

EISNERAMPER

CHILD MIND INSTITUTE, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 and 2018



CHILD MIND INSTITUTE, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Child Mind Institute, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the Child Mind Institute, Inc. ("CMI"), which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities, functional expenses, and of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

CMI's 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.

Auditor's 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 organization'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 organization'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 Child Mind Institute, Inc. as of September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.



EISNERAMPER LLP
New York, New York
May 20, 2020



CHILD MIND INSTITUTE, INC.**Statements of Financial Position**

	September 30,	
	2019	2018
ASSETS		
Cash, cash equivalents, and restricted cash	\$ 9,242,906	\$ 4,421,899
Accounts receivable	44,230	157,013
Contributions receivable, net	7,859,454	10,997,240
Government grants receivable	862,376	83,472
Investments	3,590,716	5,845,851
Prepaid expenses and other assets	675,390	481,123
Property and equipment, net	4,579,078	3,581,860
Website and software costs, net	1,947	54,487
Due from related parties	2,183,076	1,016,123
	<u>\$ 29,039,173</u>	<u>\$ 26,639,068</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,506,763	\$ 1,431,139
Accrued salaries and vacation	1,059,173	420,571
Deferred rent obligation and lease incentive	2,962,485	852,256
Total liabilities	<u>5,528,421</u>	<u>2,703,966</u>
Commitments and contingencies (Notes K)		
Net assets:		
Without donor restrictions:		
Undesignated funds, available for general activities	<u>5,150,408</u>	<u>6,555,590</u>
Total net assets without donor restrictions	<u>5,150,408</u>	<u>6,555,590</u>
With donor restrictions:		
Purpose restrictions	14,199,177	14,405,657
Time restricted for future period	2,161,167	973,855
Perpetual in nature	2,000,000	2,000,000
Total net assets with donor restrictions	<u>18,360,344</u>	<u>17,379,512</u>
Total net assets	<u>23,510,752</u>	<u>23,935,102</u>
	<u>\$ 29,039,173</u>	<u>\$ 26,639,068</u>

See notes to financial statements.

CHILD MIND INSTITUTE, INC.

Statements of Activities

	Year Ended September 30,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Foundations, corporations and individuals (including in-kind services of \$9,259,962 and \$6,582,960 in 2019 and 2018, respectively)	\$ 14,286,829	\$ 7,062,534	\$ 21,349,363	\$ 9,840,004	\$ 3,117,284	\$ 12,957,288
Special event revenue (net of direct benefit to donors of \$360,785 and \$282,924 in 2019 and 2018, respectively)	4,607,225	2,351,531	6,958,756	5,350,169	2,031,949	7,382,118
Government grants	2,487,149	-	2,487,149	722,248	-	722,248
Investment income, net	228,442	53,911	282,353	43,398	91,136	134,534
Program service fees	105,811	-	105,811	99,789	-	99,789
Administrative services	1,725,422	-	1,725,422	887,512	-	887,512
Total public support and revenue before net assets released from restrictions	23,440,878	9,467,976	32,908,854	16,943,120	5,240,369	22,183,489
Net assets released from restrictions	8,487,144	(8,487,144)	-	6,158,143	(6,158,143)	-
Total public support and revenue	31,928,022	980,832	32,908,854	23,101,263	(917,774)	22,183,489
Expenses:						
Program services:						
Education and outreach	11,818,665	-	11,818,665	7,954,516	-	7,954,516
Research and clinical	13,262,485	-	13,262,485	8,117,766	-	8,117,766
Total program services	25,081,150	-	25,081,150	16,072,282	-	16,072,282
Supporting services:						
Management and general	5,004,104	-	5,004,104	4,977,035	-	4,977,035
Fund-raising	3,247,950	-	3,247,950	2,427,191	-	2,427,191
Total supporting services	8,252,054	-	8,252,054	7,404,226	-	7,404,226
Total expenses	33,333,204	-	33,333,204	23,476,508	-	23,476,508
Change in net assets	(1,405,182)	980,832	(424,350)	(375,245)	(917,774)	(1,293,019)
Net assets, beginning of year	6,555,590	17,379,512	23,935,102	6,930,835	18,297,286	25,228,121
Net assets, end of year	\$ 5,150,408	\$ 18,360,344	\$ 23,510,752	\$ 6,555,590	\$ 17,379,512	\$ 23,935,102

See notes to financial statements.

CHILD MIND INSTITUTE, INC.

Statement of Functional Expenses Year Ended September 30, 2019 (with comparative totals for September 30, 2018)

