



Gorfine Schiller Gardyn

Certified Public Accountants and Consultants



THE SUDC FOUNDATION

FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

THE SUDC FOUNDATION
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December 31, 2017 and 2016

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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors
The SUDC Foundation
Cedar Grove, New Jersey**

We have audited the accompanying financial statements of The SUDC Foundation, which comprise the statements of financial position as of December 31, 2017 and 2016, 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.

Auditors' 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 auditors' 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 entity'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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of The SUDC Foundation as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Martino, Schiller + Galdyn, P.A.

September 24, 2018
Owings Mills, Maryland

FINANCIAL STATEMENTS

THE SUDC FOUNDATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
ASSETS		
Cash and cash equivalents	\$ 1,193,934	\$ 855,265
Accounts receivable	<u>2,755</u>	<u>22,314</u>
TOTAL ASSETS	<u>\$ 1,196,689</u>	<u>\$ 877,579</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accrued expenses	\$ 8,355	\$ 11,946
Grants payable	<u>130,000</u>	<u>80,000</u>
TOTAL LIABILITIES	<u>138,355</u>	<u>91,946</u>
NET ASSETS		
Unrestricted net assets	1,044,601	755,900
Temporarily restricted net assets	<u>13,733</u>	<u>29,733</u>
TOTAL NET ASSETS	<u>1,058,334</u>	<u>785,633</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,196,689</u>	<u>\$ 877,579</u>

The accompanying notes are an integral part of these financial statements.

THE SUDC FOUNDATION
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2017 and 2016

	2017			2016		
	Temporarily		Total	Temporarily		Total
	Unrestricted	Restricted		Unrestricted	Restricted	
REVENUES						
Private foundation contributions	\$ 733,537	\$ -	\$ 733,537	\$ 294,299	\$ 29,733	\$ 324,032
Special events	182,896	-	182,896	311,249	-	311,249
Memorial gifts	92,921	-	92,921	101,775	-	101,775
Other income	58,301	-	58,301	92,204	-	92,204
Net assets released from restriction:						
Satisfaction of purpose restrictions	16,000	(16,000)	-	-	-	-
Total revenues	<u>1,083,655</u>	<u>(16,000)</u>	<u>1,067,655</u>	<u>799,527</u>	<u>29,733</u>	<u>829,260</u>
EXPENSES						
Program services	518,574	-	518,574	453,381	-	453,381
Management and general	235,637	-	235,637	171,581	-	171,581
Fundraising	40,743	-	40,743	73,152	-	73,152
Total expenses	<u>794,954</u>	<u>-</u>	<u>794,954</u>	<u>698,114</u>	<u>-</u>	<u>698,114</u>
CHANGES IN NET ASSETS	288,701	(16,000)	272,701	101,413	29,733	131,146
NET ASSETS - Beginning of year	<u>755,900</u>	<u>29,733</u>	<u>785,633</u>	<u>654,487</u>	<u>-</u>	<u>654,487</u>
NET ASSETS - End of year	<u>\$ 1,044,601</u>	<u>\$ 13,733</u>	<u>\$ 1,058,334</u>	<u>\$ 755,900</u>	<u>\$ 29,733</u>	<u>\$ 785,633</u>

The accompanying notes are an integral part of these financial statements.

THE SUDC FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2017 and 2016

	2017			
	Program Services	Management And General	Fundraising	Total
Grants	\$ 313,582	\$ -	\$ -	\$ 313,582
Salaries	107,914	126,320	-	234,234
Bank fees	-	5,319	-	5,319
Fundraising events	-	-	40,743	40,743
Insurance	-	4,294	-	4,294
Office expense	-	36,038	-	36,038
Professional fees	-	63,666	-	63,666
Public awareness/advocacy	84,445	-	-	84,445
Support services	12,633	-	-	12,633
TOTAL EXPENSES	\$ 518,574	\$ 235,637	\$ 40,743	\$ 794,954

The accompanying notes are an integral part of these financial statements.

