



**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, 2016 AND 2015**

**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

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, 2016 and 2015, 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, 2016 and 2015, 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.

## **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 23, 2017, 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, LLP

Livingston, New Jersey  
June 23, 2017

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

**STATEMENTS OF FINANCIAL POSITION**

<b>ASSETS</b>	December 31,	
	2016	2015
<b>ASSETS:</b>		
Cash and equivalents:		
Unrestricted	\$ 592,711	\$ 676,639
Restricted	992,371	1,061,977
Investments	144,061	1,722,554
Equity Investment	984,051	-
Grants receivable	2,381,334	2,356,895
Contributions receivable, net	2,207,876	2,505,356
Split-interest agreement	18,992	31,990
Prepaid expenses	88,346	180,504
Security deposits and other	20,495	20,495
Intangible assets, net	120,123	141,318
Fixed assets, net	55,345	21,303
Total Assets	\$ 7,605,705	\$ 8,719,031
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts payable	\$ 268,077	\$ 196,430
Accrued expenses	272,938	110,348
Quality of Life and other grants payable	721,425	735,482
Deferred revenue	287,970	641,529
Research contracts payable	1,589,550	2,110,991
Total Liabilities	3,139,960	3,794,780
<b>NET ASSETS:</b>		
Unrestricted	1,571,111	1,824,166
Temporarily restricted	2,894,634	3,100,085
Total Net Assets	4,465,745	4,924,251
Total Liabilities and Net Assets	\$ 7,605,705	\$ 8,719,031

*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,					
	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUES:</b>						
Contributions	\$ 4,001,533	\$ 638,672	\$ 4,640,205	\$ 3,807,277	\$ 1,554,548	\$ 5,361,825
Grant revenue	7,674,496	-	7,674,496	7,715,600	-	7,715,600
Special events, net	1,721,403	-	1,721,403	1,488,548	-	1,488,548
Contributed services	95,298	-	95,298	-	-	-
Investment income (loss)	(4,758)	-	(4,758)	10,814	-	10,814
Net unrealized/realized gain (loss) on investments	121,764	-	121,764	(96,974)	-	(96,974)
Net assets released from restrictions	<u>844,123</u>	<u>(844,123)</u>	<u>-</u>	<u>787,970</u>	<u>(787,970)</u>	<u>-</u>
Total support and revenues	<u>14,453,859</u>	<u>(205,451)</u>	<u>14,248,408</u>	<u>13,713,235</u>	<u>766,578</u>	<u>14,479,813</u>
<b>EXPENSES:</b>						
<i>Program services:</i>						
Research program	5,416,163	-	5,416,163	4,893,063	-	4,893,063
Public education	881,126	-	881,126	930,645	-	930,645
Quality of life	<u>5,572,602</u>	<u>-</u>	<u>5,572,602</u>	<u>6,147,937</u>	<u>-</u>	<u>6,147,937</u>
	11,869,891	-	11,869,891	11,971,645	-	11,971,645
<i>Supporting services:</i>						
Management and general	1,309,973	-	1,309,973	887,775	-	887,775
Fundraising	<u>1,527,050</u>	<u>-</u>	<u>1,527,050</u>	<u>1,605,722</u>	<u>-</u>	<u>1,605,722</u>
	<u>2,837,023</u>	<u>-</u>	<u>2,837,023</u>	<u>2,493,497</u>	<u>-</u>	<u>2,493,497</u>
Total expenses	<u>14,706,914</u>	<u>-</u>	<u>14,706,914</u>	<u>14,465,142</u>	<u>-</u>	<u>14,465,142</u>
CHANGE IN NET ASSETS	(253,055)	(205,451)	(458,506)	(751,907)	766,578	14,671
NET ASSETS, BEGINNING OF YEAR	<u>1,824,166</u>	<u>3,100,085</u>	<u>4,924,251</u>	<u>2,576,073</u>	<u>2,333,507</u>	<u>4,909,580</u>
NET ASSETS, END OF YEAR	<u>\$ 1,571,111</u>	<u>\$ 2,894,634</u>	<u>\$ 4,465,745</u>	<u>\$ 1,824,166</u>	<u>\$ 3,100,085</u>	<u>\$ 4,924,251</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, 2016**

