

**CEREBRAL PALSY FOUNDATION, INC.**

**FINANCIAL STATEMENTS**  
September 30, 2022 and 2021

CEREBRAL PALSY FOUNDATION, INC.  
New York, New York

FINANCIAL STATEMENTS  
September 30, 2022 and 2021

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## INDEPENDENT AUDITOR'S REPORT

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

**Report on the Audit of the Financial Statements*****Opinion***

We have audited the financial statements of Cerebral Palsy Foundation, Inc., which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Cerebral Palsy Foundation, Inc., as of September 30, 2022 and 2021, 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.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cerebral Palsy Foundation, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Emphasis of Matter***

As discussed in Note 2 to the financial statements, Cerebral Palsy Foundation, Inc., has adopted Accounting Standards Update 2020-07 – Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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(Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cerebral Palsy Foundation's, Inc., ability to continue as a going concern for one year from the date the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Cerebral Palsy Foundation's, Inc., internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cerebral Palsy Foundation's, Inc., ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

  
Crowe LLP

New York, New York  
March 23, 2022

CEREBRAL PALSY FOUNDATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
September 30, 2022 and 2021

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	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,509,246	\$ 2,002,448
Investments	231,566	4,057
Contributions receivable	50,873	2,540
Beneficial interest in trusts held by third-parties	540,901	711,005
Fixed assets, net of accumulated depreciation	<u>4,282</u>	<u>8,011</u>
Total assets	<u>\$ 2,336,868</u>	<u>\$ 2,728,061</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 58,475	\$ 111,054
Grants payable	-	188,341
Deferred revenue	<u>9,750</u>	<u>-</u>
	68,225	299,395
Net Assets		
Without donor restrictions	996,026	1,296,973
With donor restrictions	<u>1,272,617</u>	<u>1,131,693</u>
Total net assets	<u>2,268,643</u>	<u>2,428,666</u>
Total liabilities and net assets	<u>\$ 2,336,868</u>	<u>\$ 2,728,061</u>

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See accompanying notes to financial statements.

CEREBRAL PALSY FOUNDATION, INC.  
STATEMENTS OF ACTIVITIES  
Years ended September 30, 2022 and 2021

	2022			2021		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
<b>Operating Activities</b>						
Revenues and other support						
Contributions	\$ 861,389	\$ 953,904	\$ 1,815,293	\$ 1,285,747	\$ 451,667	\$ 1,737,414
Government grants	-	-	-	-	129,965	129,965
Program service fees	230,538	-	230,538	146,196	-	146,196
Contributions in-kind	210,211	-	210,211	131,075	-	131,075
Realized and unrealized (loss) gain on investments	(20,131)	-	(20,131)	2,010	-	2,010
Net assets released from restrictions	<u>642,876</u>	<u>(642,876)</u>	<u>-</u>	<u>606,276</u>	<u>(606,276)</u>	<u>-</u>
Total revenues and other support	<u>1,924,883</u>	<u>311,028</u>	<u>2,235,911</u>	<u>2,171,304</u>	<u>(24,644)</u>	<u>2,146,660</u>
Expenses						
Program services						
Grants	731,761	-	731,761	515,916	-	515,916
Other program expenses	<u>1,351,152</u>	<u>-</u>	<u>1,351,152</u>	<u>1,155,163</u>	<u>-</u>	<u>1,155,163</u>
Total program services	2,082,913	-	2,082,913	1,671,079	-	1,671,079
Supporting services						
Management and general	21,735	-	21,735	196,726	-	196,726
Fundraising	<u>121,182</u>	<u>-</u>	<u>121,182</u>	<u>35,248</u>	<u>-</u>	<u>35,248</u>
Total supporting services	<u>142,917</u>	<u>-</u>	<u>142,917</u>	<u>231,974</u>	<u>-</u>	<u>231,974</u>
Total expenses	<u>2,225,830</u>	<u>-</u>	<u>2,225,830</u>	<u>1,903,053</u>	<u>-</u>	<u>1,903,053</u>
Changes in net assets from operations	(300,947)	311,028	10,081	268,251	(24,644)	243,607
<b>Non-Operating Activities</b>						
Change in fair value of beneficial interest in trusts held by third-parties	<u>-</u>	<u>(170,104)</u>	<u>(170,104)</u>	<u>-</u>	<u>97,340</u>	<u>97,340</u>
Changes in net assets	(300,947)	140,924	(160,023)	268,251	72,696	340,947
Net assets, beginning of year	<u>1,296,973</u>	<u>1,131,693</u>	<u>2,428,666</u>	<u>1,028,722</u>	<u>1,058,997</u>	<u>2,087,719</u>
Net assets, end of year	<u>\$ 996,026</u>	<u>\$ 1,272,617</u>	<u>\$ 2,268,643</u>	<u>\$ 1,296,973</u>	<u>\$ 1,131,693</u>	<u>\$ 2,428,666</u>

See accompanying notes to financial statements.

