



**CHRISTOPHER REEVE FOUNDATION
D/B/A CHRISTOPHER AND
DANA REEVE FOUNDATION**

**FINANCIAL STATEMENTS,
OTHER FINANCIAL INFORMATION AND
REPORTS RELATED TO OFFICE OF MANAGEMENT
AND BUDGET – UNIFORM GUIDANCE**

DECEMBER 31, 2018 AND 2017

**CHRISTOPHER REEVE FOUNDATION
D/B/A CHRISTOPHER AND DANA REEVE FOUNDATION**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Christopher Reeve Foundation
D/B/A Christopher and Dana Reeve Foundation
Short Hills, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the Christopher Reeve Foundation, D/B/A Christopher and Dana Reeve Foundation (the "Foundation") which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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 of 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 Foundation as of December 31, 2018 and 2017, 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.

WISS & COMPANY, LLP

Emphasis-of-Matter

As discussed in Note 1 to the financial statements, the Foundation has adjusted its 2017 financial statements to retrospectively apply the change in accounting principles resulting from Accounting Standards Update, (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. In our opinion, such adjustments are appropriate and have been properly applied. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on page 26, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2019, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Wiss & Company

WISS & COMPANY, LLP

Livingston, New Jersey
June 10, 2019

**CHRISTOPHER REEVE FOUNDATION
D/B/A CHRISTOPHER AND DANA REEVE FOUNDATION**

STATEMENTS OF FINANCIAL POSITION

ASSETS	December 31,	
	2018	2017
ASSETS:		
Cash and equivalents:		
Unrestricted	\$ 723,208	\$ 1,299,786
Restricted	437,877	234,886
Investments	121,787	145,460
Equity investment	969,709	965,330
Grants receivable	714,181	1,962,617
Contributions receivable, net	2,562,432	1,678,075
Split-interest agreement	-	4,591
Prepaid expenses	88,854	100,019
Security deposits and other	13,663	20,495
Intangible assets, net	63,603	91,863
Fixed assets, net	31,367	40,921
Total Assets	\$ 5,726,681	\$ 6,544,043
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	\$ 283,443	\$ 147,918
Accrued expenses	189,749	169,887
Quality of Life and other grants payable	523,879	371,307
Deferred revenue	319,946	433,618
Research contracts payable	612,500	2,406,069
Total Liabilities	1,929,517	3,528,799
NET ASSETS:		
Without donor restrictions	2,410,022	1,494,210
With donor restrictions	1,387,142	1,521,034
Total Net Assets	3,797,164	3,015,244
Total Liabilities and Net Assets	\$ 5,726,681	\$ 6,544,043

See accompanying notes to financial statements.

**CHRISTOPHER REEVE FOUNDATION
D/B/A CHRISTOPHER & DANA REEVE FOUNDATION**

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Years Ended December 31,					
	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES:						
Contributions	\$ 4,414,361	\$ 364,975	\$ 4,779,336	\$ 3,498,616	\$ 441,745	\$ 3,940,361
Grant revenue	6,279,745	-	6,279,745	8,149,586	-	8,149,586
Special events	1,709,955	-	1,709,955	2,073,078	-	2,073,078
Contributed services	20,000	-	20,000	-	-	-
Net investment return	(18,824)	-	(18,824)	(9,625)	-	(9,625)
Net assets released from restrictions	498,865	(498,865)	-	1,815,345	(1,815,345)	-
Total support and revenues	<u>12,904,102</u>	<u>(133,890)</u>	<u>12,770,212</u>	<u>15,527,000</u>	<u>(1,373,600)</u>	<u>14,153,400</u>
EXPENSES:						
<i>Program services:</i>						
Research program	2,745,762	-	2,745,762	5,818,688	-	5,818,688
Public education	951,815	-	951,815	847,487	-	847,487
Quality of life	5,843,719	-	5,843,719	6,313,486	-	6,313,486
	<u>9,541,296</u>	<u>-</u>	<u>9,541,296</u>	<u>12,979,661</u>	<u>-</u>	<u>12,979,661</u>
<i>Supporting services:</i>						
Management and general	816,448	-	816,448	825,965	-	825,965
Fundraising	1,630,548	-	1,630,548	1,798,275	-	1,798,275
	<u>2,446,996</u>	<u>-</u>	<u>2,446,996</u>	<u>2,624,240</u>	<u>-</u>	<u>2,624,240</u>
Total expenses	<u>11,988,292</u>	<u>-</u>	<u>11,988,292</u>	<u>15,603,901</u>	<u>-</u>	<u>15,603,901</u>
CHANGE IN NET ASSETS	<u>915,810</u>	<u>(133,890)</u>	<u>781,920</u>	<u>(76,901)</u>	<u>(1,373,600)</u>	<u>(1,450,501)</u>
NET ASSETS, BEGINNING OF YEAR	<u>1,494,210</u>	<u>1,521,034</u>	<u>3,015,244</u>	<u>1,571,111</u>	<u>2,894,634</u>	<u>4,465,745</u>
NET ASSETS, END OF YEAR	<u>\$ 2,410,020</u>	<u>\$ 1,387,144</u>	<u>\$ 3,797,164</u>	<u>\$ 1,494,210</u>	<u>\$ 1,521,034</u>	<u>\$ 3,015,244</u>

See accompanying notes to financial statements.