	Program Services				Support Services			Total Expenses 2016
	Research Program	Public Education	Quality of Life	Total	Management and General	Fund Raising	Total	
Salaries and wages	\$ 204,723	\$ 349,016	\$ 1,677,301	\$ 2,231,040	\$ 419,756	\$ 633,007	\$ 1,052,763	\$ 3,283,803
Outsourced personnel	-	-	38,660	38,660	-	-	-	38,660
Other employee benefits	19,003	32,397	394,590	445,990	42,848	60,347	103,195	549,185
Payroll taxes	10,718	18,273	153,109	182,100	22,899	33,635	56,534	238,634
Total salaries and related expenses	234,444	399,686	2,263,660	2,897,790	485,503	726,989	1,212,492	4,110,282
Research - contracts and allocations	4,914,492	-	-	4,914,492	-	-	-	4,914,492
Research - Big Idea	149,441	10,476	-	159,917	31,910	150	32,060	191,977
Quality of life, health promotions and other grants and programs	-	-	1,678,114	1,678,114	-	-	-	1,678,114
Professional fees	9,177	217,459	521,822	748,458	270,469	156,636	427,105	1,175,563
Internet communications	-	5,232	294,815	300,047	1,308	6,540	7,848	307,895
Research contract reviewer fees	3,500	-	-	3,500	-	-	-	3,500
Supplies	1,313	2,239	31,423	34,975	2,555	4,048	6,603	41,578
Telephone	1,579	2,692	21,825	26,096	3,072	4,868	7,940	34,036
Postage and shipping	1,163	1,982	60,342	63,487	2,262	3,584	5,846	69,333
Office rent	15,411	26,273	229,002	270,686	29,986	47,514	77,500	348,186
Equipment rental and maintenance	1,373	2,341	20,740	24,454	2,672	4,234	6,906	31,360
Conferences, conventions and meetings	-	-	49,841	49,841	-	746	746	50,587
Printing	4,804	4,804	33,329	42,937	4,804	4,804	9,608	52,545
Dues, subscriptions and registration fees	-	16,262	16,815	33,077	24,392	-	24,392	57,469
Insurance	-	-	27,000	27,000	55,890	-	55,890	82,890
Library	-	-	18,835	18,835	-	-	-	18,835
Travel and lodging	21,473	19,745	141,475	182,693	37,923	17,041	54,964	237,657
Direct mail	23,370	93,482	-	116,852	-	272,656	272,656	389,508
Special events	11,385	34,155	-	45,540	235,231	182,162	417,393	462,933
Direct benefit to donor costs	-	-	-	-	-	110,250	110,250	110,250
Teams	-	-	-	-	-	58,059	58,059	58,059
Staff training	-	-	21,166	21,166	-	-	-	21,166
Advertising	-	18,481	71,662	90,143	-	6,160	6,160	96,303
Contributed services	-	-	-	-	95,298	-	95,298	95,298
Miscellaneous	19,580	19,580	62,561	101,721	19,580	19,580	39,160	140,881
Depreciation and amortization	3,658	6,237	8,175	18,070	7,118	11,279	18,397	36,467
	5,416,163	881,126	5,572,602	11,869,891	1,309,973	1,637,300	2,947,273	14,817,164
Less: direct benefit to donor costs	-	-	-	-	-	(110,250)	(110,250)	(110,250)
Total expenses-2016	\$ 5,416,163	\$ 881,126	\$ 5,572,602	\$ 11,869,891	\$ 1,309,973	\$ 1,527,050	\$ 2,837,023	\$ 14,706,914
Percentage of total expense	37%	6%	38%	81%	9%	10%	19%	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, 2015**

