



Gorfine Schiller Gardyn

Certified Public Accountants and Consultants



THE SUDC FOUNDATION

FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

THE SUDC FOUNDATION
TABLE OF CONTENTS
December 31, 2020 and 2019

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	3 - 4
FINANCIAL STATEMENTS	
Statements of Financial Position	6
Statements of Activities	7
Statements of Functional Expenses	8
Statements of Cash Flows	9
Notes to Financial Statements	10 - 14



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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, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Morino, Schiller & Gadsen, P.A.

**June 28, 2021
Owings Mills, Maryland**

FINANCIAL STATEMENTS

THE SUDC FOUNDATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 919,761	\$ 800,277
Certificates of deposit	512,476	500,000
Investments, at fair value	1,613	845
Contributions receivable	<u>18,623</u>	<u>7,245</u>
Total current assets	1,452,473	1,308,367
PROPERTY AND EQUIPMENT		
Website, net of accumulated depreciation of \$6,655 and \$0- as of December 31, 2020 and 2019, respectively	<u>33,275</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 1,485,748</u>	<u>\$ 1,308,367</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accrued expenses	\$ 11,332	\$ 12,077
LONG-TERM LIABILITIES		
Note payable, Paycheck Protection Program	<u>41,327</u>	<u>-</u>
TOTAL LIABILITIES	<u>52,659</u>	<u>12,077</u>
NET ASSETS		
Without donor restrictions		
Undesignated	1,348,682	1,270,030
Board designated	<u>74,788</u>	<u>-</u>
	1,423,470	1,270,030
With donor restrictions	<u>9,619</u>	<u>26,260</u>
TOTAL NET ASSETS	<u>1,433,089</u>	<u>1,296,290</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,485,748</u>	<u>\$ 1,308,367</u>

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

THE SUDC FOUNDATION
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
	REVENUES					
Private foundation contributions	\$ 495,589	\$ 8,000	\$ 503,589	\$ 513,619	\$ -	\$ 513,619
Special events, net of expenses of \$13,252 and \$53,451 for the years ended December 31, 2020 and 2019, respectively	219,691	-	219,691	186,292	-	186,292
Memorial gifts	181,061	-	181,061	104,323	-	104,323
Investment income	23,561	-	23,561	4,320	-	4,320
Other income	8,758	-	8,758	4,731	-	4,731
Net assets released from restriction:						
Satisfaction of purpose restrictions	24,641	(24,641)	-	50,759	(50,759)	-
Total revenues	<u>953,301</u>	<u>(16,641)</u>	<u>936,660</u>	<u>864,044</u>	<u>(50,759)</u>	<u>813,285</u>
EXPENSES						
Program services - research and family services	575,972	-	575,972	622,430	-	622,430
Management and general	211,239	-	211,239	280,148	-	280,148
Fundraising	12,650	-	12,650	12,581	-	12,581
Total expenses	<u>799,861</u>	<u>-</u>	<u>799,861</u>	<u>915,159</u>	<u>-</u>	<u>915,159</u>
CHANGES IN NET ASSETS	153,440	(16,641)	136,799	(51,115)	(50,759)	(101,874)
NET ASSETS - Beginning 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>
NET ASSETS - End of year	<u>\$ 1,423,470</u>	<u>\$ 9,619</u>	<u>\$ 1,433,089</u>	<u>\$ 1,270,030</u>	<u>\$ 26,260</u>	<u>\$ 1,296,290</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, 2020 and 2019

	2020			
	Program Services			
	Research and Family Services	Management and General	Fundraising	Total
Grants	\$ 290,807	\$ -	\$ -	\$ 290,807
Salaries and related expenses	173,616	134,909	11,045	319,570
Bank fees	-	8,643	-	8,643
Depreciation	3,328	1,996	1,331	6,655
Travel and promotions	-	-	274	274
Insurance	-	5,808	-	5,808
Office expense	15,185	46,267	-	61,452
Professional fees	-	13,616	-	13,616
Awareness and advocacy	70,350	-	-	70,350
Family support	22,686	-	-	22,686
	22,686	-	-	22,686
TOTAL EXPENSES	\$ 575,972	\$ 211,239	\$ 12,650	\$ 799,861

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

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	<u>\$ 622,430</u>	<u>\$ 280,148</u>	<u>\$ 12,581</u>	<u>\$ 915,159</u>