	Program Services			Supporting Services			Total Expenses	
	Education and Outreach	Research and Clinical	Total Program Services	Management and General	Fund-Raising	Total Supporting Services	2019	2018
Salaries	\$ 928,110	\$ 4,740,180	\$ 5,668,290	\$ 2,509,567	\$ 1,565,019	\$ 4,074,586	\$ 9,742,876	\$ 7,442,403
Payroll taxes and employee benefits	148,618	942,583	1,091,201	536,530	205,166	741,696	1,832,897	1,408,237
Travel and meals	14,033	187,565	201,598	16,929	138,594	155,523	357,121	195,182
Occupancy	91,877	808,983	900,860	578,701	90,914	669,615	1,570,475	1,491,723
Office expenses	34,742	136,469	171,211	52,138	24,985	77,123	248,334	263,916
Professional and consulting fees	10,240,251	4,363,177	14,603,428	766,713	831,235	1,597,948	16,201,376	9,867,200
Event consultants	-	-	-	-	83,000	83,000	83,000	201,700
Catering and facility rental	-	-	-	-	360,785	360,785	360,785	282,924
Conference and meetings	-	202,788	202,788	2,766	-	2,766	205,554	164,391
Telephone	5,695	25,305	31,000	22,636	2,925	25,561	56,561	43,957
Insurance	56,245	108,261	164,506	80,069	31,976	112,045	276,551	184,241
Computers and equipment	41,107	281,495	322,602	94,216	111,629	205,845	528,447	412,357
Printing	4,735	25,166	29,901	18,534	22,563	41,097	70,998	88,025
Postage	2,534	18,849	21,383	5,920	8,217	14,137	35,520	101,055
Staff development	3,819	11,009	14,828	46,429	21,245	67,674	82,502	68,434
Financial aid	-	700,569	700,569	-	-	-	700,569	580,708
Events expense	40,675	8,244	48,919	30,432	5,286	35,718	84,637	67,772
Dues and subscriptions	145	9,666	9,811	14,388	11,172	25,560	35,371	90,917
Publications	278	173,869	174,147	1,598	109	1,707	175,854	-
Bank fees	1,262	10,623	11,885	36,421	32,497	68,918	80,803	64,088
Web development and design	162,436	68,775	231,211	73,842	23,216	97,058	328,269	262,052
Lobbying	93	-	93	-	-	-	93	-
Advertisement	-	3,130	3,130	2,790	500	3,290	6,420	19,947
Bad debts expense	-	-	-	-	15,000	15,000	15,000	100,000
Depreciation and amortization	42,010	435,779	477,789	113,485	22,702	136,187	613,976	358,203
Total expenses	11,818,665	13,262,485	25,081,150	5,004,104	3,608,735	8,612,839	33,693,989	23,759,432
Less direct benefit to donors	-	-	-	-	(360,785)	(360,785)	(360,785)	(282,924)
Total expenses per statements of activities	\$ 11,818,665	\$ 13,262,485	\$ 25,081,150	\$ 5,004,104	\$ 3,247,950	\$ 8,252,054	\$ 33,333,204	\$ 23,476,508

See notes to financial statements.

CHILD MIND INSTITUTE, INC.

**Statement of Functional Expenses
Year Ended September 30, 2018**

	Program Services			Supporting Services			Total Expenses
	Education and Outreach	Research and Clinical	Total Program Services	Management and General	Fund-Raising	Total supporting services	
Salaries	\$ 481,641	\$ 2,507,488	\$ 2,989,129	\$ 3,222,216	\$ 1,231,058	\$ 4,453,274	\$ 7,442,403
Payroll taxes and employee benefits	266,459	676,273	942,732	315,778	149,727	465,505	1,408,237
Travel and meals	5,053	78,435	83,488	22,518	89,176	111,694	195,182
Occupancy	119,641	612,747	732,388	661,488	97,847	759,335	1,491,723
Office expenses	17,380	180,863	198,243	29,075	36,598	65,673	263,916
Professional and consulting fees	6,804,812	2,503,223	9,308,035	337,027	222,138	559,165	9,867,200
Event consultants	-	-	-	-	201,700	201,700	201,700
Catering and facility rental	-	-	-	-	282,924	282,924	282,924
Conference and meetings	-	161,820	161,820	1,921	650	2,571	164,391
Telephone	4,493	23,316	27,809	14,080	2,068	16,148	43,957
Insurance	31,431	66,269	97,700	70,066	16,475	86,541	184,241
Computers and equipment	48,568	279,285	327,853	53,282	31,222	84,504	412,357
Printing	6,871	23,446	30,317	5,646	52,062	57,708	88,025
Postage	2,218	12,084	14,302	5,926	80,827	86,753	101,055
Staff development	1,439	59,494	60,933	6,308	1,193	7,501	68,434
Financial aid	-	580,708	580,708	-	-	-	580,708
Events expense	23,005	30,226	53,231	12,501	2,040	14,541	67,772
Dues and subscriptions	3,414	34,587	38,001	12,436	40,480	52,916	90,917
Bank fees	494	9,281	9,775	20,496	33,817	54,313	64,088
Web development and design	85,762	25,097	110,859	44,486	106,707	151,193	262,052
Advertisement	-	9,557	9,557	680	9,710	10,390	19,947
Bad debts expense	-	-	-	100,000	-	100,000	100,000
Depreciation and amortization	51,835	243,567	295,402	41,105	21,696	62,801	358,203
Total expenses	7,954,516	8,117,766	16,072,282	4,977,035	2,710,115	7,687,150	23,759,432
Less: direct benefit to donors	-	-	-	-	(282,924)	(282,924)	282,924
Total expenses per statement of activities	\$ 7,954,516	\$ 8,117,766	\$ 16,072,282	\$ 4,977,035	\$ 2,427,191	\$ 7,404,226	\$ 23,476,508

See notes to financial statements.

CHILD MIND INSTITUTE, INC.