	Program Services				Supporting Services			Total Expenses 2015
	Research Program	Public Education	Quality of Life	Total	Management and General	Fund Raising	Total	
Salaries and wages	\$ 226,848	\$ 351,796	\$ 1,705,401	\$ 2,284,045	\$ 227,981	\$ 666,087	\$ 894,068	\$ 3,178,113
Outsourced personnel	-	-	27,112	27,112	-	-	-	27,112
Other employee benefits	22,879	35,482	379,067	437,428	27,651	70,331	97,982	535,410
Payroll taxes	12,487	19,365	163,548	195,400	13,854	37,641	51,495	246,895
Total salaries and related expenses	262,214	406,643	2,275,128	2,943,985	269,486	774,059	1,043,545	3,987,530
Research contracts and allocations	4,329,807	-	-	4,329,807	-	-	-	4,329,807
Research - Big Idea	175,473	14,623	-	190,096	-	18,801	18,801	208,897
Quality of life, health promotions and other grants and programs	-	-	1,508,783	1,508,783	-	-	-	1,508,783
Professional fees	10,749	272,841	845,992	1,129,582	281,993	131,965	413,958	1,543,540
Internet communications	-	7,516	493,222	500,738	1,879	9,395	11,274	512,012
Research contract reviewer fees	8,100	-	-	8,100	-	-	-	8,100
Supplies	1,466	2,273	46,234	49,973	1,186	4,154	5,340	55,313
Telephone	3,316	5,143	40,556	49,015	2,683	9,398	12,081	61,096
Postage and shipping	2,476	3,840	68,865	75,181	2,003	7,017	9,020	84,201
Office rent	4,574	7,093	216,548	228,215	3,700	12,960	16,660	244,875
Equipment rental and maintenance	1,844	2,859	31,587	36,290	1,491	5,224	6,715	43,005
Conferences, conventions and meetings	-	-	71,907	71,907	97	-	97	72,004
Printing	6,958	6,958	179,641	193,557	6,958	6,958	13,916	207,473
Dues, subscriptions and registration fees	-	16,416	8,261	24,677	24,624	-	24,624	49,301
Insurance	-	-	24,750	24,750	39,127	-	39,127	63,877
Library	-	-	18,009	18,009	-	-	-	18,009
Travel and lodging	23,741	23,449	164,707	211,897	7,580	27,804	35,384	247,281
Direct mail	19,514	78,055	-	97,569	-	227,660	227,660	325,229
Special events	15,780	47,341	-	63,121	217,970	252,487	470,457	533,578
Direct benefit to donor costs	-	-	-	-	-	137,120	137,120	137,120
Teams	-	-	-	-	-	64,937	64,937	64,937
Staff training	-	-	32,532	32,532	174	-	174	32,706
Advertising	-	7,888	35,995	43,883	-	23,665	23,665	67,548
Miscellaneous	25,858	25,858	82,312	134,028	25,859	25,859	51,718	185,746
Depreciation and amortization	1,193	1,849	2,908	5,950	965	3,379	4,344	10,294
Subtotal	4,893,063	930,645	6,147,937	11,971,645	887,775	1,742,842	2,630,617	14,602,262
Less: direct benefit to donor costs	-	-	-	-	-	(137,120)	(137,120)	(137,120)
Total expenses-2015	\$ 4,893,063	\$ 930,645	\$ 6,147,937	\$ 11,971,645	\$ 887,775	\$ 1,605,722	\$ 2,493,497	\$ 14,465,142
Percentage of total expense	34%	6%	43%	83%	6%	11%	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,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ (458,506)	\$ 14,671
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation and amortization	36,468	10,294
Change in contributions receivable discount	75,984	26,561
Change in value of split-interest agreement	12,998	12,869
Net unrealized/realized (gain) loss on investments	(121,764)	96,974
(Increase) decrease in assets:		
Restricted cash and equivalents	69,606	76,511
Grants receivable	(24,439)	(9,906)
Contributions receivable	221,496	(331,787)
Prepaid expenses, security deposits, and other	92,158	(49,330)
(Increase) decrease in liabilities:		
Accounts payable	71,647	(57,283)
Accrued expenses	162,590	(217,668)
Quality of Life and other grants payable	(14,057)	135,345
Deferred revenue	(353,559)	(537,707)
Research contracts payable	(521,441)	457,830
Net cash flows from operating activities	(750,819)	(372,626)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	439,228	(340,672)
Proceeds from sale of investments	276,978	280,997
Purchase of intangible assets	-	(141,318)
Purchase of fixed assets	(49,315)	(18,184)
Net cash flows from investing activities	666,891	(219,177)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	72,000	-
Repayment of borrowings	(72,000)	-
Net cash flows from financing activities	-	-
Net change in cash and equivalents	(83,928)	(591,803)
Cash and equivalents at beginning of year	676,639	1,268,442
Cash and equivalents at end of year	\$ 592,711	\$ 676,639

*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 Christopher 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, 2015, CRF was awarded a \$6,530,000 Administration for Community Living (“ACL”) federal grant and effective June 1, 2016, CRF was awarded a \$7,496,000 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 \$20,616,000 from the ACL.

