u>\$ 1,028,722</u>	<u>\$ 1,058,997</u>	<u>\$ 2,087,719</u>	<u>\$ 425,370</u>	<u>\$ 1,264,123</u>	<u>\$ 1,689,493</u>

See accompanying notes to financial statements.

CEREBRAL PALSY FOUNDATION, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
Years ended September 31, 2020 and 2019

	2020										
	Program Activities							Supporting Activities			
	Awareness and Advocacy	Cerebral Palsy Digital Resources	Design for Disability	Education and Employment	Healthcare Initiatives	General	Total Program	Management and General	Fundraising	Total Supporting	Total
Personnel costs	\$ 45,929	\$ 176,827	\$ 29,409	\$ 106,736	\$ 162,091	\$ 61,241	\$ 582,233	\$ 44,469	\$ 25,221	\$ 69,690	\$ 651,923
Grants	3,974	-	-	-	345,908	-	349,882	-	-	-	349,882
Events and conferences	585	2,508	92,225	251	26,779	221	122,569	388	47,774	48,162	170,731
Information technology	1,322	14,701	20,612	2,709	15,235	2,447	57,026	4,296	4,954	9,250	66,276
Professional fees	5,032	106	6,308	15,469	302	56,316	83,533	155,464	43	155,507	239,040
Occupancy	899	2,960	2,359	1,907	8,404	1,830	18,359	3,214	1,208	4,422	22,781
Travel	1,296	282	3,530	241	2,243	149	7,741	472	328	800	8,541
Office expense	502	1,198	1,609	772	3,507	741	8,329	1,866	546	2,412	10,741
Advertising and promotion	910	457	2,576	127	558	122	4,750	(1,170)	1,132	(38)	4,712
Other expenses	452	1,488	1,186	958	4,223	920	9,227	5,869	607	6,476	15,703
	<u>\$ 60,901</u>	<u>\$ 200,527</u>	<u>\$ 159,814</u>	<u>\$ 129,170</u>	<u>\$ 569,250</u>	<u>\$ 123,987</u>	<u>\$ 1,243,649</u>	<u>\$ 214,868</u>	<u>\$ 81,813</u>	<u>\$ 296,681</u>	<u>\$ 1,540,330</u>
	2019										
	Program Activities							Supporting Activities			
	Awareness and Advocacy	Cerebral Palsy Digital Resources	Design for Disability	Education and Employment	Healthcare Initiatives	General	Total Program	Management and General	Fundraising	Total Supporting	Total
Personnel costs	\$ 202	\$ 305,210	\$ 153,759	\$ 200,828	\$ 262,514	\$ 27,856	\$ 950,369	\$ 160,670	\$ 103,220	\$ 263,890	\$ 1,214,259
Grants	-	-	67,000	-	322,582	25,000	414,582	-	-	-	414,582
Events and conferences	8,854	2,075	25,219	1,544	49,180	146	87,018	20,437	711	21,148	108,166
Information technology	2,805	432,697	103,243	2,961	10,252	422	552,380	18,700	2,714	21,414	573,794
Professional fees	100	11,070	9,943	5,288	13,568	146	40,115	1,362	128,759	130,121	170,236
Occupancy	3,927	28,546	14,178	9,800	27,108	2,361	85,920	23,349	14,149	37,498	123,418
Travel	15,235	6,926	5,869	2,289	44,882	396	75,597	2,374	1,934	4,308	79,905
Office expense	1,293	7,713	3,885	2,406	7,361	609	23,267	11,755	12,999	24,754	48,021
Advertising and promotion	6,405	1,655	4,609	12,479	1,731	119	26,998	3,546	571	4,117	31,115
Other expenses	419	6,165	3,016	1,900	5,836	457	17,793	1,947	6,622	8,569	26,362
	<u>\$ 39,240</u>	<u>\$ 802,057</u>	<u>\$ 390,721</u>	<u>\$ 239,495</u>	<u>\$ 745,014</u>	<u>\$ 57,512</u>	<u>\$ 2,274,039</u>	<u>\$ 244,140</u>	<u>\$ 271,679</u>	<u>\$ 515,819</u>	<u>\$ 2,789,858</u>

See accompanying notes to financial statements.