Statements of Cash Flows

	Year Ended September 30,	
	2019	2018
Cash flows from operating activities:		
Decrease in net assets	\$ (424,350)	\$ (1,293,019)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation and amortization	613,976	358,203
Amortization of deferred rent obligation and lease incentive	2,110,229	185,281
Net realized and unrealized (gains) losses on investments	(112,589)	37,014
Bad debts expense	15,000	100,000
Donated securities	(768,036)	(383,301)
Proceeds from sales of donated securities	768,036	383,301
Changes in:		
Accounts receivable	112,783	(126,975)
Contributions receivable, net	3,122,785	1,922,458
Government grants receivable	(778,904)	4,785
Prepaid expenses and other assets	(194,267)	(95,085)
Due from related parties	(1,166,952)	189,185
Accounts payable and accrued expenses	75,624	340,163
Accrued salaries and vacation	638,602	132,284
Net cash provided by operating activities	<u>4,011,937</u>	<u>1,754,294</u>
Cash flows from investing activities:		
Proceeds from sales of investments	5,508,600	10,775,244
Purchases of investments	(3,140,876)	(8,357,310)
Purchases of property and equipment	<u>(1,558,654)</u>	<u>(2,576,383)</u>
Net cash provided by (used in) investing activities	<u>809,070</u>	<u>(158,449)</u>
Net increase in cash, cash equivalents, and restricted cash	4,821,007	1,595,845
Cash, cash equivalents, and restricted cash, beginning of year	<u>4,421,899</u>	<u>2,826,054</u>
Cash, cash equivalents, and restricted cash, end of year	\$ <u>9,242,906</u>	\$ <u>4,421,899</u>
Supplemental disclosure of cash flow information:		
In-kind services	<u>\$ 9,259,962</u>	<u>\$ 6,582,960</u>
Taxes paid	<u>\$ 13,200</u>	<u>\$ -</u>

See notes to financial statements.

CHILD MIND INSTITUTE, INC.

Notes to Financial Statements September 30, 2019 and 2018

NOTE A - ORGANIZATION AND NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

[1] Organization:

Child Mind Institute, Inc. ("CMI"), incorporated in New York in 2009, is an independent not-for-profit organization dedicated to transforming the lives of children and families struggling with mental health and learning disorders. CMI works to deliver the highest standards of care, advance the science of the developing brain and empower parents, professionals, and policymakers to support children when and where they need it most. Together with its supporters, CMI is helping children reach their full potential in school and in life.

As further described in Note E, CMI has related activities in common with Child Mind Medical Practice, PLLC (the "Practice"), a professional service limited liability company organized in New York in 2010 which specializes in the treatment of psychological and behavioral disorders in children and adolescents. CMI facilitated the creation of the Practice to provide clinical care and treatment to children and adolescents which, under applicable law, CMI may not directly provide. CMI's president is also a member of the Practice; however, there are no shared governing-board members between the two organizations, and CMI does not have a direct ownership interest in the Practice henceforth, the criteria for consolidation is not met.

CMI is also related to Child Mind Medical Practice, PC (the "California Practice"), a professional medical corporation organized in California in January 2019 which also specializes in the treatment of psychological and behavioral disorders in children and adolescents in the State of California. Similar to the Practice, CMI facilitated the creation of the California Practice to provide clinical care and treatment to children and adolescents, which, under applicable law, CMI may not directly provide. CMI's president is also the sole shareholder of the California Practice; however there are no shared governing-board members between the two organizations, and CMI does not have a direct ownership interest in the California Practice henceforth, the criteria for consolidation is not met.

CMI is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code") and from state and local taxes under comparable laws.

[2] Basis of accounting:

The financial statements of CMI have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

[3] Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, support and revenue and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

[4] Cash, cash equivalents, and restricted cash:

For financial-reporting purposes, CMI considers all highly liquid investments, with maturities of three months or less when purchased, to be cash equivalents. Cash equivalents considered to be a part of CMI's investment portfolio are reported as investments in the statements of financial position. A portion of cash has been restricted as collateral against CMI's letter of credit for its operating leases (see Note K[1]).

CHILD MIND INSTITUTE, INC.

Notes to Financial Statements September 30, 2019 and 2018

NOTE A - ORGANIZATION AND NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[5] Investments:

CMI's investments in equity securities, mutual funds, and fixed income securities are reported at their fair values in the statements of financial position based on quoted market prices. Cash equivalents held as a part of the investment portfolio are also included in the balances reported as investments.

CMI's investments, in general, are subject to various risks, such as interest-rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes could materially affect the amounts reported in the financial statements.

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the statements of activities as increases or decreases in net assets without donor restrictions, unless their use is restricted through donor stipulation. Realized gains and losses on investments are determined by comparison of the cost of acquisition to the proceeds received at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investment's cost to the fair value at the end of each fiscal year. The earnings from dividends and interest are recognized when earned.

Donated securities are recorded at their estimated fair values, as determined by the proceeds received on the dates of donation or by their net asset values as determined by the CMI's management. CMI's policy is to sell the donated securities immediately, and, accordingly, for purposes of the statements of cash flows, donated securities and the proceeds generated from their sale are included within operating activities.

Investment expenses include the services of bank trustees, investment managers and custodians. The balance of investment management fees disclosed in Note C are those specific fees charged by CMI's various investment managers in each fiscal year; however, they do not include those fees that are embedded in various other investment accounts and transactions.

[6] Property and equipment:

Property and equipment are stated at their original costs, net of accumulated depreciation and amortization, at the dates of acquisition, or, if contributed, at their fair values at the dates of donation. CMI capitalizes items of property and equipment that have a cost of \$3,000 or more and a useful life greater than one year, whereas minor costs of repair and maintenance are expensed as incurred. Depreciation of computer hardware and furniture and equipment is provided using the straight-line method over three to five years, the estimated useful lives of the related assets. Leasehold improvements are amortized over the remaining lease term, or the useful lives of the improvements, whichever is shorter.

Management evaluates the recoverability of the investment in long-lived assets on an on-going basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of September 30, 2019 and 2018, respectively, and in the opinion of management, there were no impairments. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

[7] Website and software costs:

Website costs related to data consulting services, site configuration and infrastructure, and conceptual design are capitalized. The costs incurred for the purchase of software and upgrades that result in additional functionality are capitalized. Costs relating to operation and content are expensed as incurred. Capitalized website and software costs are amortized over a five-year and three-year expected life for website costs and software costs, respectively, using the straight line method. At each year end, capitalized website and software costs are reported in the accompanying statements of financial position net of accumulated amortization of \$809,865 and \$757,325, respectively.