THE SUDC FOUNDATION
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 136,799	\$ (101,874)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	6,655	-
Unrealized losses on investments	89	-
Changes in operating assets and liabilities:		
Contributions receivable	(11,378)	42,755
Accrued expenses	(745)	2,050
	<u>131,420</u>	<u>(57,069)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificates of deposit	-	(500,000)
Interest reinvested on certificates of deposit	(12,476)	-
Purchase of website	(39,930)	-
Purchase of investments	(857)	(845)
	<u>(53,263)</u>	<u>(500,845)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable, Paycheck Protection Program	41,327	-
	<u>119,484</u>	<u>(557,914)</u>
CHANGES IN CASH AND CASH EQUIVALENTS	119,484	(557,914)
CASH AND CASH EQUIVALENTS – Beginning of year	800,277	1,358,191
	<u>800,277</u>	<u>1,358,191</u>
CASH AND CASH EQUIVALENTS – End of year	\$ 919,761	\$ 800,277
	<u>\$ 919,761</u>	<u>\$ 800,277</u>

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

THE SUDC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

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

The Foundation holds certificates of deposit for purposes of asset management and protection. Initial maturities at purchase of these certificates ranged from 12 months to 4 years. At December 31, 2020, interest rates range from .50% to 1.85% with interest paid periodically on a monthly or semi-annual basis. The balance of certificates of deposit were \$512,476 and \$500,000 as of December 31, 2020 and 2019, respectively.

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. Property and Equipment

Property and equipment is recorded at cost in the amount of \$39,930 and \$-0- as of December 31, 2020 and 2019, respectively. When property is sold, retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts with any resulting gain or loss reflected in income. Maintenance and repairs are expensed in the year incurred. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives of 3 years, computed under straight-line methods. Depreciation expense was \$6,655 and \$-0- for the years ended December 31, 2020 and 2019, respectively.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5. Property and Equipment – Continued

Accumulated depreciations was \$6,655 and \$-0- for the years ended December 31, 2020 and 2019, respectively.

6. 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, 2020 and 2019 are due in less than one year and no allowance is considered necessary.

7. 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.

8. 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.

9. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

10. 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.

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 June 28, 2021, 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 statements of financial position at December 31 are as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Common stock	\$ 1,513	\$ 1,613	\$ 656	\$ 845

Investment income consists of interest and dividends in the amount of \$23,650 and \$4,320 for the years ended December 31, 2020 and 2019, respectively, and an unrealized loss of (\$89) and \$-0- for the years ended December 31, 2020 and 2019, respectively.

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, 2020, the Foundation’s uninsured cash balance was approximately \$326,000. 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.

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, 2020 and 2019.

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

NOTE E – FAIR VALUE MEASUREMENTS – Continued

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– NOTE PAYABLE, PAYCHECK PROTECTION PROGRAM

During 2020, the Foundation obtained a Small Business Association (SBA) loan under the Paycheck Protection Program (PPP) with Wells Fargo Bank in the amount of \$41,327. Per the terms of the loan, the full amount will be forgiven as long as the loan proceeds are used for forgivable purposes including payroll costs and other specified non-payroll costs. The Foundation intends to apply for full forgiveness of the loan. In the event the Foundation is required to repay the loan, all payments with accrued interest over this period will be deferred until the SBA remits the loan forgiveness amount to the Foundation. Amounts outstanding under the loan will bear a fixed interest rate of 1.00% per annum with a maturity date of two years from commencement date (May 3, 2020). The Foundation has applied for full forgiveness of the PPP loan.

NOTE G – COMMITMENTS

The Foundation leases office space on a month-to-month basis. Total rent expense for the years ended December 31, 2020 and 2019 was \$23,996 and \$32,807, respectively, and is included in office expense on the statements of functional expenses.

NOTE H – BOARD DESIGNATED NET ASSETS

Board designated net assets are net assets without donor restrictions and consist of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
UPD webinars	\$ 43,000	\$ -
Ava's Warrior Foundation	21,788	-
Mental health cross-sectional study	<u>10,000</u>	<u>-</u>
	<u>\$ 74,788</u>	<u>\$ -</u>

A description of each of the designation is as follows:

UPD webinars – For the education webinars to support a book. This is expected to be spent over three years for the cost of NYU to host the webinars and support the continuing education credits.

Ava's Warrior Foundation – To be released upon receipt of requested proof of 501(c)3 status paperwork from Ava's Warrior Foundation.

Mental health cross-sectional study - For the analysis of a mental health survey to be completed in 2021.

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions – purpose are available for the following purposes at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
United Kingdom expansion	\$ 1,619	\$ 1,619
Academic Forensic Pathology International books publishing	-	24,641
Mental health cross-sectional study	<u>8,000</u>	<u>-</u>
	<u>\$ 9,619</u>	<u>\$ 26,260</u>

NOTE J – LIQUIDITY AND 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, 2020, all current assets are considered to be liquid and available within the next year, except for \$512,476 of certificates of deposit that will not mature until after 2021. Included in these assets are \$9,619 of assets that are subject to donor restrictions. As of December 31, 2019, all assets were considered to be liquid and available within the next year, except for \$500,000 of certificates of deposit. Included in these assets were \$26,260 of assets that were subject to donor restrictions.

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 K – 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 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 aside from conducting its operations virtually where possible.