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 2016 and 2015, the Foundation reported revenue of \$1,174,000 and \$783,000, respectively, under this grant. From May 2007 through December 2016, the Foundation has reported revenue of \$12,827,000 under the grant.

*Basis of Presentation* - The financial statement presentation follows the recommendations of FASB ASC 958-205 “Financial Statements for Not-for-Profit Organizations”. The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Furthermore, information is required to segregate program service expenses from management and general expenses and fundraising.

The Foundation has adopted FASB ASC 958-605, “*Accounting for Contributions Received and Contributions Made.*” Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any 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):**

***Basis of Accounting*** - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

***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.

***Support and Revenues*** -

Unrestricted: All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Support that is restricted by the donor is reported as an increase in unrestricted net assets until the restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished in the reporting period in which the support is recognized.

Temporarily Restricted: Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions. As of December 31, 2016 and 2015 there was \$2,894,634 and \$3,100,085 of the Foundation's net assets considered temporarily restricted.

Permanently Restricted: Contributions/Support received that are to be held in perpetuity are reported as permanently restricted support that increases that net asset class. The Foundation has no permanently restricted net assets.

***Allowances for Uncollectible Accounts*** - The Foundation establishes a reserve for uncollectible private contribution receivables on an individual basis. Based on contributor's history, collections, ability to pay and current credit conditions, accounts are written off when deemed uncollectible. (See Note 4).

***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.

***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.

***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.

**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):**

*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 \$120,123 and \$141,318 as of December 31, 2016 and 2015, respectively. Amortization expense totaled \$21,195 and \$0 in 2016 and 2015, respectively. All other costs in the planning stage have been expensed.

*Investments* - Investments are reported at fair values, generally based on current market quotations. All investment income is unrestricted 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 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.

Investment gains and losses, net, include realized gains and losses on investments and changes in unrealized gains and losses on investments. 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. Gains and losses on investment transactions are reflected in changes in unrestricted net assets.

*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.

When 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. When 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.

**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):**

***Grant Revenue and Deferred 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 unrestricted support.

***Contribution Revenue and Contributions Receivable*** - Contributions received, including unconditional promises to give, are recognized as revenue in the period received at their fair values. Contributions for which donors have not stipulated restrictions, as well as contributions for which donors have stipulated restrictions, but which are met within the same reporting period, are reported as unrestricted support. Contributions receivable are recorded at their fair values on the date of the gift. The fair value measurements also include consideration of the donor's credit risk.

In the normal course of business, the Foundation receives donated services from volunteers, including officers and directors, and affiliated organizations 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 \$110,250 and \$137,120 for the years ended December 31, 2016 and 2015, respectively.

***Split Interest Agreement*** - The Foundation has a receivable in an irrevocable charitable lead annuity trust administered by a third party. Under the terms of the agreement, the trustee will distribute \$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 fair value using a present value technique. The discount rate used was 5% in 2016 and 2015.

***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. 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, 2016, 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, 2016 and 2015. 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 2013 and 2012, for the State of New Jersey, 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.

*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.

*Advertising Expenses* - Advertising costs are expensed as incurred and totaled \$96,303 in 2016 and \$67,548 in 2015.

*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.

*Subsequent Events* - Management has reviewed and evaluated all events and transactions from December 31, 2016 through June 23, 2017, 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.