CHILD MIND INSTITUTE, INC.

Notes to Financial Statements September 30, 2019 and 2018

NOTE A - ORGANIZATION AND NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[8] Accrued vacation:

Accrued vacation represents CMI's obligation for the cost of unused employee vacation time payable in the event of employee departures; the obligation is recalculated every year. At September 30, 2019 and 2018, the accrued vacation obligation was \$555,041 and \$386,103, respectively, and is reported in the accompanying statements of financial position as a part of accrued salaries and vacation.

[9] Deferred rent obligation:

Rent expense is recognized using the straight-line method over the term of the lease. The difference between rent expense incurred and rental amounts actually paid, which is attributable to scheduled rent increases and a rent abatement is reported as a deferred rent obligation in the balance sheet.

[10] Net assets:

(i) Net assets without donor restrictions:

Net assets without donor restrictions represent those resources for which there are no restrictions by donors as to their use and are therefore available for current operations.

(ii) Net assets with donor restrictions:

Net assets with donor restrictions represent those resources that are subject to donor imposed restrictions, such as specific purposes and/or the passage of time. Also included within net assets with donor restrictions are donor restrictions that are perpetual in nature and subject to the requirements of the State of New York's Uniform Prudent Management of Institutional Funds Act ("NYPMIFA"). These donors have stipulated that those resources be maintained in perpetuity with the resultant income and net capital appreciation arising from the underlying assets to be used in satisfaction of the wishes of those donors. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, or funds are appropriated through an action of the Board, net assets with donor restrictions are reclassified to net assets without donor restriction and are reported in the statements of activities as "net assets released from restrictions."

[11] Revenue recognition:

(i) Contributions and grants:

Contributions to CMI are recognized as revenue upon the receipt of cash, of other assets, or of unconditional pledges. Contributions are recorded with donor restrictions if they are received with donor stipulations or time considerations as to their use. Gross proceeds paid by attendees at special events held as fundraising activities represents contribution revenue as well as the payment of the direct cost of the benefit received by the attendee at the event. Special-event income is reported net of the direct benefit to donors. Special event revenues, other than contributions, applicable to a current year are recognized as revenue in the year a special event takes place. Special event revenue received for a future year's event is deferred and recognized when the event takes place. Conditional contributions are recorded when the conditions have been met, and, if received in advance, are recognized in the statements of financial position as funds received in advance. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

Grant revenue is recognized based on the terms of each individual grant and is considered available for general use, unless the donor or grantor restricts the use thereof.

CHILD MIND INSTITUTE, INC.

Notes to Financial Statements September 30, 2019 and 2018

NOTE A - ORGANIZATION AND NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[11] Revenue recognition: (continued)

(ii) Program service fees:

Program service fee revenue is recognized when services have been rendered based on the terms of each individual contract.

(iii) Administrative services:

Administrative services are recognized according to the terms of a contracted rate based on the value of services provided by CMI, based on actual costs incurred by CMI (see Note E).

[12] Donated services:

For recognition of donated services in CMI's financial statements, such services must (i) create or enhance non-financial assets and (ii) typically need to be acquired if not provided by donation. Additionally, recognition of donated services must (i) require a specialized skill, and (ii) be provided by individuals possessing these skills. Accordingly, donated services are recorded as support at their estimated fair values at the dates of donation and are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose.

During fiscal-years 2019 and 2018, CMI received donated legal and marketing services totaling approximately \$173,000 and \$196,000, respectively. During fiscal-years 2019 and 2018, CMI received approximately \$9,087,000 and \$5,962,000, respectively, in the form of donated placements of public-service announcements ("PSAs"), in various forms of media. The PSAs served to communicate CMI's mission to the general public. The Practice also provided donated services of \$425,000 during fiscal-year 2018.

Donated services totaled approximately \$9,260,000 and \$6,583,000, during fiscal-years 2019 and 2018, respectively.

[13] Functional allocation of expenses:

The costs of providing CMI's various programs and supporting services have been summarized on a functional basis in the statements of activities. The statement of functional expenses present expenses by functional and natural classification. Accordingly, direct costs have been functionalized within the program and supporting services, based on the nature of the expense. Indirect costs have been allocated on the basis of time allocation with the exception of occupancy and insurance which are allocated by square footage.

[14] Advertising:

CMI expenses the costs of advertising as they are incurred. Advertising expense for fiscal-years 2019 and 2018 was approximately \$6,400 and \$20,000, respectively.

CHILD MIND INSTITUTE, INC.

Notes to Financial Statements September 30, 2019 and 2018

NOTE A - ORGANIZATION AND NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[15] Income tax uncertainties:

CMI is subject to the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. Because of CMI's general tax-exempt status, ASC Topic 740 has not had, and is not anticipated to have, a material impact on CMI's financial statements.

Subsequent to year-end, the provision in the tax code requiring CMI to remit a tax attributable to transportation fringe benefits was repealed retroactively to December 31, 2017, therefore eliminating CMI's obligation for this tax. CMI will file for a claim of refund for any taxes paid subsequent to December 31, 2017 relating to transportation fringe benefits.

[16] Adoption of accounting pronouncement:

(i) *Presentation of Financial Statements of Not-for-Profit Entities:*

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 amends financial-statement presentations and disclosures. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications, (ii) investment returns, (iii) expense categorizations, and (iv) liquidity and availability of resources. ASU 2016-14 was effective for annual reporting periods beginning after December 15, 2017. Accordingly, CMI was required to adopt ASU 2016-14 for its year-ended September 30, 2019, which under U.S. GAAP was a change in accounting principle requiring retroactive application in the financial statement of certain areas whereas other areas are to be adopted on a prospective basis. Although CMI's adoption of ASU 2016-14 had no effect on CMI's total net assets or its changes in net assets for 2019 and 2018, certain reclassifications were required. Accordingly, CMI changed its presentation of its net assets classes and added certain footnote disclosures.