**CHRISTOPHER REEVE FOUNDATION
D/B/A CHRISTOPHER & DANA REEVE FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR DECEMBER 31, 2018**

	Program Services				Support Services			Total Expenses 2018
	Research Program	Public Education	Quality of Life	Total	Management and General	Fund Raising	Total	
Salaries and wages	\$ 385,819	\$ 414,058	\$ 1,747,210	\$ 2,547,087	\$ 244,810	\$ 761,207	\$ 1,006,017	\$ 3,553,104
Outsourced personnel	-	-	33,449	33,449	-	-	-	33,449
Other employee benefits	49,969	53,627	481,357	584,953	31,836	99,248	131,084	716,037
Payroll taxes	20,184	21,662	160,861	202,707	12,843	40,089	52,932	255,639
Total salaries and related expenses	455,972	489,347	2,422,877	3,368,196	289,489	900,544	1,190,033	4,558,229
Research - contracts and allocations	1,384,562	-	-	1,384,562	-	-	-	1,384,562
Research - Big Idea	139,910	3,074	-	142,984	-	-	-	142,984
Quality of life, health promotions and other grants and programs	-	-	1,754,862	1,754,862	-	-	-	1,754,862
Professional fees	538,725	190,895	554,073	1,283,693	105,166	86,815	191,981	1,475,674
Internet communications	-	9,273	301,641	310,914	2,318	11,592	13,910	324,824
Research contract reviewer fees	4,000	-	-	4,000	-	-	-	4,000
Supplies	1,960	2,103	15,498	19,561	1,240	3,892	5,132	24,693
Telephone	3,071	3,296	22,634	29,001	1,944	6,100	8,044	37,045
Postage and shipping	1,171	1,257	48,728	51,156	741	2,326	3,067	54,223
Office rent	28,590	30,682	234,219	293,491	18,094	56,785	74,879	368,370
Equipment rental and maintenance	2,556	2,743	21,770	27,069	1,618	5,077	6,695	33,764
Conferences, conventions and meetings	-	-	54,594	54,594	3,173	-	3,173	57,767
Printing	4,937	4,937	81,912	91,786	4,937	4,937	9,874	101,660
Dues, subscriptions and registration fees	-	10,633	8,823	19,456	15,950	-	15,950	35,406
Insurance	33,245	-	16,623	49,868	16,623	-	16,623	66,491
Library	-	-	9,540	9,540	-	-	-	9,540
Travel and lodging	41,025	39,610	163,141	243,776	75,307	43,395	118,702	362,478
Direct mail	10,616	42,464	-	53,080	-	123,855	123,855	176,935
Special events	35,174	70,348	-	105,522	264,690	246,219	510,909	616,431
Direct benefit to donor costs	-	-	-	-	-	117,500	117,500	117,500
Teams	-	-	-	-	-	110,262	110,262	110,262
Staff training	-	-	19,198	19,198	-	-	-	19,198
Advertising	-	11,606	41,686	53,292	-	3,869	3,869	57,161
Miscellaneous	53,064	31,838	62,467	147,369	10,612	10,612	21,224	168,593
Depreciation and amortization	7,184	7,709	9,433	24,326	4,546	14,268	18,814	43,140
Subtotal	2,745,762	951,815	5,843,719	9,541,296	816,448	1,748,048	2,564,496	12,105,792
Less: direct benefit to donor costs	-	-	-	-	-	(117,500)	(117,500)	(117,500)
Total expenses-2018	<u>\$ 2,745,762</u>	<u>\$ 951,815</u>	<u>\$ 5,843,719</u>	<u>\$ 9,541,296</u>	<u>\$ 816,448</u>	<u>\$ 1,630,548</u>	<u>\$ 2,446,996</u>	<u>\$ 11,988,292</u>
Percentage of total expense	23%	8%	49%	80%	7%	14%	20%	100%

See accompanying notes to financial statements.

**CHRISTOPHER REEVE FOUNDATION
D/B/A CHRISTOPHER & DANA REEVE FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR DECEMBER 31, 2017**