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

**NOTES TO FINANCIAL STATEMENTS**

**Note 2 - Investment in Securities:**

The fair market value of the investments are as follows:

	December 31,	
	2016	2015
Marketable equity securities	\$ 41,733	\$ 46,965
Mutual funds	102,328	106,838
Off-Shore limited partnerships	-	1,568,751
	\$ 144,061	\$ 1,722,554
	December 31,	
	2016	2015
<b>Investment Income (Loss)</b>		
Investment income/loss	\$ (4,758)	\$ 10,814
Net realized gains	105,445	259,036
Net unrealized gains (losses)	16,319	(356,010)
	\$ 117,006	\$ (86,160)

The Foundation's investment in the off-shore limited partnerships as of December 31, 2015 included 1,173.56 shares of Welch Entrepreneurial Fund, Ltd., with a net asset value of \$1,336.74 per share for a total investment in Welch Entrepreneurial Fund, Ltd. of \$1,568,751. The fair value amount is based on the net asset value of stock shares as presented in the respective fund's audited financial statements as of December 31, 2015. As of September 30, 2016, the Foundation fully redeemed their investment in the off-shore limited partnerships. A 5% holdback as required on all full redemptions resulted in a receivable as of December 31, 2016 of \$97,000. This amount will be paid out to the Foundation following the completion of the 2016 Welch Entrepreneurial Fund, Ltd. year-end audit.

Investment fees for 2016 and 2015 were \$14,242 and \$16,161, respectively, and they represent management fees which are reported under unrealized gains (losses) on the statements of activities and changes in net assets.

**Note 3 - Grants Receivable:**

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

	December 31,	
	2016	2015
Administration for Community Living	\$ 2,048,828	\$ 1,990,731
Department of Defense	332,506	366,164
	\$ 2,381,334	\$ 2,356,895

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

**NOTES TO FINANCIAL STATEMENTS**

**Note 4 - Contributions Receivable:**

As of December 31, 2016 and 2015, contributions receivable included \$1,280,000 and \$1,320,000, respectively, of pledges receivable from members of the Foundation's Board of Directors. The Foundation's contributions receivable are due as follows:

	December 31,	
	2016	2015
Less than one year	\$ 1,768,402	\$ 2,592,896
One to five years	1,105,000	500,000
	2,873,402	3,092,896
<i>Less:</i> Fair value adjustment and allowance for uncollectible amounts	665,526	587,540
	\$ 2,207,876	\$ 2,505,356

As of December 31, 2016 and 2015, the Foundation established a \$500,000 allowance, for the potential non-collection of the remaining balances of certain past due pledges.

Amounts due in more than one year are adjusted to fair value using present value techniques that assume discount rates varying between 2.12% and 3.46% in 2016 and 2015. These rates are based on treasury bill rates in effect at the time of the pledge.

**Note 5 - Fixed Assets:**

Fixed assets, net are comprised as follows:

	December 31,	
	2016	2015
Furniture, fixtures, equipment & software	\$ 1,019,319	\$ 970,004
Research equipment	188,580	188,580
	1,207,899	1,158,584
<i>Less:</i> Accumulated depreciation and amortization	1,152,554	1,137,281
Fixed Assets, net	\$ 55,345	\$ 21,303

Depreciation and amortization expense totaled \$15,273 and \$10,294 in 2016 and 2015, respectively.

**Note 6 - 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, 2016 and 2015, the Program generated revenues of \$804,570 and \$863,193, respectively, which are included in contributions on the statements of activities and changes in net assets, and expenses of \$389,508 and \$325,229, respectively, which are reported under direct mail on the statement of functional expenses.



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

**NOTES TO FINANCIAL STATEMENTS**

**Note 7 - 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 will extend beyond one year. The details of research contracts expensed and payable are as follows:

	December 31,	
	2016	2015
Research contracts payable, beginning of year	\$ 2,110,991	\$ 1,653,161
Research contracts awarded, net of returns	<u>3,906,983</u>	<u>3,540,977</u>
	6,017,974	5,194,138
Contract payments made and returns	<u>(4,428,424)</u>	<u>(3,083,147)</u>
Research contracts payable, end of year	<u>\$ 1,589,550</u>	<u>\$ 2,110,991</u>

At December 31, 2016, scheduled contract payments totaling \$1,589,550 are payable during 2017.

Quality of Life grants are awarded twice a year. In 2016 and 2015, Quality of Life grants amounted to approximately \$1,297,129 and \$1,440,214, respectively. The remaining payments at December 31, 2016 and December 31, 2015 of \$721,425 and \$735,482, respectively, are payable in 2017 and 2016, respectively.