(ii) *Fair Value Measurements:*

In August 2018, the FASB issued Accounting Standards Update No. 2018-13 ("ASU 2018-13"), *Fair Value Measurement (Topic 820) Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in this update apply to all entities that are required to make disclosures about recurring or nonrecurring fair value measurements. Certain of the disclosures that are required by the amendments are not required for nonpublic entities. ASU 2018-13 eliminates, adds and modifies certain disclosure requirements for fair value measurements as part of its disclosure framework project. ASU 2018-13 is effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent annual period presented in the year of adoption. All other amendments should be applied retrospectively to each period for which the financial statements are presented. Early adoption is permitted. CMI elected to adopt ASU 2018-13 as of and for the fiscal year ended September 30, 2019. The amendment has been applied prospectively and retrospectively to applicable amendments as defined above for all periods presented.

CHILD MIND INSTITUTE, INC.

**Notes to Financial Statements
September 30, 2019 and 2018**

NOTE A - ORGANIZATION AND NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[17] Upcoming accounting pronouncement:

(i) Revenue from Contracts with Customers:

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASU 2014-09 requires an entity to recognize revenue depicting the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 will also result in enhanced revenue related disclosures. The new standard is effective for fiscal years beginning after December 15, 2018. The standard permits the use of either the retrospective or cumulative effect transition method. The adoption of ASU 2014-09 is not expected to have a material effect on the financial statements but will require enhanced disclosures; however, management is in the process of assessing the impact of this ASU on the financial statements.

(ii) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made:

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard provides a framework for evaluating whether grants should be accounted for as exchange transactions or as non-exchange transactions. For non-exchange transactions, the new guidance clarifies whether arrangements are conditional or unconditional. The standard is effective for years beginning after December 15, 2018 for entities receiving resources and after December 15, 2019 for entities providing resources. Management is in the process of assessing the impact of this ASU on the financial statements.

(iii) Leases:

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which will require companies to recognize lease assets and lease liabilities (related to leases previously classified as operating under previous GAAP) on the balance sheet. The ASU will be effective commencing January 1, 2021. Management is in the process of assessing the impact of this ASU on the financial statements.

[18] Subsequent events:

CMI has evaluated subsequent events through May 20, 2020, the date on which the financial statements were available to be issued.

CHILD MIND INSTITUTE, INC.

**Notes to Financial Statements
September 30, 2019 and 2018**

NOTE B - RECEIVABLES

[1] Contributions receivable:

At each fiscal year-end, contributions receivable were estimated to be due as follows:

	September 30,	
	2019	2018
Less than one year	\$ 3,537,708	\$ 6,612,449
One year to five years	4,448,403	4,675,155
	7,986,111	11,287,604
Less allowance for doubtful collection	(15,000)	(100,000)
Reduction of pledges due in excess of one year to present value, at discount rates ranging from 1.13% to 2.84%	(111,657)	(190,364)
	<u>\$ 7,859,454</u>	<u>\$ 10,997,240</u>

During fiscal-years 2019 and 2018, CMI wrote-off contributions receivable against its allowance of \$100,000 and \$193,596, respectively.

[2] Accounts and government grants receivable:

At each fiscal year-end, accounts and grants receivable consisted of amounts due to CMI for exchange-type transactions. All amounts are due within one year. Based on prior history, management believes that substantially all receivables are fully collectible and, accordingly, no allowance for doubtful amounts has been established.

NOTE C - INVESTMENTS

At each fiscal year-end, investments consisted of the following:

	September 30,			
	2019		2018	
	Fair Value	Cost	Fair Value	Cost
Money market funds	\$ 31,617	\$ 31,617	\$ 67,084	\$ 67,084
Mutual funds:				
Fixed-income funds	1,555,228	1,568,301	1,486,193	1,518,050
Market-hedging funds	115,753	108,364	112,837	105,517
U.S. government bonds	-	-	555,642	572,570
Corporate bonds	-	-	1,817,543	1,849,150
Common stock	1,888,118	1,802,888	<u>1,806,552</u>	<u>1,714,861</u>
	<u>\$ 3,590,716</u>	<u>\$ 3,511,170</u>	<u>\$ 5,845,851</u>	<u>\$ 5,827,232</u>

CHILD MIND INSTITUTE, INC.

Notes to Financial Statements September 30, 2019 and 2018

NOTE C - INVESTMENTS (CONTINUED)

During each fiscal year, net investment income consisted of the following:

	<u>Year Ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 202,958	\$ 218,095
Realized gains	51,662	175,516
Unrealized gains (losses)	60,927	(212,530)
Investment management fees	<u>(33,194)</u>	<u>(46,547)</u>
	<u>\$ 282,353</u>	<u>\$ 134,534</u>

ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

- Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments, at the reporting date.
- Level 2: Valuations are based on (i) quoted prices for similar investments in active markets (ii) quoted prices for those investments, or similar investments, in markets that are not active or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.
- Level 3: Valuations are based on pricing inputs that are unobservable and include situations where (i) there is little, if any, market activity for the investments, or (ii) the investments cannot be independently valued.