CEREBRAL PALSY FOUNDATION, INC.  
 STATEMENTS OF CASH FLOWS  
 Years ended September 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ 398,226	\$ (726,227)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	6,238	7,705
Bad debt expense	-	12
Change in fair value of beneficial interest in trusts held by third parties	(23,266)	18,534
Changes in operating assets and liabilities		
Contributions receivable	(72,398)	(24,478)
Prepaid expenses and other assets	-	16,550
Accounts payable and accrued expenses	(358,496)	253,298
Grants payable	-	(77,138)
Net cash used in operating activities	<u>(49,696)</u>	<u>(531,744)</u>
Net decrease in cash and cash equivalents	(49,696)	(531,744)
Cash and cash equivalents, beginning of year	<u>1,310,192</u>	<u>1,841,936</u>
Cash and cash equivalents, end of year	<u>\$ 1,260,496</u>	<u>\$ 1,310,192</u>
<b>Non cash operating activities</b>		
Contributions in-kind	\$ 204,124	\$ 269,213

See accompanying notes to financial statements.



CEREBRAL PALSY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2020 and 2019

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**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 financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Foundation reports its financial position and activities according to two classes of net assets as follows:

Net assets without donor restrictions – include expendable resources that are used to carry out the Foundation's operations and are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by the Foundation or may be limited by contractual agreements with outside parties.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions that will be met either by the actions of the Foundation or through the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions.

Contributions that are 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).

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the certain amounts and disclosures. Actual results could differ from those estimates.

Cash and 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, 2020 and 2019, cash equivalents consist of money market funds.

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(Continued)

CEREBRAL PALSY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2020 and 2019

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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, 2020 and 2019). 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 24% and 66% of the total balance at September 30, 2020 and 2019, respectively. The Foundation has not experienced, nor does it anticipate, any losses with respect to such accounts.

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 are 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, 2020 and 2019 totaled \$23,266 and \$(18,534), respectively, and are classified as net assets with donor restrictions on the accompanying statements of activities. Income earned on these trusts is paid quarterly and is classified as without donor restricted interest income on the statement of activities. The Foundation received income distributions of \$29,879 and \$24,643 for the years ended September 30, 2020 and 2019, respectively.

Functional Allocation of Expenses: The costs of providing the Foundation's programs and supporting services have been summarized on a functional basis on the accompanying statements of activities. Accordingly, certain costs have been allocated between program and supporting services based principally on specific identification and employee time allocations.

Special Events: The Foundation reports special event revenues and expenses for the annual gala held during the year. Special event revenues consist of ticket sales and sponsorships and are included in special events revenue on the Statement of Activities. Revenue and expenses incurred are recognized upon occurrence of the event.

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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, 2020 and 2019, 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, 2020, and 2019, 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: Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair value at the date of donation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

During the year ended September 30, 2020 and 2019, various individuals and organizations donated services totaling \$204,124 and \$269,213, respectively to the Foundation.

Advertising: Advertising costs are expensed as incurred. Amounts charged to expense were \$4,712 and \$31,115 for the years ended September 30, 2020 and 2019, 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, 2020, and 2019, grants payable were \$0, respectively.

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, 2020, and 2019, management does not believe the Foundation has any material uncertain tax positions.

Fair Value of Financial Instruments: At September 30, 2020 and 2019, 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.

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**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.

Recently Issued Accounting Pronouncements: In June 2018, the FASB issued (ASU) 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in this Update provide a more robust framework to determine when a transaction should be accounting for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional. The Foundation applied the amendments in this ASU for the year ended September 30, 2020 using a modified prospective method of application. There were no material changes to the recognition or presentation of revenue as a result of the application of ASU 2018-08.

Coronavirus Implications: The novel strain of coronavirus surfaced and spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. In response to the pandemic and in compliance with various state and local ordinances, the Foundation has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for its people. The Foundation experienced a slight impact in its overall contributions at year end due to many special events either having to become virtual or cancelled. The operations and business results of the Foundation could be affected in the future. In addition, significant estimates as disclosed in Note 2, such as fair values of investments and the allowance for doubtful accounts, may be materially impacted by national, state and local events designed to contain the coronavirus.

In April 2020, the Foundation obtained a Paycheck Protection Program (PPP) Loan under a program offered by the United States Small Business Administration (SBA) in the amount of \$111,000. The Foundation is accounting for the PPP Loan as a conditional contribution under ASC 958-605. While formal forgiveness has not yet been obtained, the Foundation met substantially all of the conditions of the PPP and recorded grant revenue of \$111,000 during the year ended September 30, 2020. The loan program's expenditures and results are subject to review and acceptance by the SBA and, as a result of such review, adjustments could be required.

Reclassifications: Certain prior year amounts have been reclassified to conform to the current year presentation, with no effect on total net assets or the change in net assets.

Subsequent Events: The Foundation evaluated its September 30, 2020 financial statements for subsequent events through January 7, 2021, 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.

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(Continued)

CEREBRAL PALSY FOUNDATION, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2020 and 2019

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**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.

