

**CHILDREN'S MEDICAL FUND OF NEW YORK
AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

**CHILDREN'S MEDICAL FUND OF NEW YORK AND AFFILIATE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1 - 2
Consolidated Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 18

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Children's Medical Fund of New York

We have audited the accompanying consolidated financial statements of Children's Medical Fund of New York and Affiliate (collectively referred to as the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity'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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Children's Medical Fund of New York and Affiliate as of December 31, 2019, and the change in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11 to the consolidated financial statements, subsequent to year end, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.



CERTIFIED PUBLIC ACCOUNTANTS

New York, New York
October 27, 2020

**CHILDREN'S MEDICAL FUND OF NEW YORK AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019**

ASSETS

Cash and cash equivalents:	
Children's Medical Fund of New York ("CMFNY")	\$ 439,400
Children's Medical Fund Child Life Endowment Corp. ("CMFCLE")	<u>103,923</u>
Total cash and cash equivalents	<u>543,323</u>
Pledges receivable, net:	
CMFNY	321,190
CMFCLE	<u>65,000</u>
Total pledges receivable, net	<u>386,190</u>
Events receivable	61,326
Investments - CMFCLE	350,012
Prepaid expenses and other current assets	22,046
Property and equipment, less accumulated depreciation of \$79,857	<u>71</u>
TOTAL ASSETS	<u>\$ 1,362,968</u>

LIABILITIES AND NET ASSET DEFICIENCY

Liabilities:	
Accounts payable and accrued expenses	\$ 20,636
Grants payable	<u>1,594,058</u>
Total liabilities	<u>1,614,694</u>
Commitments (Notes 8 and 11)	
Net asset (deficiency):	
Without donor restrictions	<u>(1,206,045)</u>
With donor restrictions:	
Time-restricted for future periods	100,000
Purpose restrictions	504,319
Endowment fund	<u>350,000</u>
Total with donor restrictions	<u>954,319</u>
Total net asset deficiency	<u>(251,726)</u>
TOTAL LIABILITIES AND NET ASSET DEFICIENCY	<u>\$ 1,362,968</u>

See accompanying notes to consolidated financial statements.

**CHILDREN'S MEDICAL FUND OF NEW YORK AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Public support, contributions and other revenues:			
Special events:			
Special events revenue	\$ 413,259	\$ -	\$ 413,259
Less: direct costs	<u>169,980</u>	<u>-</u>	<u>169,980</u>
Special events, net	<u>243,279</u>	<u>-</u>	<u>243,279</u>
Contributions	<u>109,018</u>	<u>245,709</u>	<u>354,727</u>
Other revenues:			
In-kind donations - rent	31,500	-	31,500
Interest and dividends	1,862	5,196	7,058
Realized gain on sale of investments	26,311	-	26,311
Unrealized gain on investments	-	2,770	2,770
Other income	<u>3,110</u>	<u>-</u>	<u>3,110</u>
Other revenues, net	<u>62,783</u>	<u>7,966</u>	<u>70,749</u>
Net assets released from restrictions	<u>30,000</u>	<u>(30,000)</u>	<u>-</u>
Public support, contributions and other revenues, net	<u>445,080</u>	<u>223,675</u>	<u>668,755</u>
Program and supporting services expenses:			
Program services	<u>282,213</u>	<u>-</u>	<u>282,213</u>
Supporting services:			
Management and general	75,319	-	75,319
Fundraising	<u>60,178</u>	<u>-</u>	<u>60,178</u>
Total supporting services	<u>135,497</u>	<u>-</u>	<u>135,497</u>
Total program and supporting services expenses	<u>417,710</u>	<u>-</u>	<u>417,710</u>
Change in net assets	27,370	223,675	251,045
Net assets (deficiency) - beginning	<u>(1,233,415)</u>	<u>730,644</u>	<u>(502,771)</u>
NET ASSETS (DEFICIENCY) - ENDING	<u>\$ (1,206,045)</u>	<u>\$ 954,319</u>	<u>\$ (251,726)</u>

See accompanying notes to consolidated financial statements.