The available market data is monitored to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The following table summarizes the fair values of CMI's investments at each fiscal year-end, in accordance with the ASC Topic 820 valuation levels:

	<u>September 30,</u>					
	<u>2019</u>			<u>2018</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money market funds	\$ 31,617	\$ -	\$ 31,617	\$ 67,084	\$ -	\$ 67,084
Mutual funds	1,670,981	-	1,670,981	1,599,030	-	1,599,030
U.S. government bonds	-	-	-	-	555,642	555,642
Corporate bonds	-	-	-	-	1,817,543	1,817,543
Common stock	<u>1,888,118</u>	<u>-</u>	<u>1,888,118</u>	<u>1,806,552</u>	<u>-</u>	<u>1,806,552</u>
	<u>\$ 3,590,716</u>	<u>\$ -</u>	<u>\$ 3,590,716</u>	<u>\$ 3,472,666</u>	<u>\$ 2,373,185</u>	<u>\$ 5,845,851</u>

CHILD MIND INSTITUTE, INC.

Notes to Financial Statements September 30, 2019 and 2018

NOTE D - PROPERTY AND EQUIPMENT

At each fiscal year-end property and equipment consisted of the following:

	<u>September 30,</u>	
	<u>2019</u>	<u>2018</u>
Computer hardware	\$ 371,390	\$ 283,179
Furniture and equipment	2,062,150	1,835,455
Leasehold improvements	<u>5,328,021</u>	<u>4,084,273</u>
	7,761,561	6,202,907
Less: accumulated depreciation and amortization	<u>(3,182,483)</u>	<u>(2,621,047)</u>
	<u>\$ 4,579,078</u>	<u>\$ 3,581,860</u>

NOTE E - RELATED-PARTY TRANSACTIONS

As discussed in Note A[1], the relationship between the Practice, the California Practice and CMI lends itself to a variety of transactions and agreements as further described below:

[1] Administrative services agreements and other transactions:

CMI provides certain administrative services to the Practice, and the Practice reimburses CMI for the value of those services, based on an agreement between the two organizations. During fiscal-years 2019 and 2018, CMI incurred \$1,583,693 and \$887,512, respectively, of costs associated with providing administrative services to the Practice, of which \$516,124 and \$1,058,102 were reimbursed during fiscal-years 2019 and 2018, respectively. As of September 30, 2019 and 2018, total related administrative costs due to CMI from the Practice amounted to \$2,083,692 and \$1,016,123 respectively.

Similarly, CMI provides certain administrative services to the California Practice, and the California Practice reimburses CMI for the value of those services, based on an agreement between the two organizations. During fiscal-year 2019, CMI incurred \$732,540, of costs associated with providing administrative services to the California Practice, of which \$732,540 was reimbursed during fiscal-year 2019. As of September 30, 2019, there were no related administrative costs due to CMI from the Practice. CMI also pays for certain expenses on behalf of the California Practice, and the California Practice reimburses CMI fully for these expenses. During fiscal year 2019 expenses paid by CMI on behalf of the California Practice was \$166,931, of which \$47,590 was reimbursed during fiscal-year 2019. As of September 30, 2019, the total cost of expenses due to CMI from the California Practice amounted to \$119,341.

CHILD MIND INSTITUTE, INC.

Notes to Financial Statements September 30, 2019 and 2018

NOTE E - RELATED-PARTY TRANSACTIONS (CONTINUED)

[2] Financial Aid Program:

CMI instituted the Financial Aid Program in an effort to help children and families receive care and treatment, regardless of economic standing, by clinicians at the Practice and the California Practice. Families complete an application for aid at the Practice and the California Practice. Eligible families may receive a fee discount between 20%-60% of the cost of services. CMI raises funds to support this program. Financial aid for approved patients totaled \$700,569 and \$1,005,708 in fiscal-years 2019 and 2018, respectively. In fiscal-year 2018, the Practice provided \$425,000 of the total financial aid.

[3] Sub-contracting:

CMI receives contributions and grants that require the provision of services that CMI is unable to provide. In these instances, CMI sub-contracts with various agencies, including the Practice and the California Practice, to perform these services. CMI discloses to its donors and grantors that the services will be sub-contracted to satisfy the donor's and grantor's requests. During fiscal-years 2019 and 2018, sub-contracted amounts paid to the Practice in performance of these requests amounted to \$2,721,165 and \$1,555,373 respectively, and these amounts are included as part of the "professional and consulting fees" category in the accompanying statements of functional expenses.

[4] Restricted grant agreement:

CMI entered into a restricted grant agreement with the Practice pursuant to which CMI agreed to make special purpose restricted grants to the Practice up to the aggregate amount of \$1,750,000. To date, CMI has made grants to the Practice in the aggregate amount of \$690,000.

Similarly, CMI entered into a restricted grant agreement with the California Practice pursuant to which CMI agreed to make special purpose restricted grants to the California Practice up to the aggregate amount of \$5,000,000. To date, CMI has made grants to the California Practice in the aggregate amount of \$1,213,431. As of September 30, 2019, \$19,957 of restricted grant revenue was owed to the California Practice from CMI.

[5] License agreement:

Pursuant to license agreements between CMI and the Practice and the California Practice, respectively, CMI granted a royalty-free license of certain of its trademarks and domain names to the Practice and the California Practice, subject to certain terms and conditions, including the termination of the license agreements in the event the Practice or the California Practice breaches the terms and conditions of the agreements.

CHILD MIND INSTITUTE, INC.