	Program Services				Support Services			Total Expenses 2017
	Research Program	Public Education	Quality of Life	Total	Management and General	Fund Raising	Total	
Salaries and wages	\$ 229,222	\$ 367,829	\$ 1,760,726	\$ 2,357,777	\$ 263,390	\$ 856,932	\$ 1,120,322	\$ 3,478,099
Outsourced personnel	-	-	48,599	48,599	-	-	-	48,599
Other employee benefits	26,744	42,916	461,047	530,707	29,956	100,576	130,532	661,239
Payroll taxes	12,083	19,389	163,075	194,547	13,671	45,440	59,111	253,658
Total salaries and related expenses	268,049	430,134	2,433,447	3,131,630	307,017	1,002,948	1,309,965	4,441,595
Research contracts and allocations	3,951,842	-	-	3,951,842	-	-	-	3,951,842
Research - Big Idea	1,484,062	-	-	1,484,062	13,106	-	13,106	1,497,168
Quality of life, health promotions and other grants and programs	-	-	2,139,969	2,139,969	-	-	-	2,139,969
Professional fees	10,425	182,486	594,785	787,696	99,881	102,056	201,937	989,633
Internet communications	-	2,980	169,045	172,025	745	3,726	4,471	176,496
Research contract reviewer fees	5,125	-	-	5,125	-	-	-	5,125
Supplies	1,362	2,185	31,350	34,897	1,587	5,121	6,708	41,605
Telephone	1,626	2,610	22,453	26,689	1,896	6,116	8,012	34,701
Postage and shipping	807	1,295	64,520	66,622	941	3,034	3,975	70,597
Office rent	15,069	24,181	223,960	263,210	17,569	56,671	74,240	337,450
Equipment rental and maintenance	1,176	1,887	19,954	23,017	1,371	4,422	5,793	28,810
Conferences, conventions and meetings	-	-	68,941	68,941	6,870	-	6,870	75,811
Printing	4,667	4,667	128,651	137,985	4,667	4,667	9,334	147,319
Dues, subscriptions and registration fees	-	23,223	10,934	34,157	34,834	-	34,834	68,991
Insurance	-	-	27,000	27,000	45,989	-	45,989	72,989
Library	-	-	22,821	22,821	-	-	-	22,821
Travel and lodging	19,224	16,872	165,469	201,565	43,548	21,019	64,567	266,132
Direct mail	18,357	73,429	-	91,786	-	214,169	214,169	305,955
Special events	15,212	45,636	-	60,848	223,531	243,393	466,924	527,772
Direct benefit to donor costs	-	-	-	-	-	120,300	120,300	120,300
Teams	-	-	-	-	-	93,205	93,205	93,205
Staff training	-	-	17,230	17,230	-	-	-	17,230
Advertising	-	11,545	79,082	90,627	-	3,848	3,848	94,475
Miscellaneous	17,268	17,269	84,456	118,993	17,263	17,269	34,532	153,525
Depreciation and amortization	4,417	7,088	9,419	20,924	5,150	16,611	21,761	42,685
Subtotal	5,818,688	847,487	6,313,486	12,979,661	825,965	1,918,575	2,744,540	15,724,201
Less: direct benefit to donor costs	-	-	-	-	-	(120,300)	(120,300)	(120,300)
Total expenses-2017	<u>\$ 5,818,688</u>	<u>\$ 847,487</u>	<u>\$ 6,313,486</u>	<u>\$ 12,979,661</u>	<u>\$ 825,965</u>	<u>\$ 1,798,275</u>	<u>\$ 2,624,240</u>	<u>\$ 15,603,901</u>
Percentage of total expense	37%	5%	40%	83%	5%	12%	17%	100%

See accompanying notes to financial statements.

**CHRISTOPHER REEVE FOUNDATION
D/B/A CHRISTOPHER & DANA REEVE FOUNDATION**

STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 781,920	\$ (1,450,501)
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation and amortization	43,140	42,685
Change in contributions receivable discount	(43,375)	(32,857)
Change in value of split-interest agreement	4,591	14,401
Net unrealized/realized loss on investments	23,892	1,467
(Increase) decrease in assets:		
Restricted cash and equivalents	(202,990)	757,485
Grants receivable	1,248,436	418,717
Contributions receivable	(840,982)	562,658
Prepaid expenses, security deposits, and other	17,997	(11,674)
(Increase) decrease in liabilities:		
Accounts payable	135,525	(120,159)
Accrued expenses	19,862	(103,051)
Quality of Life and other grants payable	152,572	(350,118)
Deferred revenue	(113,672)	145,648
Research contracts payable	(1,793,569)	816,519
Net cash flows from operating activities	(566,653)	691,220
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(100,340)	(308,744)
Proceeds from sale of investments	95,741	324,599
Purchase of fixed assets	(5,326)	-
Net cash flows from investing activities	(9,925)	15,855
Net change in cash and equivalents	(576,578)	707,075
Cash and equivalents at beginning of year	1,299,786	592,711
Cash and equivalents at end of year	\$ 723,208	\$ 1,299,786

See accompanying notes to financial statements.

**CHRISTOPHER REEVE FOUNDATION
D/B/A CHRISTOPHER AND DANA REEVE FOUNDATION**

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies:

Nature of the Organization - In August 2005, the Christopher Reeve Paralysis Foundation changed its name to Christopher Reeve Foundation (“CRF” or the “Foundation”). Subsequently, on February 26, 2007, the Foundation registered with the State of New Jersey the name Christopher and Dana Reeve Foundation to be used as an alternate name for its business activities. The Foundation, a non-profit corporation, was formed on April 21, 1999 from the merger of the American Paralysis Association (“APA”) and a previous entity named the Reeve Foundation.

The Foundation is dedicated to curing spinal cord injuries by funding innovative research, and improving the quality of life for people living with paralysis through grants, information, and advocacy. Toward this goal, CRF directs its public education program to increase public awareness of paralysis and CRF’s involvement in finding a cure, along with efforts to educate the public about issues and solutions to improve the quality of life of those disabled as a result of spinal cord injuries and other forms of paralysis. Research contracts are granted after approval of the research program by the Board of Directors. Quality of Life grants undergo rigorous multi-stage review by panels of external merit reviewers and internal reviewers comprised of staff and members of the Board of Directors.