**CHILDREN'S MEDICAL FUND OF NEW YORK AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Supporting Services				Special Event Direct Costs	Total
	Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries and other payroll costs:						
Salaries	\$ 146,946	\$ 24,808	\$ 19,084	\$ 43,892	\$ -	\$ 190,838
Payroll taxes and employee benefits	<u>38,043</u>	<u>6,423</u>	<u>4,940</u>	<u>11,363</u>	<u>-</u>	<u>49,406</u>
Total salaries and other payroll costs	184,989	31,231	24,024	55,255	-	240,244
Professional fees and contracted services	1,676	20,184	377	20,561	2,797	25,034
Marketing and advertising	83	207	539	746	-	829
Occupancy	3,344	8,360	21,736	30,096	-	33,440
Charitable contributions	30,800	159	-	159	-	30,959
Design, typography and printing	84	209	774	983	3,983	5,050
Telecommunications	156	390	1,014	1,404	-	1,560
Postage and shipping	71	177	461	638	-	709
Travel and transportation	15	38	98	136	-	151
Insurance	214	5,491	1,391	6,882	-	7,096
Internet and website	-	-	1,930	1,930	-	1,930
Site fees	-	-	-	-	130,687	130,687
Raffle, auction, prizes, awards and favors	-	-	-	-	30,015	30,015
Other expenses	1,205	8,294	7,834	16,128	2,498	19,831
Bad debt expense	58,000	-	-	-	-	58,000
Depreciation	<u>1,576</u>	<u>579</u>	<u>-</u>	<u>579</u>	<u>-</u>	<u>2,155</u>
Special event direct costs	282,213	75,319	60,178	135,497	169,980	587,690
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(169,980)</u>	<u>(169,980)</u>
TOTAL EXPENSES REPORTED BY FUNCTION	<u>\$ 282,213</u>	<u>\$ 75,319</u>	<u>\$ 60,178</u>	<u>\$ 135,497</u>	<u>\$ -</u>	<u>\$ 417,710</u>

See accompanying notes to consolidated financial statements.

**CHILDREN'S MEDICAL FUND OF NEW YORK AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Cash flows from operating activities:	
Change in net assets	\$ 251,045
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Bad debt expense	58,000
Depreciation	579
Amortization of interest on grants payable	1,576
Amortization of discount on pledges receivable	11,314
Net unrealized gain on investments	(2,770)
Net realized gain on sale of securities	(26,311)
Contribution of stock	(4,018)
Changes in operating assets and liabilities:	
Pledges receivable	5,492
Events receivable	(15,125)
Prepaid expenses and other current assets	94
Accounts payable and accrued expenses	1,275
Grants payable	<u>(300,000)</u>
Net cash used in operating activities	<u>(18,849)</u>
Cash flows from investing activities:	
Net proceeds from sales of investments	367,347
Purchase of investments	<u>(352,320)</u>
Net cash provided by investing activities	<u>15,027</u>
Net decrease in cash and cash equivalents	(3,822)
Cash and cash equivalents - beginning	<u>547,145</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 543,323</u>

See accompanying notes to consolidated financial statements.

**CHILDREN'S MEDICAL FUND OF NEW YORK AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1. ORGANIZATION AND NATURE OF ACTIVITIES

Children's Medical Fund of New York ("CMFNY") was created for and is dedicated to the planning, education and public relations for the establishment and support of a health facility at the Northwell Health Hospital (the "Center"), which opened in 1983, and is especially devoted to the total care of children and the provision of comprehensive children's medical services. CMFNY is the sole founder of The Children's Medical Fund Center for Pediatric Diagnostic Studies and The Children's Medical Fund Center for Pediatric Diagnostic Imaging Center.

CMFNY is the only continuing supporter of the Child Life Program of Cohen's Children's Hospital (the "Child Life Program") at the Center. The Child Life Program gives patients and their families access to specialists in a multi-disciplinary health care program to help them learn about and cope with the stress of a hospital stay. The Child Life Program provides entertainment, books and videos, crafts, holiday parties, CMFNY scrapbooks and gifts to patients, and also provides therapeutic play, all funded in full or in part by CMFNY.

CMFNY is supported primarily through contributions received from fundraising activities held by various divisions and chapters of CMFNY. The contributions are received principally from individuals and organizations located in the Long Island and New York City areas. CMFNY consists of the following divisions: CMF Central Board, Men's Division and Women's Division. The Women's Division is comprised of the Garden City Chapter of CMFNY.