CEREBRAL PALSY FOUNDATION, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
Years ended September 30, 2022 and 2021

	2022									
	Program Activities					Supporting Activities				
	Awareness and Advocacy	Cerebral Palsy Digital Resources	Education and Employment	Healthcare Initiatives	General	Total Program	Management and General	Fundraising	Total Supporting	Total
Personnel costs	\$ 89,912	\$ 126,431	\$ 273,885	\$ 200,272	\$ 138,241	\$ 828,741	\$ 10,039	\$ 25,599	\$ 35,638	\$ 864,379
Grants	-	-	-	731,761	-	731,761	-	-	-	731,761
Events and conferences	5,313	442	785	92,814	554	99,908	3,715	284	3,999	103,907
Information technology	1,907	13,042	4,226	142,593	2,025	163,793	187	1,041	1,228	165,021
Professional fees	10,051	48,551	16,794	4,938	91,950	172,284	10	80,514	80,524	252,808
Occupancy	332	569	910	3,747	712	6,270	66	366	432	6,702
Travel	1,617	3,331	1,970	53,991	575	61,484	53	296	349	61,833
Office expense	406	560	895	4,351	701	6,913	7,565	360	7,925	14,838
Advertising and promotion	266	2,125	1,093	3,087	572	7,143	53	293	346	7,489
Other expenses	245	419	670	2,758	524	4,616	47	12,429	12,476	17,092
	<u>\$ 110,049</u>	<u>\$ 195,470</u>	<u>\$ 301,228</u>	<u>\$ 1,240,312</u>	<u>\$ 235,854</u>	<u>\$ 2,082,913</u>	<u>\$ 21,735</u>	<u>\$ 121,182</u>	<u>\$ 142,917</u>	<u>\$ 2,225,830</u>
	2021									
	Program Activities					Supporting Activities				
	Awareness and Advocacy	Cerebral Palsy Digital Resources	Education and Employment	Healthcare Initiatives	General	Total Program	Management and General	Fundraising	Total Supporting	Total
Personnel costs	\$ 87,812	\$ 167,962	\$ 182,519	\$ 189,566	\$ 77,166	\$ 705,025	\$ 43,008	\$ 14,565	\$ 57,573	\$ 762,598
Grants	-	-	-	515,916	-	515,916	-	-	-	515,916
Events and conferences	11	28	324	93,738	23	94,124	21	4	25	94,149
Information technology	2,276	53,363	6,274	52,399	4,887	119,199	4,610	13,095	17,705	136,904
Professional fees	8,303	42,558	40,416	3,989	98,299	193,565	133,878	9	133,887	327,452
Occupancy	807	2,157	1,876	7,050	1,734	13,624	1,573	282	1,855	15,479
Travel	15	40	225	9,016	33	9,329	30	5	35	9,364
Office expense	491	1,311	1,394	4,288	1,054	8,538	1,432	7,071	8,503	17,041
Advertising and promotion	864	1,264	594	2,158	531	5,411	482	86	568	5,979
Other expenses	376	1,005	874	3,285	808	6,348	11,692	131	11,823	18,171
	<u>\$ 100,955</u>	<u>\$ 269,688</u>	<u>\$ 234,496</u>	<u>\$ 881,405</u>	<u>\$ 184,535</u>	<u>\$ 1,671,079</u>	<u>\$ 196,726</u>	<u>\$ 35,248</u>	<u>\$ 231,974</u>	<u>\$ 1,903,053</u>

See accompanying notes to financial statements.

CEREBRAL PALSY FOUNDATION, INC.  
 STATEMENTS OF CASH FLOWS  
 Years ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ (160,023)	\$ 340,947
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	4,788	6,568
Net realized and unrealized loss (gain) on investments	25,216	(1,510)
Donated stock	(252,204)	(2,547)
Change in fair value of beneficial interest in trusts held by third parties	170,104	(97,340)
Changes in operating assets and liabilities		
Contributions receivable	(48,333)	207,420
Prepaid expenses and other assets	-	2,200
Accounts payable and accrued expenses	(52,579)	101,832
Grants payable	(188,341)	188,341
Deferred revenue	9,750	-
Net cash (used in) provided by operating activities	<u>(491,622)</u>	<u>745,911</u>
 <b>Cash flows from investing activities</b>		
Purchase of property and equipment	(1,059)	(3,959)
Purchases of securities	<u>(521)</u>	<u>-</u>
Net cash used in investing activities	<u>(1,580)</u>	<u>(3,959)</u>
 Net (decrease) increase in cash and cash equivalents	(493,202)	741,952
 Cash and cash equivalents, beginning of year	<u>2,002,448</u>	<u>1,260,496</u>
 Cash and cash equivalents, end of year	<u>\$ 1,509,246</u>	<u>\$ 2,002,448</u>
 <b>Non cash operating activities</b>		
Contributions in-kind	\$ 210,211	\$ 131,075

See accompanying notes to financial statements.