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, 2020 and 2019:

	2020			
	<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	\$ -	\$ -	\$ 613,665	\$ 613,665
Total fair value measurements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 613,665</u>	<u>\$ 613,665</u>

(Continued)

CEREBRAL PALSY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2020 and 2019

**NOTE 3 - FAIR VALUE MEASUREMENTS** (Continued)

	2019			
	Level 1	Level 2	Level 3	Total
Split-interest agreements				
Beneficial interest in trusts held by third-parties	\$ -	\$ -	\$ 590,399	\$ 590,399
Total fair value measurements	\$ -	\$ -	\$ 590,399	\$ 590,399

The following is a reconciliation of Level 3 assets for the years ended September 30, 2020 and 2019:

	2020	2019
Balance, beginning of year	\$ 590,399	\$ 608,933
Unrealized gain (loss)	23,266	(18,534)
Balance, end of year	\$ 613,665	\$ 590,399

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)

**NOTE 4 - FIXED ASSETS, NET**

Fixed assets, net, at September 30, 2020 and 2019, consist of the following:

	2020	2019
Equipment	\$ 45,205	\$ 45,205
Less accumulated depreciation and amortization	(34,585)	(28,347)
Balance, end of year	\$ 10,620	\$ 16,858

Depreciation and amortization expense totaled \$6,238 and \$7,705 for the years ended September 30, 2020 and 2019, respectively.

(Continued)

CEREBRAL PALSY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2020 and 2019

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**NOTE 5 - NET ASSETS WITH DONOR RESTRICTION**

At September 30, 2020 and 2019, with donor restriction net assets are restricted for the following special programs:

	<u>2020</u>	<u>2019</u>
The Virtual Cerebral Palsy Center	\$ -	\$ 199,514
Harvard Medical and other research funds	241,287	241,287
Employment Initiative	-	28,523
Beneficial interest in trusts held by third-parties	613,665	590,399
Early Detection Initiative	24,645	-
Other	-	25,000
	<u>879,597</u>	<u>1,084,723</u>
Restricted for endowment in perpetuity:		
Endowment invested in cash equivalents	<u>179,400</u>	<u>179,400</u>
	<u>\$ 1,058,997</u>	<u>\$ 1,264,123</u>

During the years ended September 30, 2020 and 2019, 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>2020</u>	<u>2019</u>
The Virtual Cerebral Palsy Center	\$ 199,514	\$ 501,957
Early Detection Initiative	215,315	-
Employment Initiative	28,523	73,512
Other	160,997	-
	<u>604,349</u>	<u>575,469</u>
Total net assets released from restrictions	<u>\$ 604,349</u>	<u>\$ 575,469</u>

**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 with donor 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.

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(Continued)

CEREBRAL PALSY FOUNDATION, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2020 and 2019

**NOTE 6 - ENDOWMENT FUNDS** (Continued)

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, 2020 and 2019:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 179,400	\$ 179,400
Total fair value measurements	\$ -	\$ 179,400	\$ 179,400
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 179,400	\$ 179,400
Total fair value measurements	\$ -	\$ 179,400	\$ 179,400

The following details the changes in endowment net assets for the years ended September 30, 2020 and 2019:

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Endowment net assets,				
beginning of year	\$ -	\$ 179,400	\$ -	\$ 179,400
Investment return				
Interest income	-	242	-	1,276
Total investment return	-	242	-	1,276
Amounts appropriated for expenditure	-	(242)	-	(1,276)
Total fair value measurements	\$ -	\$ 179,400	\$ -	\$ 179,400

(Continued)



CEREBRAL PALSY FOUNDATION, INC.  
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**NOTE 7 - COMMITMENTS**

During the year ended September 30, 2019 the Foundation terminated an employee and agreed to pay severance in amount of \$300,000, which is included in salaries and employee benefits on the statements of activity. The total amount of severance was paid in January of 2020.

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, 2020 and 2019 totaled approximately \$19,201 and \$115,847 respectively.

In August of 2019 the Foundation entered into a new lease in a new location in New York that is a month to month commitment.

**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 5 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 5 percent Safe Harbor Contribution. Total pension expense under this plan for the years ended September 30, 2020 and 2019 totaled \$24,778 and \$33,783, respectively.

**NOTE 9 - LIQUIDITY AND AVAILABILITY**

The Foundation's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,081,096	\$ 1,310,192
Contribution receivables	<u>209,960</u>	<u>137,562</u>
	<u>\$ 1,291,056</u>	<u>\$ 1,447,754</u>

As part of the Foundation's liquidity management, the Foundation maintains cash to be available as its general expenditures, liabilities, and other obligations become due.