**Notes to Financial Statements
September 30, 2019 and 2018**

NOTE F - NET ASSETS WITH DONOR RESTRICTIONS

At each fiscal year-end, net assets with donor restrictions consisted of the following:

	September 30,	
	2019	2018
Purpose restrictions:		
Science campaign	\$ 5,107,678	\$ 9,514,385
School-based programming	2,406,269	2,272,072
Financial aid	1,628,849	1,367,690
Research	113,053	302,758
Clinical	-	35,000
West Coast	4,382,284	521,352
Project UROK	225,517	-
Katz Lecture	234,929	234,929
Doris and Melvin Sirow Art Fund	61,164	61,948
	<u>14,159,743</u>	<u>14,310,134</u>
Restricted for future periods	<u>2,161,167</u>	<u>973,855</u>
Accumulated endowment income reserved for appropriation - research and science	<u>39,434</u>	<u>95,523</u>
Perpetual in nature	<u>2,000,000</u>	<u>2,000,000</u>
	<u>\$ 18,360,344</u>	<u>\$ 17,379,512</u>

During each fiscal year, net assets released from restrictions resulted from satisfying the following donor restrictions:

	Year Ended September 30,	
	2019	2018
Purpose restrictions satisfied:		
Science campaign	\$ 5,091,214	\$ 3,722,023
School-based programming	703,197	224,243
Financial aid	700,569	580,708
Research	305,810	115,581
Project UROK	-	44,096
Katz Lecture	-	1,647
Doris and Melvin Sirow Art Fund	784	2,489
West Coast	521,351	37,649
Childmind.org website	-	18,607
	<u>7,322,925</u>	<u>4,747,043</u>
Time restrictions satisfied	<u>1,164,219</u>	<u>1,411,100</u>
	<u>\$ 8,487,144</u>	<u>\$ 6,158,143</u>

CHILD MIND INSTITUTE, INC.

Notes to Financial Statements September 30, 2019 and 2018

NOTE G - ENDOWMENT

[1] The endowment:

CMI's endowment consists of a fund with donor restriction to support a research position at CMI.

[2] Interpretation of relevant law:

NYPMIFA is applicable to all of CMI's institutional funds, including its donor-restricted endowment fund. The Board of Directors will continue to adhere to NYPMIFA's requirements.

[3] Changes in endowment net assets for each fiscal year were as follows:

	September 30, 2019		
	Amounts Subject to Appropriation	Amounts Perpetual in Nature	Total
Endowment net assets, beginning of year	\$ 95,523	\$ 2,000,000	\$ 2,095,523
Investment returns, net	53,911	-	53,911
Appropriation of endowment assets	<u>(110,000)</u>	<u>-</u>	<u>(110,000)</u>
Endowment net assets, end of year	<u>\$ 39,434</u>	<u>\$ 2,000,000</u>	<u>\$ 2,039,434</u>

	September 30, 2018		
	Amounts Subject to Appropriation	Amounts Perpetual in Nature	Total
Endowment net assets, beginning of year	\$ 113,387	\$ 2,000,000	\$ 2,113,387
Investment returns, net	91,136	-	91,136
Appropriation of endowment assets	<u>(109,000)</u>	<u>-</u>	<u>(109,000)</u>
Endowment net assets, end of year	<u>\$ 95,523</u>	<u>\$ 2,000,000</u>	<u>\$ 2,095,523</u>

Amounts subject to appropriation represent that portion of allocated investment income, derived from endowment assets held in perpetuity, that have not been appropriated by the Board of Directors for expenditure.

[4] Funds with deficiencies:

Due to unfavorable market fluctuations, from time to time, the fair value of assets associated with individual donor-restricted endowment funds may decline below the historical dollar value of the donor's original, permanently restricted contribution. There were no such deficiencies during fiscal-years 2019 and 2018. Under the terms of NYPMIFA, CMI has no responsibility to restore such decreases in value.

[5] Return objectives and risk parameters:

The Board of Directors has adopted investment and spending policies for CMI's endowment assets that seek to provide a predictable stream of funding for a research position at CMI.

CHILD MIND INSTITUTE, INC.

Notes to Financial Statements September 30, 2019 and 2018

NOTE G - ENDOWMENT (CONTINUED)

[6] Strategies employed for achieving objectives:

To satisfy its long-term, rate-of-return objectives, CMI relies on a total-return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). CMI will target a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

[7] Spending policy and relationships with investment objectives:

When authorized by the Board of Directors, CMI may draw up to 5% of the projected value of the fund as of CMI's fiscal-year end to provide support for a research position at CMI. Each year, during the Audit & Finance Committee's fall meeting, the Committee recommends the appropriation to be approved by the Board of Directors based on the performance of the investment as of August 31 of that year, and also ratifies or revises the prior-year's appropriation.

NOTE H - EMPLOYEE-BENEFIT PLAN

CMI maintains a defined-contribution retirement plan, established under Section 401(k) of the Code. Eligible employees may contribute a portion of their annual salaries immediately upon being hired. Under the terms of the plan, CMI may provide a discretionary matching contribution up to 6% of the employee's annual salary, up to a maximum of \$10,000 per year. Plan expenses for fiscal-years 2019 and 2018 were \$250,937 and \$211,484, respectively.

NOTE I - CREDIT RISK

Financial instruments that potentially subject CMI to concentrations of credit risk consist principally of cash and cash-equivalent accounts deposited in high-credit-quality financial institutions, the balances of which, from time to time, may exceed federal insurance limits. However, management believes that CMI does not face a significant risk of loss on these accounts that would be due to the failure of these institutions.

NOTE J - LINE OF CREDIT

During fiscal-year 2018, CMI obtained a \$1,000,000 line of credit from JP Morgan Chase that is secured by the general assets of CMI. The line of credit matures on June 24, 2020 and is renewable. Interest on the line is payable at a variable rate equal to the one month London Interbank Offered Rate ("LIBOR") plus 3.463%, which at September 30, 2019 was equivalent to 5.68%. In November 2019 the line of credit was increased to \$1,500,000. There were no draws on the line of credit during either fiscal-year 2019 or 2018.