2016

	<u>Program Services</u>	<u>Management And General</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 292,500	\$ -	\$ -	\$ 292,500
Salaries	119,546	104,848	-	224,394
Bank fees	-	4,130	-	4,130
Fundraising events	-	-	73,152	73,152
Insurance	-	4,402	-	4,402
Office expense	-	21,039	-	21,039
Professional fees	-	37,162	-	37,162
Public awareness/advocacy	30,448	-	-	30,448
Support services	<u>10,887</u>	<u>-</u>	<u>-</u>	<u>10,887</u>
TOTAL EXPENSES	<u>\$ 453,381</u>	<u>\$ 171,581</u>	<u>\$ 73,152</u>	<u>\$ 698,114</u>

THE SUDC FOUNDATION
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 272,701	\$ 131,146
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	19,559	(22,314)
Accrued expenses	(3,591)	7,126
Grants payable	<u>50,000</u>	<u>80,000</u>
Net cash provided by operating activities	<u>338,669</u>	<u>195,958</u>
CHANGES IN CASH AND CASH EQUIVALENTS	338,669	195,958
CASH AND CASH EQUIVALENTS – Beginning of year	<u>855,265</u>	<u>659,307</u>
CASH AND CASH EQUIVALENTS – End of year	<u>\$ 1,193,934</u>	<u>\$ 855,265</u>

The accompanying notes are an integral part of these financial statements.

THE SUDC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE A – NATURE OF OPERATIONS

The SUDC Foundation (the “Foundation”) is a Virginia non-stock corporation formed as an Internal Revenue Code (IRC) Section 509(a)(1) and 170(b)(1)(a)(vi) organization on February 21, 2014. The Foundation’s mission is to eliminate the tragedy of sudden unexpected death in childhood (“SUDC”). The Foundation’s purpose is to promote awareness, advocate for research and support those affected by SUDC worldwide. It provides all services at no cost to families. The Foundation has a presence in both the United States and the United Kingdom.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, income is recognized when earned and expenses are recognized when incurred.

2. Cash and Cash Equivalents

The Foundation considers all deposits held in interest and non-interest bearing accounts to be cash equivalents.

3. Contributions Receivable

Contributions due in more than one year are recorded at their net realizable value upon receipt. Contributions due in less than one year are recorded at fair value on the date received.

4. Contributions and Revenue

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restrictions expire in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Basis of Presentation

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Classification of net assets is based on the existence or absence of donor-imposed restrictions. The Foundation does not have any permanently restricted net assets as of December 31, 2017 and 2016. As of December 31, 2017 and 2016, the Foundation has \$13,733 and \$29,733, respectively, in temporarily restricted net assets, which are restricted for expansion into the United Kingdom. The Foundation reports information regarding the cost of providing various programs and activities summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

6. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

7. Income Taxes

The Foundation is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (Code), and contributions to it are tax deductible within the limitations prescribed by the Code. The Foundation has been classified as a publicly supported organization, which is not a private foundation under Section 509(a)(1) and 170(b)(1)(a)(vi) of the Code.

Financial Accounting Standards Codification topic, *Accounting for Income Taxes*, requires the Foundation to recognize or disclose any tax positions that would result in unrecognized tax benefits. The Foundation has no positions that would require disclosure or recognition under the topic. The Foundation's income tax return for periods ended December 31, 2014 and thereafter are subject to examination by the Internal Revenue Service and state taxing authorities.

8. Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-14 *Not-for-Profit Entities*, which contains significant changes to the financial statements requirements under the *Not-for-Profit Entities* topic of the Accounting Standards Codification. The new standard is effective for the year ending December 31, 2018. The Organization will evaluate the effect that implementation of the new standard will have on its financial position, results of operations and cash flows.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

9. Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 24, 2018, the date the financial statements were available to be issued. During this period, the Foundation did not have any material recognizable subsequent events.

NOTE C – CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS

Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2017, the Foundation's uninsured cash balance was approximately \$1,065,000. The Foundation does not anticipate any loss on such uninsured deposits.

NOTE D – GRANTS PAYABLE

The Foundation awards annual research grants that cover periods of one to three fiscal years. As of December 31, 2017 and 2016, \$130,000 and \$80,000, respectively, were payable for research grants that have been awarded by the Board of Directors. The Foundation made a commitment in the amount of \$120,000 during the year ended December 31, 2016. \$80,000 of the commitment was paid in 2016 and 2017 in equal installments of \$40,000, with the remaining \$40,000 to be paid in 2018. The Foundation made a commitment in the amount of \$124,000 during the year ended December 31, 2017. \$34,000 of the commitment was paid during 2017, with the remaining \$90,000 to be paid during 2018.