Effective September 30, 2001, CRF was awarded a \$2,000,000 federal grant from the Centers for Disease Control (“CDC”) to establish the Christopher and Dana Reeve Paralysis Resource Center. The Resource Center, which is part of CRF’s Quality of Life Program, is a stand-alone facility that began operations in May 2002. It provides educational materials, referral services, and self-help guidance to people with paralysis, their families, and caregivers. It also awards Quality of Life grants to organizations working in the paralysis community. Effective June 1, 2017, CRF was awarded a \$6,752,000 Administration for Community Living (“ACL”) federal grant and effective June 1, 2018, CRF was awarded a \$6,761,661 ACL federal grant, for the Resource Center to continue its operations. Since the inception of the program in 2001, CRF has been awarded federal grants from the CDC amounting to \$61,648,507 to operate the Resource Center and \$34,130,000 from the ACL. There were no funds received from CDC during 2017 and 2018.

In May 2007, the Foundation was awarded a two-year grant from the Department of Defense (“DOD”) in the amount of \$2,500,000 to support the North American Clinical Trials Network. In June 2008, the grant was amended and increased to \$4,418,000 and was further amended and increased to \$4,918,000 in October 2010. In July 2010, a new two-year grant totaling \$5,468,500 was awarded to the Foundation. In May 2013, DOD issued a two-year cooperative agreement for \$2,000,000. A one year no cost extension was awarded and ended in April 2016. In April 2016, DOD issued a two-year contract for \$2,500,000, to continue support of the North American Clinical Trials Network. For calendar years 2018 and 2017, the Foundation reported revenue of \$805,753 and \$1,063,652, respectively, under this grant. From May 2007 through December 2018, the Foundation has reported revenue of \$14,697,000 under the grant.

Estimates and Uncertainties - 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 net revenue and expenses during each reporting period. Actual results, as determined at a later date, could differ from those estimates.

Cash and Equivalents - Cash and equivalents include money market accounts and all other highly liquid short-term investments purchased with maturities of three months or less.

**CHRISTOPHER REEVE FOUNDATION
D/B/A CHRISTOPHER AND DANA REEVE FOUNDATION**

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued):

Concentration of Credit Risk - The Foundation's cash balances in financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 each. At times, such balances may be in excess of the FDIC insurance limit.

Investments - Investments are reported at fair values, generally based on current market quotations. All investment income is without donor restrictions as to use. Fair value is defined as 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 (an exit price). All transactions are recorded on a trade-date basis. The cost of securities sold is determined using the specific identification method. The Foundation reviews its investments annually for impairment. Management has determined there are no other than temporary losses as of December 31, 2018.

The investments are protected by the Securities Insurance Protection Corporation (SIPC), which provides limited insurance in certain circumstances for securities. The insurance is limited to \$500,000 and does not protect against investment losses. At times, such balances may be in excess of SIPC insured limits.

Net investment return/(loss) is reported in the statements of activities and changes in net assets and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Realized gains and losses are calculated based on the difference between the cost of the investments and the proceeds received from the sale of the respective investments. Changes in unrealized gains and losses, net, are calculated based on the change in the difference between the cost and fair values of investments at December 31 of the current year compared to the cost and fair values of investments at December 31 of the prior year.

Equity Investment - Investee companies that are not consolidated, but over which the Foundation exercises significant influence, are accounted for under the equity method of accounting. Whether or not the Foundation exercises significant influence with respect to an Investee depends on the evaluation of several factors including, among others, representation on the Investee company's board of directors and ownership level, which is generally a 20% to 50% interest in the voting securities of the Investee company. Under the equity method of accounting, an Investee company's accounts are not reflected within the Foundation's Statements of Financial Position and Statements of Activities and Changes in Net Assets; however, the Foundation's share of the earnings or losses of the Investee company is reflected in the caption "Investment income/(loss)" in the Statements of Activities and Changes in Net Assets. Reeve Foundation – Presidio Partners NRT, L.P. ("NRT") is accounted for under the equity method of accounting. The Foundation's carrying value in an equity method Investee company is reflected in the caption "Equity Investment" in the Statements of Financial Position. Dividends under the equity method reduces the investment value.

If the Foundation's carrying value in an equity method Investee company is reduced to zero, no further losses are recorded in the Foundation's financial statements unless the Foundation guaranteed obligations of the Investee company or has committed additional funding. If the Investee company subsequently reports income, the Foundation will not record its share of such income until it equals the amount of its share of losses not previously recognized.

Grants Receivable - Grants receivable, all due within one year, represent amounts due from grantors, based on terms of the related grant agreements. The Foundation determines the need for an allowance based on history of write-offs, levels of past due accounts and its relationships with, and economic status of its grantors. No provision is made for uncollectible amounts since management expects to collect the entire grants receivable balance.

**CHRISTOPHER REEVE FOUNDATION
D/B/A CHRISTOPHER AND DANA REEVE FOUNDATION**

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued):

Contributions Receivable - Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable are recorded at net present value using a present value discount rate established at the time the promise is received. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. Based on contributor's history, collections, ability to pay and current credit conditions, accounts are written off when deemed uncollectible.

Split Interest Agreement - The Foundation had a receivable in an irrevocable charitable lead annuity trust administered by a third party. Under the terms of the agreement, the trustee distributed \$15,000 a year to the Foundation for the 10-year annuity period. The Foundation recorded the agreement in the accompanying statements of financial position at the present value of future distributions. The discount rate used in 2017 was 5%. The split interest agreement was fully collected in 2018.