CHILD MIND INSTITUTE, INC.

Notes to Financial Statements September 30, 2019 and 2018

NOTE K - COMMITMENTS AND CONTINGENCIES

[1] Lease agreements:

In August 2010, CMI and the Practice entered jointly into an operating lease agreement with an unrelated party for office space, expiring May 31, 2023. Pursuant to this agreement, CMI and the Practice received a base rent credit of \$1,190,490 to be applied to the rent expense from the commencement of the lease through 2011. In November 2017, CMI signed an amendment jointly with the Practice to the existing lease agreement, which adds additional space and extends the lease through fiscal year 2034, which includes a base rent credit of \$2,131,887 to be applied to the rent expense. In accordance with a cost sharing agreement, 65% of this credit was passed through to the Practice. As discussed in Note A[1] aggregate minimum lease payments are being amortized using the straight-line method over the lease term. The cumulative difference between rent expense attributable to CMI and amounts paid by CMI amounted to \$2,851,493 and \$803,828, as of September 30, 2019 and 2018, respectively, and has been reported as a deferred rent liability in the accompanying statements of financial position.

In conjunction with this amended lease, CMI was required to obtain a separate letter of credit, in the amount of \$2,500,000, to be held as security in the event of default. The letter of credit held by CMI automatically renews each year on August 31 and is secured by an equivalent amount of cash and cash equivalents. There have been no borrowings related to this letter of credit.

In November 2018, CMI entered into a short-term lease with an unrelated party for temporary office space during the preparation of the new space noted above, expiring in February 2019.

In October 2014, CMI entered into an operating lease agreement with an unrelated party for office space in Staten Island, New York, to house the Healthy Brain Network Initiative, which expires March 1, 2020. The aggregate minimum lease payments are being amortized using the straight-line method over the term of the lease. The cumulative difference between rent expense and amounts paid amounted to \$16,143 and \$48,428 as of September 30, 2019 and 2018, respectively, and has been reported as a deferred rent liability in the accompanying statements of financial position.

In 2019, CMI entered into an operating lease agreement with an unrelated party for office space in Harlem, New York, which expires in February 2029. The aggregate minimum lease payments are being amortized using the straight-line method over the term of the lease. The cumulative difference between rent expense and amounts paid amounted to \$94,849 as of September 30, 2019 and has been reported as a deferred rent liability in the accompanying statements of financial position.

In August 2019, CMI and the California Practice entered jointly into an operating lease agreement with an unrelated party for office space, expiring on December 31, 2024. Pursuant to this agreement, the California Practice received a base rent credit of \$161,476 to be applied to the rent expense from the commencement of the lease through 2020. The aggregate minimum lease payments are being amortized using the straight-line method over the term of the lease. The California Practice and CMI do not share the cost of the lease, should the California Practice default on the lease payments then CMI will be held responsible for the remaining costs of the lease.

CHILD MIND INSTITUTE, INC.

**Notes to Financial Statements
September 30, 2019 and 2018**

NOTE K - COMMITMENTS AND CONTINGENCIES (CONTINUED)

[1] Lease agreements: (continued)

The future minimum rental commitments of CMI, the Practice and the California Practice for the fiscal-years ended subsequent to September 30, 2019 are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 3,966,048
2021	4,011,885
2022	4,028,093
2023	3,554,789
2024	4,491,226
Thereafter	<u>38,164,538</u>
	<u>\$58,216,579</u>

[2] Litigation:

CMI is subject to litigation in the routine course of conducting its operations. In management's opinion, however, there is no current litigation the outcome of which would have a material adverse impact on CMI's financial position or activities.

[3] Government-funded activities:

Government-funded activities are subject to audit by the applicable granting agencies. At September 30, 2019, there were no material obligations outstanding as a result of such audits, and management believes that unaudited projects would not result in any material obligation.

CHILD MIND INSTITUTE, INC.

Notes to Financial Statements September 30, 2019 and 2018

NOTE K - COMMITMENTS AND CONTINGENCIES (CONTINUED)

[4] Contingency and uncertainty:

The extent of the impact of the coronavirus ("COVID-19") outbreak on the operational and financial performance of CMI's services will depend on the continued future developments, including the duration and spread of the outbreak and related travel advisories and restrictions and the impact of COVID-19 on overall demand for CMI's services, all of which are highly uncertain and cannot be predicted. Currently both the City and State of New York have ordered the closure of all non-essential facilities including work-stoppages for all non-essential employees. As a result of these measures only essential services are being performed by CMI. If demand for CMI's services are impacted for an extended period, results of operations may be materially adversely affected.

NOTE L - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects CMI's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of September 30, 2019 because of contractual or donor-imposed restrictions.

CMI's financial assets available for general use within one year of September 30, 2019 for general expenditure are approximately as follows:

Cash and cash equivalents	\$ 9,242,906
Contributions receivable, net	7,859,454
Other receivables	906,606
Investments	<u>3,590,716</u>
Total financial assets available within one year	<u>21,599,682</u>
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Purpose and time restrictions	(12,822,636)
Perpetual in nature	(2,000,000)
Cash and cash equivalents held as collateral for security deposit	<u>(2,500,000)</u>
Total amounts unavailable for general expenditure within one year	<u>(17,322,636)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,277,046</u>

Liquidity policy:

CMI maintains a sufficient level of resources to be available as its general expenditures, liabilities, and other obligations come due. Additionally, CMI has access to a \$1,500,000 bank line of credit, as discussed in Note J, which is available for short-term liquidity needs.