The Children's Medical Fund Child Life Endowment Corp. (the "Affiliate" or "CMFCLE") was incorporated and formed in 2015 under the not-for-profit corporation laws of the state of New York. The purpose of CMFCLE is to undertake fundraising on behalf of the Child Life Program of the Center for the purpose of building and maintaining an endowment fund for the Child Life Program to ensure its continuing existence.

CMFCLE received its initial funding of \$250,000 from CMFNY and will raise donations from the general public.

CMFNY and CMFCLE are collectively referred to as the "Organization."

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the CMFNY and CMFCLE, which are related through commonality of board of trustees and management, and the shared use of personnel and facilities. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

CHILDREN'S MEDICAL FUND OF NEW YORK AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Net Assets without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions - Net assets subject to donor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") and is also exempt from state income taxes. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements.

The Organization recognizes and measures its unrecognized tax benefits in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes*. Under that guidance, the Organization assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change. Management has evaluated the Organization's tax positions and has concluded that the Organization has taken no uncertain tax positions that require adjustment to the consolidated financial statements.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature; or other long-term purposes are excluded from this definition.

CHILDREN'S MEDICAL FUND OF NEW YORK AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable and Allowance for Doubtful Accounts

The Organization records pledges receivable that are expected to be collected within one year at net realizable value. Pledges receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. Amortization of the discounts is included in contributions revenue in the accompanying consolidated statement of activities. The Organization determines the allowance for uncollectible pledges based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Pledges receivable are written off when deemed uncollectible. At December 31, 2019, the allowance for doubtful accounts was \$45,000.

Events Receivables

Events receivables are stated at the amount management expects to collect from outstanding balances. Management evaluates such receivables and establishes an allowance for doubtful accounts based on a history of write-offs and collections and current credit conditions. As of December 31, 2019, no allowance for doubtful accounts was deemed necessary.

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 6 for a discussion of fair value measurements.

Investment transactions are recorded on a trade-date basis. Unrealized gains and losses represent the net change in the carrying value of securities owned as of the date of the consolidated statement of financial position. Realized gains and losses on investments are determined using the specific-identification method. Earnings from interest and dividends are recognized when earned.

In-Kind Donations

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills and are performed by people whose services would otherwise be purchased by the Organization.

The Organization received free use of office space from a company owned by the chairman of the board of trustees. The free rent is valued at \$31,500 for 2019, and has been recognized as "In-kind donations - rent" in the accompanying consolidated statement of activities and "Occupancy" expense in the accompanying consolidated statement of functional expenses.

Certain individuals volunteer their time and perform a variety of tasks that assist the Organization with its programs, campaign solicitations and various other assignments. The value of their contributed time is not reflected in the consolidated financial statements in as much as those services would not typically be purchased had they not been provided by donation.

CHILDREN'S MEDICAL FUND OF NEW YORK AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

FASB ASC 820, *Fair Value Measurement*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). Categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. Fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

The three levels of fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs that reflect unadjusted quoted market prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and, inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level II input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs that are unobservable for the asset or liability and that include situations where there is little, if any, market activity for the asset or liability.

Property and Equipment

Property and equipment are recorded at cost, or at fair value, if donated. Assets with a useful life of greater than two years and a cost of \$2,500 or more are capitalized. Repairs and maintenance are expensed as incurred.

Leasehold improvements are amortized over the lesser of their useful lives or the term of the related lease. Depreciation and amortization are computed using the straight-line and various accelerated methods over the estimated useful lives of the assets, which are as follows:

Computers	5 years
Furniture and fixtures	7 years
Machinery and equipment	7 years
Leasehold improvements	5 years

**CHILDREN'S MEDICAL FUND OF NEW YORK AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Organization adopted Accounting Standards Update ("ASU") No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"), which provides guidance for determining whether a transaction should be accounted for as a contribution or an exchange transaction, and whether a contribution is conditional or unconditional.