**Note 8 - Deferred Revenue:**

Deferred revenue is comprised of the following:

	December 31,	
	2016	2015
EpiStim - University of Louisville	\$ -	\$ 450,000
North American Clinical Trials Network for Treatment of Spinal Cord Injury	<u>287,970</u>	<u>191,529</u>
Deferred revenue, end of year	<u>\$ 287,970</u>	<u>\$ 641,529</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**Note 9 - Temporarily Restricted Net Assets:**

Temporarily restricted net assets represent the portion of the net assets of the Foundation that has been designated either by time or purpose as to its use. The Foundation's temporarily restricted net assets have been restricted entirely by purpose. The Foundation's temporarily restricted net assets are restricted to the following purposes in the following amounts:

	December 31,	
	2016	2015
The Big Idea	\$ 2,894,634	\$ 2,857,395
Walkabout Foundation	-	242,690
	\$ 2,894,634	\$ 3,100,085

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes:

	December 31,	
	2016	2015
The Big Idea	\$ 601,433	\$ 743,809
Walkabout Foundation	242,690	44,161
	\$ 844,123	\$ 787,970

**Note 10 - Functional Expense Allocations:**

In 2016 and 2015, 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,	
	2016	2015
Program Services	\$ 162,392	\$ 160,690
Fundraising	454,818	480,147
	\$ 617,210	\$ 640,837

For the years ended December 31, 2016 and 2015, program services included \$116,852 and \$97,569 for direct mail, respectively, and \$45,540 and \$63,121 for special events, respectively. For the years ended December 31, 2016 and 2015, fundraising included \$272,656 and \$227,660 for direct mail, respectively, and \$182,162 and \$252,487 for special events, respectively.

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

**NOTES TO FINANCIAL STATEMENTS**

**Note 11 - 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 3.13600% and 2.80050% at December 31, 2016 and 2015, respectively. At December 31, 2016, the Foundation had not drawn down any amount from its line of credit.

**Note 12 - Leases:**

At December 31, 2016, 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>
2017	\$ 390,119
2018	335,823
2019	312,141
2020	285,187
2021	283,394
2022 and thereafter	<u>1,133,576</u>
Total future minimum lease payments	<u>\$ 2,740,240</u>

Total rental expense was \$348,186 and \$244,875 for 2016 and 2015, 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.

The Foundation had sublet a lease for its former Life Rolls On location. On June 30, 2015, the Foundation agreed to a buyout of the lease and recognized rental income in the amount of \$90,000. On March 1, 2016, the Foundation re-sublet the space and the minimum lease rentals to be received under a noncancellable lease are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2017	\$ 68,904
2018	<u>17,226</u>
Total future rental receipts	<u>\$ 86,130</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**Note 13 - 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 2016 and 2015, the additional contribution was 1.5% of an eligible employee's annual salary. Employer contributions charged to operations were \$104,556 and \$120,061 in 2016 and 2015, respectively and are reported under other employee benefits on the statement of functional expenses.

**Note 14 - 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, 2016 and 2015. 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, 2016 and 2015.

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

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

**NOTES TO FINANCIAL STATEMENTS**

**Note 14 - Fair Value Measurements-Recurring (continued):**

- *Off-shore limited partnerships* - Valued based on the net asset value of stock shares as presented in the audited financial statements. These investments can be sold quarterly. Of redemption proceeds, 95% would be paid within 30 calendar days of the redemption. The remaining 5% would be paid following completion of the off-shore limited partnership's audit, which is subject to any adjustment in the redemption price resulting from that audit. These funds seek to provide long-term capital appreciation primarily through taking long and short equity positions in various industry sectors on an opportunistic basis. There were no unfunded commitments as of December 31, 2015. The Foundation fully redeemed this investment as of September 30, 2016.
- *Split-interest agreement* - Valued using present value techniques based on estimated discounted future cash flows.