CEREBRAL PALSY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2022 and 2021

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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 7).

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, 2022 and 2021, cash equivalents consist of money market funds.

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(Continued)

CEREBRAL PALSY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2022 and 2021

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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, 2022 and 2021). 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 of \$50,873 is comprised of 4 donors at September 30, 2022 and include two pledges totaling 100% of the total balance at September 30, 2021. The Foundation has not experienced, nor does it anticipate, any losses with respect to such accounts.

Investments in Securities: Investments in securities are reported at fair values. The fair value of such investments is generally based on quoted market prices. In the absence of quoted market prices, the fair value is determined based on information provided by the external manager. There were no investments held as of September 30, 2022 and 2021, for which the fair value could not be determined based on quoted market prices.

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, 2022 and 2021 totaled \$170,104 and \$97,340, 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 \$55,574 and \$26,218 for the years ended September 30, 2022 and 2021, 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.

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(Continued)

CEREBRAL PALSY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2022 and 2021

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

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. In 2022, the Gala was held virtually, and \$215,642 was raised as part of the event and is included within contributions on the accompanying statement of activities.

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, 2022 and 2021, 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, 2022, and 2021, 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.

Program Service Fees: Revenues derived from program service fees are related to various trainings held by foundation. The sole performance obligation is to hold the training and revenue is recognized at the point in time in which the training occurs.

In-Kind Contributions: The Foundation receives various forms of in-kind contributions including various services and other nonfinancial assets. In-kind contributions are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. 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. See further details within Note 6.

Advertising: Advertising costs are expensed as incurred. Amounts charged to expense were \$7,489 and \$5,979 for the years ended September 30, 2022 and 2021, 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, 2022, and 2021, grants payable were \$0 and \$188,341, 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, 2022, and 2021, management does not believe the Foundation has any material uncertain tax positions.

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

Fair Value of Financial Instruments: At September 30, 2022 and 2021, 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.

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 Adopted Accounting Pronouncements: In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by *Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard is to be applied retrospectively to annual reporting periods beginning after June 15, 2021. The Foundation adopted the standard for the year ending September 30, 2022. The standard did not have any material impact on the financial statements. See updated disclosures in Note 6 In-Kind Contributions.

Paycheck Protection Program: In February 2021, the Foundation obtained a second Paycheck Protection Program (PPP) Loan under a program offered by the United States Small Business Administration (SBA) in the amount of \$129,965. The Foundation is accounting for the PPP Loan as a conditional contribution under ASC 958-605. The Foundation received full forgiveness of the PPP loan in January of 2022.

Subsequent Events: The Foundation evaluated its September 30, 2022 financial statements for subsequent events through March 22, 2023, 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.

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(Continued)

CEREBRAL PALSY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2022 and 2021

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

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, 2022 and 2021:

	2022			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds / exchange traded funds	\$ 231,566	\$ -	\$ -	\$ 231,566
Split-interest agreements				
Beneficial interest in trusts held by third-parties	-	-	540,901	540,901
Total fair value measurements	\$ 231,566	\$ -	\$ 540,901	\$ 772,467
	2021			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds / exchange traded funds	\$ 4,057	\$ -	\$ -	\$ 4,057
Split-interest agreements				
Beneficial interest in trusts held by third-parties	-	-	711,005	711,005
Total fair value measurements	\$ -	\$ -	\$ 711,005	\$ 711,005

(Continued)

CEREBRAL PALSY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2022 and 2021

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

The following is a reconciliation of Level 3 assets for the years ended September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 711,005	\$ 613,665
Unrealized (loss) gain	<u>(170,104)</u>	<u>97,340</u>
Balance, end of year	<u>\$ 540,901</u>	<u>\$ 711,005</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)

**NOTE 4 - FIXED ASSETS, NET**

Fixed assets, net, at September 30, 2022 and 2021, consist of the following:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 50,222	\$ 49,163
Less accumulated depreciation and amortization	<u>(45,940)</u>	<u>(41,152)</u>
Balance, end of year	<u>\$ 4,282</u>	<u>\$ 8,011</u>

Depreciation and amortization expense totaled \$4,788 and \$6,568 for the years ended September 30, 2022 and 2021, respectively.