Pledges are recognized in contribution income when a donor makes a pledge that is, in substance, unconditional. Pledges to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

Contributions, including unconditional promises to give, are recognized in the consolidated statement of activities in the period in which they are received. This revenue is recorded net of any resulting direct donor benefit. Contributions received with donor stipulations that limit their use or are designated as support for future periods are considered contributions with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statement of activities as "Net assets released from restrictions." Contributions received for endowments to be held in perpetuity are reported as donor-restricted endowment fund support. Contributions of assets other than cash are recorded at fair value.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the accompanying consolidated statement of activities. The consolidated statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and other payroll costs	Time and Effort
Professional fees and contracted services	Full Time Equivalent
Donations	Directly Charged
Occupancy	Square Footage
Design, typography and printing	Full Time Equivalent
Telecommunications	Full Time Equivalent
Postage and shipping	Full Time Equivalent
Travel and transportation	Full Time Equivalent
Insurance	Full Time Equivalent
Internet and website	Directly Charged
Other expenses	Full Time Equivalent

CHILDREN'S MEDICAL FUND OF NEW YORK AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncements

Statement of Cash Flows

In August 2016, FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230) - Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15"), which provides guidance on several cash flow classification issues. This new guidance is effective for years beginning after December 15, 2018. The ASU has been applied retrospectively to all periods presented and the application of ASU 2016-15 did not have a material impact on the Organization's consolidated financial statements.

Contributions

In June 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"), which provides guidance for determining whether a transaction should be accounted for as a contribution or an exchange transaction, and whether a contribution is conditional or unconditional. This ASU is effective for years beginning after December 15, 2018. The Organization adopted ASU 2018-08 effective January 1, 2019, using the modified prospective method. Under the modified prospective method, the amendments are applied to agreements that are either not completed as of the effective date or entered into after the effective date. The Organization has determined that the application of the amendments of ASU 2018-08 did not have a material impact on the Organization's consolidated financial statements and related disclosures.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Organization has evaluated subsequent events through October 27, 2020, the date on which these consolidated financial statements were available to be issued. There were no other material subsequent events that required recognition or additional disclosure in these consolidated financial statements, except as disclosed in Note 11.

NOTE 3. LIQUIDITY AND AVAILABILITY

The Organization receives contributions with and without donor restrictions. Contributions received with donor restrictions are to be used in accordance with the associated purpose and/or time restrictions.

The Organization considers contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include management and general expenses, fundraising expenses and grant program expenses expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Organization's fiscal year.

**CHILDREN'S MEDICAL FUND OF NEW YORK AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3. LIQUIDITY AND AVAILABILITY (CONTINUED)

The Organization manages its cash available to meet general expenditures following three guiding principles:

- (a) Operating within a prudent range of financial soundness and stability;
- (b) Maintaining adequate liquid assets to fund near-term operating needs; and
- (c) Maintaining sufficient reserves to provide reasonable assurance that long-term grant commitments that support the mission fulfillment will continue to be met, ensuring the sustainability of the Organization.

The table below represents the Organization's financial assets as of December 31, 2019:

Financial assets at year end:	
Cash and cash equivalents	\$ 543,323
Pledges receivable, net	386,190
Events receivable	61,326
Investments	<u>350,012</u>
Total financial assets at year end	1,340,851
Less amounts not available to be used within one year:	
Restricted by donors for time restrictions	(70,000)
Restricted by donors with purpose restrictions	(504,319)
Restricted to the endowment	<u>(350,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 416,532</u>

The Organization has a grants payable balance of \$1,594,058, of which \$250,000 is due within one year. In order to meet the Organization's cash needs for 2020, the Organization expects to receive pledges in 2020 to fund the grant payable and general expenditures due within the next year.

NOTE 4. PLEDGES RECEIVABLE

At December 31, 2019, pledges are expected to be collected as follows:

Due in less than one year	\$ 171,071
Due between one and five years	<u>292,821</u>
	463,892
Less: allowance for doubtful pledges	45,000
Less: discount to present value	<u>32,702</u>
	<u>\$ 386,190</u>

Pledges to be received after one year are reflected at the net present value of estimated future cash flows using discount rates ranging from 1.03% - 2.72% at December 31, 2019.

CHILDREN'S MEDICAL FUND OF NEW YORK AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5. CONCENTRATIONS

Concentration of Credit Risk

The Organization places its cash and cash equivalents with high credit quality financial institutions. Bank balances may at times exceed the Federal Deposit Insurance Corporation insurance limit. The Organization has not experienced any losses in such accounts.

Concentration of Income Sources

For the year ended December 31, 2019, the Organization received approximately 36% of its total public support and revenues from fundraising events. During 2019, one event (Golf & Tennis Outing) accounted for approximately 29% of total revenues.