Intangible Assets - Website development costs representing website application, infrastructure and graphics development have been capitalized in accordance with *FASB ASC 350* and reported as Intangible assets in the Statements of Financial Position. These assets are being amortized using the straight-line method over its estimated useful life of 5 years. Intangibles had a balance of \$63,603 and \$91,863 as of December 31, 2018 and 2017, respectively. Amortization expense totaled \$28,260 and \$28,260 in 2018 and 2017, respectively. All other costs in the planning stage have been expensed.

Fixed Assets - The Foundation capitalizes all fixed asset acquisitions in excess of \$5,000. Purchased equipment is recorded at cost. Depreciation on purchased equipment is provided on the straight-line method over an estimated useful life of five years. Leasehold improvements are amortized over the period of the respective lease using the straight-line method.

Long-Lived Assets - The Foundation evaluates all long-lived assets for impairment. Long-lived assets and intangible assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the carrying amount is not fully recoverable, an impairment loss is recognized to reduce the carrying amount to fair value, and is charged to expense in the period of impairment. At December 31, 2018 and 2017 management has determined that these assets are not impaired.

Deferred Revenue and Grant Revenue - The Foundation recognizes grant revenue as grant expenses are incurred. The Foundation records restricted grants as a deferred revenue when cash is received until it is expended for the purpose of the grant or contract, at which time it becomes unconditional and is recognized as an increase in net assets without donor restrictions.

**CHRISTOPHER REEVE FOUNDATION
D/B/A CHRISTOPHER AND DANA REEVE FOUNDATION**

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued):

Research Contracts, Quality of Life Grants, and Health Promotion Awards - Research contracts, quality of life grants, and health promotion awards are expensed in the year the contract/grant/awards are approved and/or formally signed by CRF and the grantee. Contracts and awards are unconditional, but are subject to routine performance requirements by the recipient. Grants payable in more than one year are discounted to the present value of future payments, which approximates fair value. Any returns are recorded in the year the contract ends, which is when a determination of any unspent funds is made.

The Foundation has conditional commitments to give to several consultants and universities for the Big Idea. The Big Idea is an early feasibility study that evaluates the effectiveness of epidural stimulation in improving cardiovascular function, as well as the ability to facilitate standing and voluntary movements. Conditional commitments to give are not recorded as a liability or an expense until the research contract milestones are met. Accordingly, liabilities and expenses in the amounts of \$7,781,000 and \$7,868,000, which the Foundation expects to incur over the remaining years through 2021, have not been recorded in the accompanying financial statements as of December 31, 2018 and 2017, respectively.

Net Assets - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) 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. The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contribution Revenue - Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributed Services - In the normal course of business, the Foundation receives contributed services from volunteers, including officers and directors, to support fundraising and administrative activities. In accordance with authoritative guidance, the value of these contributed services is not reflected in the accompanying financial statements.

Special Events - Special events revenue is net of direct benefit to donor costs consisting of meals and entertainment totaling \$117,500 and \$120,300 for the years ended December 31, 2018 and 2017, respectively.

**CHRISTOPHER REEVE FOUNDATION
D/B/A CHRISTOPHER AND DANA REEVE FOUNDATION**

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued):

Functional Allocation of Expenses - The Foundation allocates salaries and indirect expenses into functional categories related to program and supporting services based on time spent in the various functions by the president and other Foundation personnel, and other appropriate bases of allocation.

Joint costs incurred in connection with mailing informational materials and performing other activities that include fundraising are allocated to program and supporting services on the basis of the content of the material.

Advertising Expenses - Advertising costs are expensed as incurred and totaled \$57,161 in 2018 and \$94,475 in 2017.

Income Taxes - The Foundation qualifies as a charitable organization as defined by Internal Revenue Code (the "Code") Section 501(c)(3) and, accordingly, is exempt from Federal income taxes under Section 501(a) of the Code. The Foundation has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a)(1) of the code. Additionally, since the Foundation is publicly supported, contributions to the Foundation qualify for the maximum charitable contribution deduction under the Code. The Foundation is also exempt from New Jersey State income tax.

Uncertain Tax Positions - Accounting principles generally accepted in the United States require management to evaluate uncertain tax positions taken by the Foundation. The financial statements effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Foundation and has concluded that as of December 31, 2018, there are no uncertain positions taken or expected to be taken. Other significant tax positions include its determination of whether any amounts are subject to unrelated business income tax (UBIT). Management has determined that the Foundation had no activities subject to UBIT in the years ended December 31, 2018 and 2017. The Foundation has recognized no interest or penalties related to uncertain tax positions. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to federal or state income tax examinations for years prior to 2015 and 2014, for the State of New Jersey, respectively.

New Accounting Pronouncement - In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, "Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities". The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance, and cash flows. The Foundation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Recently Issued Accounting Pronouncements - In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. Management is currently evaluating the impact of this ASU on the financial statements.

**CHRISTOPHER REEVE FOUNDATION
D/B/A CHRISTOPHER AND DANA REEVE FOUNDATION**

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued):

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expenses recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Management is currently evaluating the impact of this ASU on the financial statements.

Subsequent Events - Management has reviewed and evaluated all events and transactions from December 31, 2018 through June 10, 2019, the date that the financial statements are available for issuance. The effects of those events and transactions that provide additional pertinent information about conditions that existed at the statement of financial position date have been recognized in the accompanying financial statements.

