



Gorfine Schiller Gardyn

Certified Public Accountants and Consultants



THE SUDC FOUNDATION

FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

THE SUDC FOUNDATION
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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, 2019 and 2018, 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, 2019 and 2018, 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.

Morino, Schiller & Gaudyn, P.A.

October 12, 2020
Owings Mills, Maryland

FINANCIAL STATEMENTS

THE SUDC FOUNDATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

ASSETS

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 800,277	\$ 1,358,191
Certificates of deposit	500,000	-
Investments, at fair value	845	-
Contributions receivable	<u>7,245</u>	<u>50,000</u>
 TOTAL ASSETS	 <u>\$ 1,308,367</u>	 <u>\$ 1,408,191</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accrued expenses	<u>\$ 12,077</u>	<u>\$ 10,027</u>
 NET ASSETS		
Net assets without donor restrictions	1,270,030	1,321,145
Net assets with donor restrictions	<u>26,260</u>	<u>77,019</u>
 TOTAL NET ASSETS	 <u>1,296,290</u>	 <u>1,398,164</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,308,367</u>	 <u>\$ 1,408,191</u>

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

THE SUDC FOUNDATION
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2019 and 2018

	2019			2018		
	Without	With Donor	Total	Without	With Donor	Total
	Donor			Donor		
	Restrictions	Restrictions		Restrictions	Restrictions	
REVENUES						
Private foundation contributions	\$ 513,619	\$ -	\$ 513,619	\$ 497,662	\$ 75,000	\$ 572,662
Special events, net of expenses of \$53,451 and \$48,205 for the years ended December 31, 2019 and 2018, respectively	186,292	-	186,292	214,246	-	214,246
Memorial gifts	104,323	-	104,323	89,192	-	89,192
Interest income	4,320	-	4,320	-	-	-
Other income	4,731	-	4,731	32,942	-	32,942
Net assets released from restriction:						
Satisfaction of purpose restrictions	50,759	(50,759)	-	11,714	(11,714)	-
Total revenues	<u>864,044</u>	<u>(50,759)</u>	<u>813,285</u>	<u>845,756</u>	<u>63,286</u>	<u>909,042</u>
EXPENSES						
Program services - research and family services	622,430	-	622,430	349,352	-	349,352
Management and general	280,148	-	280,148	206,542	-	206,542
Fundraising	12,581	-	12,581	13,318	-	13,318
Total expenses	<u>915,159</u>	<u>-</u>	<u>915,159</u>	<u>569,212</u>	<u>-</u>	<u>569,212</u>
CHANGES IN NET ASSETS	(51,115)	(50,759)	(101,874)	276,544	63,286	339,830
NET ASSETS - Beginning of year	<u>1,321,145</u>	<u>77,019</u>	<u>1,398,164</u>	<u>1,044,601</u>	<u>13,733</u>	<u>1,058,334</u>
NET ASSETS - End of year	<u>\$ 1,270,030</u>	<u>\$ 26,260</u>	<u>\$ 1,296,290</u>	<u>\$ 1,321,145</u>	<u>\$ 77,019</u>	<u>\$ 1,398,164</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, 2019 and 2018

	2019			
	Program Services			
	Research and Family Services	Management and General	Fundraising	Total
Grants	\$ 227,573	\$ -	\$ -	\$ 227,573
Salaries and related expenses	171,392	128,815	8,207	308,414
Bank fees	-	6,287	-	6,287
Travel and promotions	-	-	4,374	4,374
Insurance	-	5,530	-	5,530
Office expense	23,949	60,803	-	84,752
Professional fees	-	78,713	-	78,713
Awareness and advocacy	88,742	-	-	88,742
Family support	110,774	-	-	110,774
TOTAL EXPENSES	\$ 622,430	\$ 280,148	\$ 12,581	\$ 915,159

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

2018

	Program Services			
	Research and Family Services	Management and General	Fundraising	Total
Grants	\$ 110,000	\$ -	\$ -	\$ 110,000
Salaries and related expenses	112,931	125,635	6,851	245,417
Bank fees	-	5,190	-	5,190
Travel and promotions	-	-	6,467	6,467
Insurance	-	4,655	-	4,655
Office expense	-	44,062	-	44,062
Professional fees	-	27,000	-	27,000
Awareness and advocacy	52,541	-	-	52,541
Family support	73,880	-	-	73,880
TOTAL EXPENSES	<u>\$ 349,352</u>	<u>\$ 206,542</u>	<u>\$ 13,318</u>	<u>\$ 569,212</u>

THE SUDC FOUNDATION
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (101,874)	\$ 339,830
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Changes in operating assets and liabilities:		
Contributions receivable	42,755	(47,245)
Accrued expenses	2,050	1,672
Grants payable	-	(130,000)
	(57,069)	164,257
Net cash (used in) provided by operating activities	(57,069)	164,257
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificates of deposit	(500,000)	-
Purchase of investments	(845)	-
	(500,845)	-
Net cash used in investing activities	(500,845)	-
CHANGES IN CASH AND CASH EQUIVALENTS	(557,914)	164,257
CASH AND CASH EQUIVALENTS – Beginning of year	1,358,191	1,193,934
CASH AND CASH EQUIVALENTS – End of year	\$ 800,277	\$ 1,358,191