**NOTE 5 - INVESTMENTS**

Investments at fair value consisted of the following at September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Mutual funds / exchange traded funds	\$ 231,566	\$ 4,057

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(Continued)

CEREBRAL PALSY FOUNDATION, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2022 and 2021

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**NOTE 5 - INVESTMENTS** (Continued)

Interest and dividends and realized and unrealized gains and losses on investments are comprised of the following for the years ended September 30:

	<u>2022</u>	<u>2021</u>
Interest and dividends on investments	\$ 5,085	\$ 500
Net realized gain on investments	-	34
Net unrealized (loss) gain on investments	<u>(25,216)</u>	<u>1,476</u>
 Total realized and unrealized (loss) gain on investments	 <u>(25,216)</u>	 <u>1,510</u>
 Total investment income	 <u>\$ (20,131)</u>	 <u>\$ 2,010</u>

**NOTE 6 – IN-KIND CONTRIBUTIONS**

In-kind contributions for the years ending September 30, 2022 and 2021, was comprised of the following:

	<u>2022</u>	<u>2021</u>
Legal services	\$ 9,700	\$ 32,825
Sensor mats	101,670	-
Scientific advisory council	<u>98,841</u>	<u>98,250</u>
	<u>\$ 210,211</u>	<u>\$ 131,075</u>

The Foundation’s financial statements include the following in-kind contributions revenue and support:

***Professional Services***

The Foundation received donated legal and scientific guidance professional services that would typically be purchased if not provided as an in-kind contribution. These services, which require specialized skills, are recognized as in-kind contributions at fair value when the pledge is made and are expensed when the services are rendered. The estimated fair value of these professional services is provided by the service provider, who estimated the fair value based on the date, time, and market in which each service is rendered.

***Donated Equipment***

The Foundation received donated custom sensor mats for the sole purpose of a research study: “Improving Technology Based Early Detection of Cerebral Palsy in the NICU across a US Network”. The purpose of this study is to validate a pressure sensor system (GMat) with software that quickly and accurately provides a necessary medical assessment, General Movement Assessment (GMA), results in infants as part of our Early Detection Initiative. This study will be conducted over a network of 5 US NICUs, including the lead site, Emory University. This equipment was custom created and calibrated for the purpose of the study and is still in the prototype stage, unavailable for public purchase. This is recognized as in-kind revenue at fair value.

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(Continued)

CEREBRAL PALSY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2022 and 2021

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**NOTE 7 - NET ASSETS WITH DONOR RESTRICTION**

At September 30, 2022 and 2021, with donor restriction net assets are restricted for the following special programs:

	<u>2022</u>	<u>2021</u>
Harvard Medical and other research funds	\$ 241,288	\$ 241,288
Ireland project	261,028	-
Early Detection Initiative	50,000	-
Beneficial interest in trusts held by third-parties	<u>540,901</u>	<u>711,005</u>
	1,093,217	952,293
Restricted for endowment in perpetuity:		
Endowment invested in cash equivalents	<u>179,400</u>	<u>179,400</u>
	<u>\$ 1,272,617</u>	<u>\$ 1,131,693</u>

During the years ended September 30, 2022 and 2021, 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>2022</u>	<u>2021</u>
The Virtual Cerebral Palsy Center	\$ 60,000	\$ -
Early Detection Initiative	200,000	476,311
Dyskinesia Disease Education Program	50,000	-
UCLA Muscle Study	66,700	-
Ireland project	216,176	-
Other	<u>50,000</u>	<u>129,965</u>
Total net assets released from restrictions	<u>\$ 642,876</u>	<u>\$ 606,276</u>

**NOTE 8 - 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  
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**NOTE 8 - 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, 2022 and 2021:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 179,400	\$ 179,400
Total fair value measurements	<u>\$ -</u>	<u>\$ 179,400</u>	<u>\$ 179,400</u>
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 179,400	\$ 179,400
Total fair value measurements	<u>\$ -</u>	<u>\$ 179,400</u>	<u>\$ 179,400</u>

The following details the changes in endowment net assets for the years ended September 30, 2022 and 2021:

	2022		2021	
	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	-	531	-	72
Total investment return	-	531	-	72
Amounts appropriated for expenditure	-	(531)	-	(72)
Total fair value measurements	<u>\$ -</u>	<u>\$ 179,400</u>	<u>\$ -</u>	<u>\$ 179,400</u>

(Continued)

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**NOTE 9 - COMMITMENTS**

The Foundation has an operating lease for its office space in New York that was entered into in August of 2019 as a month to month commitment. Total rent expense related to these lease agreements for the years ended September 30, 2022 and 2021 totaled approximately \$1,500 and \$10,561, respectively. During the year ended September 30, 2022, the Foundation terminated the lease.

**NOTE 10 - 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, 2022 and 2021 totaled \$33,377 and \$28,739, respectively.

**NOTE 11 - 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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,509,246	\$ 2,002,448
Contribution receivables	50,873	2,540
Less: restricted endowment funds	<u>(179,400)</u>	<u>(179,400)</u>
	<u>\$ 1,380,719</u>	<u>\$ 1,825,588</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.