Note 2 - Availability and Liquidity

The following represents the Foundation's financial assets at December 31, 2018 and 2017:

Financial assets at year end:	<u>2018</u>	<u>2017</u>
Cash and equivalents:		
Unrestricted	\$ 723,208	\$ 1,299,786
Restricted	437,877	234,886
Investments	121,787	145,460
Equity investment	969,709	965,330
Grants receivable	714,181	1,962,617
Contributions receivable, net	2,562,432	1,678,075
Split-interest agreement	<u>-</u>	<u>4,591</u>
Total financial assets	5,529,194	6,290,745
Less amounts not available to be used within one year:		
Net assets with donor restrictions	1,387,142	1,521,034
Net assets with purpose restrictions	<u>2,121,767</u>	<u>3,162,833</u>
	<u>3,508,909</u>	<u>4,683,867</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,020,285</u>	<u>\$ 1,606,878</u>

As part of the Foundation's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in short-term investments. In the event of an unanticipated liquidity need, the Foundation also could draw upon \$250,000 of an available line of credit (as further discussed in Note 12).

**CHRISTOPHER REEVE FOUNDATION
D/B/A CHRISTOPHER AND DANA REEVE FOUNDATION**

NOTES TO FINANCIAL STATEMENTS

Note 3 - Fair Value Measurements-Recurring:

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements FASB ASC 820, 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 measurement) and the lowest priority to unobservable inputs (level 3 measurement.) The carrying amounts of cash and equivalents, accounts receivable and accounts payable included in the accompanying statements of financial position approximated fair value at December 31, 2018 and 2017. These assets and liabilities are not presented in the following tables. The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation 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.

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

The asset 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 methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

- *Marketable equity securities/Mutual Funds* - Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are 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.

**CHRISTOPHER REEVE FOUNDATION
D/B/A CHRISTOPHER AND DANA REEVE FOUNDATION**

NOTES TO FINANCIAL STATEMENTS

Note 3 - Fair Value Measurements-Recurring (continued):

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2018, and 2017:

	<i>Assets at Fair Value as of December 31, 2018</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Mutual funds:				
S&P Preferred Stock Index	\$ 94,133	\$ -	\$ -	\$ 94,133
Marketable equity securities:				
Industrials	27,654	-	-	27,654
Total	\$ 121,787	\$ -	\$ -	\$ 121,787
	<i>Assets at Fair Value as of December 31, 2017</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Mutual funds:				
S&P Preferred Stock Index	\$ 104,693	\$ -	\$ -	\$ 104,693
Marketable equity securities:				
Industrials	40,767	-	-	40,767
Total	\$ 145,460	\$ -	\$ -	\$ 145,460

Note 4 - Investment in Securities:

The fair market value of the investments are as follows:

	December 31,	
	2018	2017
Marketable equity securities	\$ 27,654	\$ 40,767
Mutual funds	94,133	104,693
	\$ 121,787	\$ 145,460
	December 31,	
	2018	2017
Investment Income (Loss)		
Investment loss	\$ 5,068	\$ (8,158)
Net realized gains	63,016	269,585
Net unrealized gains (losses)	(86,908)	(271,052)
	\$ (18,824)	\$ (9,625)

**CHRISTOPHER REEVE FOUNDATION
D/B/A CHRISTOPHER AND DANA REEVE FOUNDATION**

NOTES TO FINANCIAL STATEMENTS

Note 5 - Equity Investment:

The Foundation's investments in companies that are accounted for on the equity method of accounting consist of a 37.19% investment in Reeve Foundation – Presidio Partners NRT, L.P. ("NRT") purchased for \$1,000,000 on October 31, 2016.

There are no conversion features or contingency issuances by NRT that would materially affect the ownership interest in NRT.

The Foundation's investment in NRT is \$969,709 and \$965,330 as of December 31, 2018 and 2017, respectively.

Listed below is the summarized financial information of NRT as of December 31, 2018 and 2017:

	December 31,	
	2018	2017
Condensed income statement information:		
Net revenues	\$ -	\$ -
Gross margin	\$ -	\$ -
Net income (loss)	\$ (23,222)	\$ (53,182)
Foundation's equity in net income (loss) of affiliates	\$ (8,637)	\$ (18,721)
Condensed balance sheet information:		
Current assets	\$ 14,393	\$ 2,963
Noncurrent assets	2,240,614	2,615,000
Total assets	\$ 2,255,007	\$ 2,617,963
Current liabilities	\$ 22,060	\$ 22,408
Noncurrent liabilities	-	-
Equity	2,232,947	2,595,555
Total liabilities and equity	\$ 2,255,007	\$ 2,617,963

The following tables illustrate the captions used in the Foundation's Statements of Financial Position and Statements of Activities and Changes in Nets Assets for its equity basis investments described above.

	December 31,	
	2018	2017
<u>Statement of Financial Position Presentation</u>		
Equity Investment	\$ 969,709	\$ 965,330
<u>Statement of Activities and Changes in Net Assets Presentation</u>		
Investment gain (loss)	\$ (8,637)	\$ (18,721)

**CHRISTOPHER REEVE FOUNDATION
D/B/A CHRISTOPHER AND DANA REEVE FOUNDATION**

NOTES TO FINANCIAL STATEMENTS

Note 6 - Grants Receivable:

Grants receivable represent contractual expenses incurred and reimbursable under federal grants with the ACL and the DOD.