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

THE SUDC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

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 promote awareness, advocate for research and support those affected by SUDC. This is accomplished by funding research crucial to the development of preventative strategies by increasing the understanding of the characteristics, circumstances, medical histories and pathologies of children from ages 11 months through 18 years who have died suddenly and unexpectedly. Leading efforts to ensure comprehensive and standardized death investigations, advocating for fair treatment of and appropriate medical care for families and by providing personalized care and cultivation of a community of support for bereaved families so no one grieves alone. The Foundation 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. Certificates of Deposit

During the current year, certificates of deposit were purchased totaling \$500,000 as of December 31, 2019. Initial maturities at purchase of these certificates ranged from 12 months to 4 years. At December 31, 2019, interest rates range from 1.60% to 1.85% with interest paid periodically on a monthly or semi-annual basis.

4. Investments

The Foundation accounts for its investments in common stock at fair value in the statements of financial position. Gains and losses on investments resulting from their measurement at fair value are reported in the statements of activities as increases or decreases in net assets without donor restrictions, unless their use is restricted by donor stipulation or by law. Investment income earned is used to support the ongoing operations of the Foundation.

5. 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. All contributions receivable as of December 31, 2019 and 2018 are due in less than one year and no allowance is considered necessary.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

6. Contributions and Revenue

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

7. Basis of Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Classification of net assets is based on the existence or absence of donor-imposed restrictions. As of December 31, 2019 and 2018, the Foundation has \$26,260 and \$77,019, respectively, in net assets with donor restrictions. As of December 31, 2019, net assets with donor restriction consists of \$1,618 for expansion into the United Kingdom and \$24,642 for publishing of books through Academic Forensic Pathology International. As of December 31, 2018, net assets with donor restriction consists of \$2,019 for expansion into the United Kingdom, \$50,000 for 2019 research for the SUDCRRC grant and \$25,000 for publishing of books through Academic Forensic Pathology International.

8. 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.

9. Income Taxes

The Foundation is exempt from income tax under Section 501(c)(3) of the IRC, and contributions to it are tax deductible within the limitations prescribed by the IRC. 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 IRC.

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, 2016 and thereafter are subject to examination by the Internal Revenue Service and state taxing authorities.

10. Change in Accounting Pronouncement

In June 2018, the Financial Accounting Standards Board issued Accounting Standards Update 2018-08, *Not-for-Profit Entities*, which is to assist in evaluating whether transactions should be accounted for as contributions or exchange transactions, and determine whether they are conditional under the *Not-for-Profit Entities* topic of the Accounting Standards Codification. Upon adoption of this new standard, the Foundation noted no changes to be made to these financial statements.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

11. Reclassifications

Certain reclassifications have been made to prior year financial statements to conform to the current year presentation.

12. Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 12, 2020, 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 – INVESTMENTS

Investments included in the Foundation's statement of financial position at December 31, 2019 are as follows:

	<u>Cost</u>	<u>Market Value</u>
Common stock	\$ 656	\$ 845

NOTE D – CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS

Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2019, the Foundation's uninsured cash balance was approximately \$520,000. The Foundation does not anticipate any loss on such uninsured deposits.

NOTE E – FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurements and Disclosures*, 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 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). The three levels of the fair value hierarchy under ASC are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets.
 - Quoted prices for identical or similar assets or liabilities in inactive markets.
 - Inputs other than quoted prices that are observable for the asset or liability.
 - 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 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE E – FAIR VALUE MEASUREMENTS – Continued

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets and liabilities measured at fair value. There have been no changes in the methodology used at December 31, 2019 and 2018.

Common stock: Valued at the closing price reported on the active market in which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The common stock investments of the Foundation are considered to be level one within the fair value hierarchy.

NOTE F – COMMITMENTS

The Foundation leases office space on a month-to-month basis. Total rent expense for the years ended December 31, 2019 and 2018 was \$32,807 and \$4,884, respectively, and is included in office expense on the statements of functional expenses.

NOTE G – LIQUIDITY & AVAILABILITY OF RESOURCES

The Foundation regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. As of December 31, 2019, all assets are considered to be liquid and available within the next year, except for \$375,517 of CD's that will not mature until after 2020. Included in these assets are \$26,260 of assets that are subject to donor restrictions, as described in Note B #7. As of December 31, 2018, all assets were considered to be liquid and available within the next year. Included in these assets were \$77,019 of assets that were subject to donor restrictions, as described in Note B #7.

The Foundation has cash and cash equivalents which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Foundation throughout the year. This is done through monitoring and reviewing the Foundation's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of the Foundation's cash flow related to the Foundation's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs.

NOTE H – COVID-19 IMPACT

The Foundation is operating in an environment in which a pandemic exists in relation to the novel coronavirus, COVID-19. On May 7, 2020, the Foundation received a paycheck protection program (PPP) loan of \$41,327, which may be forgiven in whole or in part. As of the date of this financial statement, the Foundation does not have any additional liabilities resulting from COVID-19 and its operations have not been significantly impacted by the virus.