Concentration of Pledges Receivable

Pledges receivable due from three donors accounted for approximately 41% as of December 31, 2019.

NOTE 6. FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value are based on one or more of three valuation techniques identified in the table below. The valuation techniques are as follows:

- (a) *Market approach*: Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- (b) *Cost approach*: Amount that would be required to replace the service capacity of an asset (replacement cost); and
- (c) *Income approach*: Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing and excess earnings models.)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value, as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Valuation Technique</u>
Mutual funds:					
Domestic fixed income	\$ 201,549	\$ -	\$ -	\$ 201,549	(a)
Domestic equities	11,286	-	-	11,286	(a)
Balanced funds	111,050	-	-	111,050	(a)
International equities	18,758	-	-	18,758	(a)
Alternative investment	<u>7,369</u>	<u>-</u>	<u>-</u>	<u>7,369</u>	(a)
Total investments	<u>\$ 350,012</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 350,012</u>	

There have been no changes in the methodologies used at December 31, 2019. Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds are valued on the quoted market prices, which represent the net asset value of the securities held in such funds.

**CHILDREN'S MEDICAL FUND OF NEW YORK AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 7. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2019:

Computers	\$	33,638
Furniture and fixtures		22,576
Machinery and equipment		18,217
Leasehold improvements		<u>5,497</u>
		79,928
Less: accumulated depreciation		<u>79,857</u>
Property and equipment, net	\$	<u>71</u>

NOTE 8. GRANTS PAYABLE

Grants authorized by the board of trustees, but unpaid at year end, are reported as liabilities. The following summarizes the change in grants payable for 2019 (all to the Center):

	<u>December 31, 2018</u>	<u>Interest Expense</u>	<u>Grants Paid</u>	<u>December 31, 2019</u>
North Shore-Long Island Jewish Health System Foundation	\$ <u>1,892,481</u>	\$ <u>1,577</u>	\$ <u>(300,000)</u>	\$ <u>1,594,058</u>
	\$ <u>1,892,481</u>	\$ <u>1,577</u>	\$ <u>(300,000)</u>	\$ <u>1,594,058</u>

At December 31, 2019, grants are expected to be paid as follows:

Due in less than one year	\$	250,000
Due between one and six years		<u>1,450,000</u>
		1,700,000
Less: present value discount		<u>105,942</u>
	\$	<u>1,594,058</u>

Grants to be paid after one year are reflected at the net present value of estimated future cash flows using discount rates ranging from 1.58% - 1.83% at December 31, 2019.

NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS

The following summarizes the changes in net assets with donor restrictions (restricted for the Center) in 2019:

<u>Program</u>	<u>December 31, 2018</u>	<u>Contributions</u>	<u>Released from Restrictions</u>	<u>December 31, 2019</u>
MRI Suite	\$ 241,206	\$ 139,854	-	\$ 381,060
Blumenfeld Pavillion	-	105,855	-	105,855
Accumulated endowment fund investment income	9,438	7,966	-	17,404
Time restricted	130,000	-	\$ (30,000)	100,000
Endowment fund	<u>350,000</u>	<u>-</u>	<u>-</u>	<u>350,000</u>
	\$ <u>730,644</u>	\$ <u>253,675</u>	\$ <u>(30,000)</u>	\$ <u>954,319</u>

CHILDREN'S MEDICAL FUND OF NEW YORK AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 10. ACCOUNTING AND REPORTING FOR ENDOWMENT

The Endowment

CMFCLE was established to undertake fundraising on behalf of the Child Life Program for the purpose of building and maintaining an endowment fund (the "Fund") for the Child Life Program. This is consistent with the mission and consists of funds which have been designated by the board of trustees to function as an endowment.

On September 17, 2010, New York State enacted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). CMFCLE and its board of trustees have interpreted NYPMIFA as requiring the preservation in perpetuity of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The remaining portion of the donor-restricted endowment fund that is not classified as donor restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by CMFCLE in a manner consistent with the standard of prudence prescribed by NYPMIFA.

Investment Return Objectives and Risk Parameters

The investment objective of the Fund is to generate, net of the spending rate and ordinary, necessary and reasonable fees, a long-term return in excess of the rate of inflation as measured by the Consumer Price Index ("CPI").