	December 31,	
	2018	2017
Administration for Community Living	\$ 695,563	\$ 1,518,287
Department of Defense	18,618	444,330
	\$ 714,181	\$ 1,962,617

Note 7 - Contributions Receivable:

As of December 31, 2018 and 2017, contributions receivable included \$1,160,000 and \$1,220,000, respectively, of pledges receivable from members of the Foundation's Board of Directors. The Foundation's contributions receivable are due as follows:

	December 31,	
	2018	2017
Less than one year	\$ 2,402,325	\$ 1,451,343
One to five years	750,000	860,000
	3,152,325	2,311,343
<i>Less: Amount to reduce to present value</i>		
<i>(discount rates of 2.21% - 2.93%)</i>	89,893	133,268
Allowance for uncollectible contributions	500,000	500,000
	589,893	633,268
	\$ 2,562,432	\$ 1,678,075

Note 8 - Fixed Assets:

Fixed assets, net are comprised as follows:

	December 31,	
	2018	2017
Furniture, fixtures, equipment & software	\$ 1,024,645	\$ 1,019,319
Research equipment	188,580	188,580
	1,213,225	1,207,899
<i>Less: Accumulated depreciation and amortization</i>	1,181,858	1,166,978
Fixed Assets, net	\$ 31,367	\$ 40,921

Depreciation and amortization expense totaled \$14,880 and \$14,424 in 2018 and 2017, respectively.

**CHRISTOPHER REEVE FOUNDATION
D/B/A CHRISTOPHER AND DANA REEVE FOUNDATION**

NOTES TO FINANCIAL STATEMENTS

Note 9 - Direct Mail Program:

The Foundation conducts a Direct Mail Program (the “Program”), the purpose of which is to increase public awareness and support for the Foundation’s mission to provide research to find a cure for spinal cord injuries and improve the quality of life of those affected. For the years ended December 31, 2018 and 2017, the Program generated revenues of \$818,293 and \$840,958, respectively, which are included in contributions on the statements of activities and changes in net assets, and expenses of \$176,935 and \$305,955, respectively, which are reported under direct mail on the statement of functional expenses.

Note 10 - Research Contracts Payable:

Research program expense includes those research contracts approved and/or formally signed by the Foundation and the grantee during the year. However, when certain research contracts are issued, the cash payment schedule may extend beyond one year. The details of research contracts expensed and payable are as follows:

	December 31,	
	2018	2017
Research contracts payable, beginning of year	\$ 2,406,069	\$ 1,589,550
Research contracts awarded, net of returns	1,132,969	5,052,230
	3,539,038	6,641,780
Contract payments made and returns	(2,926,538)	(4,235,711)
Research contracts payable, end of year	\$ 612,500	\$ 2,406,069

At December 31, 2018, scheduled contract payments totaling \$612,500 are payable during 2019.

Note 11 - Deferred Revenue:

Deferred revenue is comprised of the following:

	December 31,	
	2018	2017
Corporate Giving (use of NACTN clinical data)	\$ 14,406	\$ 10,000
Family Foundation (pass-through)	-	95,000
North American Clinical Trials Network for Treatment of Spinal Cord Injury	305,540	328,618
	\$ 319,946	\$ 433,618

**CHRISTOPHER REEVE FOUNDATION
D/B/A CHRISTOPHER AND DANA REEVE FOUNDATION**

NOTES TO FINANCIAL STATEMENTS

Note 12 - Line of Credit:

On February 26, 2011, the Foundation entered into a \$500,000 loan agreement with Bank of America to fund advances made, and to be reimbursed, under the DOD contract. In December 2012, at management's request, the loan line was reduced to \$250,000. The line of credit is collateralized by investments the Foundation has on deposit with Merrill Lynch. Interest on the loan was 4.88394% and 3.93875% at December 31, 2018 and 2017, respectively. At December 31, 2018, the Foundation had not drawn down any amount from its line of credit.

Note 13 - Net Assets With Donor Restrictions:

Net assets with donor restrictions are restricted for the following purposes or periods:

	December 31,	
	2018	2017
Subject to expenditure for specified purpose:		
The Big Idea	\$ 1,387,142	\$ 1,521,034

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of the time or other events specified by the donors as follows for the years ended December 31, 2018 and 2017:

	December 31,	
	2018	2017
Satisfaction of purpose restrictions:		
The Big Idea	\$ 498,867	\$ 1,815,345

Note 14 - Functional Expense Allocations:

In 2018 and 2017, the Foundation conducted activities that included appeals for contributions as well as program and management and general components. Activities included direct mail campaigns and special events. Joint costs for those activities were allocated as follows:

	December 31,	
	2018	2017
Program Services	\$ 158,602	\$ 152,634
Fundraising	370,074	457,562
	\$ 528,676	\$ 610,196

For the years ended December 31, 2018 and 2017, program services included \$53,080 and \$91,786 for direct mail, respectively, and \$105,522 and \$60,848 for special events, respectively. For the years ended December 31, 2018 and 2017, fundraising included \$123,855 and \$214,169 for direct mail, respectively, and \$246,219 and \$243,393 for special events, respectively.

