



**Gorfine Schiller Gardyn**

Certified Public Accountants and Consultants



**THE SUDC FOUNDATION**

FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

**THE SUDC FOUNDATION**  
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*December 31, 2021 and 2020*

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## **INDEPENDENT AUDITORS' REPORT**

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

### ***Opinion***

We have audited the accompanying financial statements of The SUDC Foundation, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The SUDC Foundation as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

### ***Responsibility of Management 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.

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

## *Auditors' Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The SUDC Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The SUDC Foundation's ability to continue as a going concern for a reasonable period of time.

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

*Martini, Schiller & Galdyn, P.A.*

September 2, 2022  
Owings Mills, Maryland

## **FINANCIAL STATEMENTS**

**THE SUDC FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
*December 31, 2021 and 2020*

**ASSETS**

	<b>2021</b>	<b>2020</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 640,086	\$ 919,761
Certificates of deposit	780,091	512,476
Investments, at fair value	-	1,613
Prepays	2,310	-
Contributions receivable	241,704	18,623
<b>Total current assets</b>	1,664,191	1,452,473
 <b>PROPERTY AND EQUIPMENT</b>		
Website, net of accumulated depreciation of \$19,965 and \$6,655 as of December 31, 2021 and 2020, respectively	19,965	33,275
 <b>INTANGIBLE ASSET</b>	26,597	-
 <b>TOTAL ASSETS</b>	<b>\$ 1,710,753</b>	<b>\$ 1,485,748</b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 18,602	\$ 11,332
 <b>LONG-TERM LIABILITIES</b>		
Note payable, Paycheck Protection Program	-	41,327
 <b>TOTAL LIABILITIES</b>	18,602	52,659
 <b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	1,626,448	1,348,682
Board designated	34,582	74,788
	1,661,030	1,423,470
With donor restrictions	31,121	9,619
 <b>TOTAL NET ASSETS</b>	1,692,151	1,433,089
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,710,753</b>	<b>\$ 1,485,748</b>

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

**THE SUDC FOUNDATION**  
**STATEMENTS OF ACTIVITIES**  
*For the Years Ended December 31, 2021 and 2020*

	2021			2020		
	Without	With Donor	Total	Without	With Donor	Total
	Donor Restrictions	Restrictions		Donor Restrictions	Restrictions	
<b>REVENUES</b>						
Private foundation contributions	\$ 385,768	\$ 21,502	\$ 407,270	\$ 495,589	\$ 8,000	\$ 503,589
Special events, net of expenses of \$54,344 and \$13,252 for the years ended December 31, 2021 and 2020, respectively	397,582	-	397,582	219,691	-	219,691
Memorial gifts	224,926	-	224,926	181,061	-	181,061
Investment income	6,328	-	6,328	23,561	-	23,561
Other income	9,349	-	9,349	8,758	-	8,758
Loan forgiveness	95,279	-	95,279	-	-	-
Net assets released from restriction:						
Satisfaction of purpose restrictions	-	-	-	24,641	(24,641)	-
<b>Total revenues</b>	<u>1,119,232</u>	<u>21,502</u>	<u>1,140,734</u>	<u>953,301</u>	<u>(16,641)</u>	<u>936,660</u>
<b>EXPENSES</b>						
Program services - research and family services	525,865	-	525,865	575,972	-	575,972
Management and general	273,141	-	273,141	175,654	-	175,654
Fundraising	82,666	-	82,666	48,235	-	48,235
<b>Total expenses</b>	<u>881,672</u>	<u>-</u>	<u>881,672</u>	<u>799,861</u>	<u>-</u>	<u>799,861</u>
<b>CHANGES IN NET ASSETS</b>	237,560	21,502	259,062	153,440	(16,641)	136,799
<b>NET ASSETS - Beginning of year</b>	<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>
<b>NET ASSETS - End of year</b>	<u>\$ 1,661,030</u>	<u>\$ 31,121</u>	<u>\$ 1,692,151</u>	<u>\$ 1,423,470</u>	<u>\$ 9,619</u>	<u>\$ 1,433,089</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, 2021 and 2020*

	2021			
	Program Services			
	Research and Family Services	Management and General	Fundraising	Total
Grants	\$ 282,053	\$ -	\$ -	\$ 282,053
Salaries and related expenses	135,892	95,091	82,957	313,940
Bank fees	-	6,876	-	6,876
Depreciation	6,655	3,993	2,662	13,310
Travel and promotions	-	-	4,863	4,863
Insurance	-	5,957	-	5,957
Office expense	-	63,253	10,400	73,653
Professional fees	-	37,599	-	37,599
Awareness and advocacy	75,972	-	36,128	112,100
Website maintenance	-	60,372	-	60,372
Family support	25,293	-	-	25,293
<b>TOTAL EXPENSES</b>	<b>\$ 525,865</b>	<b>\$ 273,141</b>	<b>\$ 137,010</b>	<b>\$ 936,016</b>

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



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**2020**

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<b>Program Services</b>				
	<b>Research and Family Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
\$	290,807	\$ -	\$ -	\$ 290,807
	173,616	99,324	46,630	319,570
	-	8,643	-	8,643
	3,328	1,996	1,331	6,655
	-	-	274	274
	-	5,808	-	5,808
	15,185	46,267	-	61,452
	-	13,616	-	13,616
	70,350	-	13,252	83,602
	-	-	-	-
	<u>22,686</u>	<u>-</u>	<u>-</u>	<u>22,686</u>
\$	<u>575,972</u>	\$ <u>175,654</u>	\$ <u>61,487</u>	\$ <u>813,113</u>