The three long-term investment goals, which are to be achieved while conforming to the asset allocation and risk constraints adopted by the board of trustees shall be:

- 1) to protect the principal of the Fund;
- 2) to obtain a stable investment return that provides sufficient cash flow to meet the Fund's needs; and
- 3) to obtain growth of investments to mitigate the effects of inflation on the Fund's assets.

Spending Policy

To manage the Fund and to expend for the use, benefit and purpose of the Child Life Program, CMFCLE, in any calendar year, will distribute an amount not to exceed the investment return actually earned or received by the endowment fund in the immediately preceding calendar year, from whatever source derived and capped at an amount equal to a 4% investment return, unless the board of trustees reasonably determines that a greater expenditure is required. The funds received and earned are solely for the purpose of Child Life programming, and cannot be withdrawn for any other purpose or support of the Center's programs.

Investment Guidelines

The overall risk of the portfolio shall be managed with the goal of minimizing potential losses consistent with the investment return objectives above. The following investment principles should be prioritized:

- 1) setting reasonable investment goals that avoid excessive risks or volatility;
- 2) balancing the need for safety and growth;
- 3) monitoring the performance of investments; and

CHILDREN'S MEDICAL FUND OF NEW YORK AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 10. ACCOUNTING AND REPORTING FOR ENDOWMENT (CONTINUED)

Investment Guidelines (Continued)

- 4) adjusting the investment strategy in response to performance results, changing market conditions, and changing institutional needs.

Endowment Net Asset Composition by Fund

<u>Without donor restrictions</u>	<u>Purpose and time restrictions</u>	<u>Endowment fund</u>	<u>Total at December 31, 2019</u>
\$ <u>151,530</u>	\$ <u>17,404</u>	\$ <u>350,000</u>	\$ <u>518,934</u>

Changes in Endowment Net Assets for the Year Ended December 31, 2019

	<u>Without donor restrictions</u>	<u>Purpose and time restrictions</u>	<u>Endowment fund</u>	<u>Total</u>
Net assets - December 31, 2018	\$ <u>127,018</u>	\$ <u>9,438</u>	\$ <u>350,000</u>	\$ <u>486,456</u>
Investment return:				
Interest and dividends	3,110	5,196	-	8,306
Realized/unrealized appreciation	<u>26,043</u>	<u>2,770</u>	<u>-</u>	<u>28,813</u>
Total investment return	<u>29,153</u>	<u>7,966</u>	<u>-</u>	<u>37,119</u>
Appropriation of endowment assets	<u>(4,641)</u>	<u>-</u>	<u>-</u>	<u>(4,641)</u>
Net assets - December 31, 2019	\$ <u>151,530</u>	\$ <u>17,404</u>	\$ <u>350,000</u>	\$ <u>518,934</u>

NOTE 11. SUBSEQUENT EVENTS

COVID-19

During 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Disruptions to the Organization's operations could occur as a result of quarantines of employees, contributors and grantors in areas affected by the outbreak. Given the uncertainty of the situation, the duration of the disruption to the Organization and any related financial impact cannot be reasonably estimated at this time.

Paycheck Protection Program

On May 1, 2020, the Organization received loan proceeds of \$40,440 under the Paycheck Protection Program ("PPP"). The PPP, which was established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses of the qualifying business. The loan and accrued interest, or a portion thereof, may be forgiven after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll

CHILDREN'S MEDICAL FUND OF NEW YORK AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 11. SUBSEQUENT EVENTS (CONTINUED)

Paycheck Protection Program (Continued)

levels, as defined by the PPP. At least 60% of the loan proceeds must be spent on payroll costs, as defined by the PPP for the loan to be eligible for forgiveness.

The PPP loan matures two years from the date of first disbursement of proceeds to the Organization (the "PPP Loan Date") and accrues interest at a fixed rate of 1%. Payments are deferred for the first six months and are payable in 18 equal consecutive monthly installments of principal and interest commencing upon expiration of the deferral period of the PPP Loan Date.

The Organization currently intends to use the proceeds for purposes consistent with the PPP; however, there can be no assurances that the Organization will ultimately meet the conditions for forgiveness of the loan or that the Organization will not take actions that could cause the Organization to be ineligible for forgiveness of the loan, in whole or in part.