**CHRISTOPHER REEVE FOUNDATION
D/B/A CHRISTOPHER AND DANA REEVE FOUNDATION**

NOTES TO FINANCIAL STATEMENTS

Note 15 - Leases:

At December 31, 2018, minimum lease payments under noncancellable operating leases for the rental of office space and equipment are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 313,851
2020	311,033
2021	310,094
2022	300,644
2023	288,594
2024 and thereafter	<u>566,787</u>
Total future minimum lease payments	<u>\$ 2,091,003</u>

Total rental expense was \$368,370 and \$337,450 for 2018 and 2017, respectively. In January 2015 the Foundation renewed its lease through June 2025. The above table does not include renewal options or operating expense escalations. Additionally, the new lease states that if the Foundation does not receive governmental funding satisfactory for the Paralysis Resource Center to continue in business, it may on the dates specified and no less than 60 days notice, terminate the lease by up to forty percent of the rentable area.

Note 16 - Employee Benefit Plans:

The Foundation has a 401(k) pension plan for the benefit of its employees. Under the plan, the Foundation makes a mandatory contribution of 3% of an eligible employee's annual salary, which is vested immediately. The Foundation also has the option of making additional discretionary contributions which are subjected to a graduated vesting schedule, depending on the employee's length of service, of up to six years. For 2018 and 2017, the additional contribution was 1.5% of an eligible employee's annual salary. Employer contributions charged to operations were \$152,112 and \$136,762 in 2018 and 2017, respectively and are reported under other employee benefits on the statement of functional expenses.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITORS' REPORT

Board of Directors
Christopher Reeve Foundation
Short Hills, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Christopher Reeve Foundation (the "Foundation"), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 10, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



WISS & COMPANY, LLP

Livingston, New Jersey
June 10, 2019

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITORS' REPORT

Board of Directors
Christopher Reeve Foundation
Short Hills, New Jersey

Report on Compliance for Each Major Federal Program

We have audited Christopher Reeve Foundation's (the "Foundation") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018. The Foundation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on major federal programs occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged by governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Wiss & Company
WISS & COMPANY, LLP

Livingston, New Jersey
June 10, 2019

**CHRISTOPHER REEVE FOUNDATION
D/B/A CHRISTOPHER & DANA REEVE FOUNDATION**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2018

Funding Source/Federal Contract No./Program	Federal CFDA Number	Grant Program Awards	Passed through to Subrecipients	Total 2018 Reported Expenditures
United States Department of Health and Human Services:				
Administration for Community Living -				
The Paralysis Resource Center (June 1, 2017-June 30, 2018)	93.325	\$ 6,751,532	\$ 1,230,983	\$ 3,431,931
The Paralysis Resource Center (July 1, 2018-June 30, 2019)	93.325	6,761,661	<u>523,879</u>	<u>2,042,061</u>
Total United States Department of Health and Human Services			<u>1,754,862</u>	<u>5,473,992</u>
United States Department of Defense				
Department of Army Research and Material Command -				
Military Medical Research and Development				
North American Clinical Trials Network (NACTN) for				
Treatment of Spinal Cord Injury (May 1, 2016 - April 30, 2019)	12.420	2,500,000	<u>625,749</u>	<u>805,753</u>
Total United States Department of Defense			<u>625,749</u>	<u>805,753</u>
Total			<u>\$ 2,380,611</u>	<u>\$ 6,279,745</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

**CHRISTOPHER REEVE FOUNDATION
D/B/A CHRISTOPHER AND DANA REEVE FOUNDATION**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activities of the Foundation under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Foundation.

2. Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Foundation has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**CHRISTOPHER REEVE FOUNDATION
D/B/A CHRISTOPHER & DANA REEVE FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018**

Section I - Summary of Auditors' Result

FINANCIAL STATEMENTS SECTION

Type of auditors' report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	_____ X _____ No	
Significant deficiency(ies) identified?	_____ Yes	_____ X _____ None reported	
Non-compliance material to financial statements noted?	_____ Yes	_____ X _____ No	

FEDERAL AWARDS SECTION

Internal control over major programs:			
Material weakness(es) identified?	_____ Yes	_____ X _____ No	
Significant deficiency(ies) identified?	_____ Yes	_____ X _____ None reported	

Type of auditor's report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes	_____ X _____ No	

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA No.</u>	<u>Amount</u>
United States Department of Health and Human Services: Administration for Community Living - The Paralysis Resource Center	93.325	\$ 5,473,992
United States Department of Defense Department of Army Research and Materiel Command - North American Clinical Trials Network (NACTN) for Treatment of Spinal Cord Injury	12.420	_____ 805,753
		\$ 6,279,745

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	_____ X _____ Yes	_____ No
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**CHRISTOPHER REEVE FOUNDATION
D/B/A CHRISTOPHER AND DANA REEVE FOUNDATION**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2018

Section II- Financial Statement Findings

NONE

Section III- Federal Award Findings and Questioned Costs

NONE

**CHRISTOPHER REEVE FOUNDATION
D/B/A CHRISTOPHER AND DANA REEVE FOUNDATION**

**SUMMARY SCHEDULE OF PRIOR
AUDIT FINDINGS**

YEAR ENDED DECEMBER 31, 2018

There are no prior year audit findings or questioned costs.