**THE SUDC FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
*For the Years Ended December 31, 2021 and 2020*

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 259,062	\$ 136,799
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation	13,310	6,655
Contributed intangible asset	(26,597)	-
Loan forgiveness	(95,279)	-
Unrealized and realized (gains) losses on investments	(6,328)	89
Changes in operating assets and liabilities:		
Contributions receivable	(223,081)	(11,378)
Accounts payable and accrued expenses	<u>7,270</u>	<u>(745)</u>
<b>Net cash (used in) provided by operating activities</b>	<u>(71,643)</u>	<u>131,420</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of certificates of deposit	(270,000)	-
Proceeds from maturity of certificates of deposit	16,286	-
Interest reinvested on certificates of deposit	(8,270)	(12,476)
Purchase of website	-	(39,930)
Purchase of investments	<u>-</u>	<u>(857)</u>
<b>Net cash used in investing activities</b>	<u>(261,984)</u>	<u>(53,263)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from note payable, Paycheck Protection Program	<u>53,952</u>	<u>41,327</u>
<b>CHANGES IN CASH AND CASH EQUIVALENTS</b>	(279,675)	119,484
<b>CASH AND CASH EQUIVALENTS – Beginning of year</b>	<u>919,761</u>	<u>800,277</u>
<b>CASH AND CASH EQUIVALENTS – End of year</b>	<u><u>\$ 640,086</u></u>	<u><u>\$ 919,761</u></u>

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

**THE SUDC FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2021 and 2020*

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**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 sudden unexplained death in childhood (SUDC). This is accomplished by funding research grants to improve our understanding of SUDC, 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 the United States and a legal affiliation agreement with SUDC UK in 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, 2021, 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 \$780,091 and \$512,476 as of December 31, 2021 and 2020, 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 as of December 31, 2021 and 2020. 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 \$13,310 and \$6,655 for the years ended December 31, 2021 and 2020, respectively.

## **NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

### **6. Intangible Asset**

The intangible asset consists of a crypto currency donation and is stated at cost less any impairment.

### **7. 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, 2021 and 2020 are due in less than one year and no allowance is considered necessary.

### **8. 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.

### **9. 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.

### **10. 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.

### **11. 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.

### **12. Reclassifications**

Certain amounts from the prior year financial statements were reclassified to conform to the current year presentation.

### **13. Subsequent Events**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 2, 2022, 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>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Common stock	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,513</u>	<u>\$ 1,613</u>

Investment income consists of interest and dividends in the amount of \$8,270 and \$23,649 for the years ended December 31, 2021 and 2020, respectively, and an unrealized loss of \$1,942 and \$89 for the years ended December 31, 2021 and 2020, 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, 2021, the Foundation’s uninsured cash balance was \$170,514. 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, 2021 and 2020.

## **NOTE E – FAIR VALUE MEASUREMENTS – CONTINUED**

*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– 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. During 2021, the Foundation obtained an SBA loan under PPP with Wells Fargo Bank in the amount of \$53,952. Both of these loans have been fully forgiven during 2021.

## **NOTE G – COMMITMENTS**

The Foundation leases office space on a month-to-month basis. Total rent expense for the years ended December 31, 2021 and 2020 was \$24,481 and \$23,996, respectively, and is included in office expense on the statements of functional expenses.

The Foundation is also contracted to have the postponed family retreat during the 2022 year with a minimum commitment made of \$25,000.

## **NOTE H – BOARD DESIGNATED NET ASSETS**

Board designated net assets are net assets without donor restrictions and consist of the following at December 31, 2021 and 2020:

	<b><u>2021</u></b>	<b><u>2020</u></b>
UPD webinars	\$ 12,830	\$ 43,000
Ava's Warrior Foundation	11,752	21,788
Mental health cross-sectional study	<u>10,000</u>	<u>10,000</u>
	<b><u>\$ 34,582</u></b>	<b><u>\$ 74,788</u></b>

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 – For the support of children's initiatives in the town where the donors live.*

*Mental health cross-sectional study - For the analysis of a mental health survey.*

## **NOTE I – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions – purpose are available for the following purposes at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
United Kingdom expansion	\$ 1,619	\$ 1,619
Owlets	8,000	8,000
Family retreat	11,502	-
Mental health cross-sectional study	<u>10,000</u>	<u>-</u>
	<u>\$ 31,121</u>	<u>\$ 9,619</u>

## **NOTE J – RELATED PARTY TRANSACTIONS**

The Foundation’s treasurer is also the Principal and founder of Sterling Foundation Management, LLC. During the years ended December 31, 2021 and 2020, the Foundation paid a fee for services of \$12,000 and \$13,150, respectively.

Various board members of the Foundation are also founders of their own family foundations, and these foundations donate money to the Foundation. These family foundations made contributions of \$225,000 and \$120,400 during the years ended December 31, 2021 and 2020, respectively.

The daughter of the board president is an independent contractor of the Foundation. She was paid approximately \$45,000 and \$25,000 for the years ended December 31, 2021 and 2020, respectively.

## **NOTE K – 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, 2021, all current assets are considered to be liquid and available within the next year, except for \$780,091 of certificates of deposit that will not mature until after 2022. Included in these assets are \$31,121 of assets that are subject to donor restrictions. As of December 31, 2020, all assets were considered to be liquid and available within the next year, except for \$512,476 of certificates of deposit. Included in these assets were \$31,121 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 L – COVID-19 IMPACT**

The Foundation is operating in an environment in which a pandemic exists in relation to the novel coronavirus, COVID-19. The Foundation received two PPP loans, both of which were fully forgiven (see Note F). 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.