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.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2016, and 2015:

<u><i>Assets at Fair Value as of December 31, 2016</i></u>				
	<u><i>Level 1</i></u>	<u><i>Level 2</i></u>	<u><i>Level 3</i></u>	<u><i>Total</i></u>
Mutual funds:				
S&P Preferred Stock Index	\$ 102,328	\$ -	\$ -	\$ 102,328
Marketable equity securities:				
Industrials	41,733	-	-	41,733
Off-shore limited partnerships				
Split-interest agreement	-	-	18,992	18,992
Total	<u>\$ 144,061</u>	<u>\$ -</u>	<u>\$ 18,992</u>	<u>\$ 163,053</u>

<u><i>Assets at Fair Value as of December 31, 2015</i></u>				
	<u><i>Level 1</i></u>	<u><i>Level 2</i></u>	<u><i>Level 3</i></u>	<u><i>Total</i></u>
Mutual funds:				
S&P Preferred Stock Index	\$ 106,838	\$ -	\$ -	\$ 106,838
Marketable equity securities:				
Industrials	46,965	-	-	46,965
Off-shore limited partnerships				
Long-term growth	-	1,568,751	-	1,568,751
Split-interest agreement	-	-	31,990	31,990
Total	<u>\$ 153,803</u>	<u>\$ 1,568,751</u>	<u>\$ 31,990</u>	<u>\$ 1,754,544</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**Note 14 - Fair Value Measurements-Recurring (continued):**

The table below sets forth a summary of changes in the fair value of the Foundation's Level 3 assets for the year ended December 31, 2016 and 2015:

Balance, January 1, 2015	\$ 44,859
Receipt from trust settlement	(15,000)
Adjustment of the discount	<u>2,131</u>
Balance, December 31, 2015	<u>\$ 31,990</u>
Balance, January 1, 2016	\$ 31,990
Receipt from trust settlement	(15,000)
Adjustment of the discount	<u>2,002</u>
Balance, December 31, 2016	<u>\$ 18,992</u>

Change in the fair value of the split-interest agreement still held at December 31, 2016 and 2015 amounted to \$(12,998) and \$(12,869), respectively.

**Note 15 - Equity Investment:**

The Foundation's investments in companies that are accounted for on the equity method of accounting consist of a 39.84% 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 \$984,051 and \$0 as of December 31, 2016 and 2015, respectively.

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

**NOTES TO FINANCIAL STATEMENTS**

**Note 15 - Equity Investment (continued):**

The Foundation has an investment in NRT, which is accounted for under the equity method of accounting. Listed below is the summarized financial information of NRT as of December 31, 2016:

	December 31,
	2016
Condensed income statement information:	
Net revenues	\$ <u>          -</u>
Gross margin	\$ <u>          -</u>
Net income (loss)	\$ <u>     (40,038)</u>
Foundation's equity in net income (loss) of affiliates	\$ <u>     (15,949)</u>
Condensed balance sheet information:	
Current assets	\$ 30,166
Noncurrent assets	<u>2,440,000</u>
Total assets	<u>\$ 2,470,166</u>
Current liabilities	\$ -
Noncurrent liabilities	-
Equity	<u>2,470,166</u>
Total liabilities and equity	<u>\$ 2,470,166</u>

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,
	2016
<u>Statement of Financial Position Presentation</u>	
Equity Investment	\$ 984,051
<u>Statement of Activities and Changes in Net Assets Presentation</u>	
Investment loss	\$ (15,949)

**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, 2016, 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 23, 2017.

**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 23, 2017

**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, 2016. 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, 2016.

## 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, LLP

Livingston, New Jersey  
June 23, 2017

**CHRISTOPHER REEVE FOUNDATION  
D/B/A CHRISTOPHER & DANA REEVE FOUNDATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2016**

Funding Source/Federal Contract No./Program	Federal CFDA Number	Grant Program Awards	Passed through to Subrecipients	Total 2016 Reported Expenditures
United States Department of Health and Human Services:				
Administration for Community Living -				
The Paralysis Resource Center (June 1, 2015-May 31, 2016)	93.325	\$ 6,529,823	\$ 1,016,468	\$ 2,770,921
The Paralysis Resource Center (June 1, 2016-May 31, 2017)	93.325	7,495,783	<u>1,970,975</u>	<u>3,729,450</u>
Total United States Department of Health and Human Services			<u>2,987,443</u>	<u>6,500,371</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, 2013 - April 30, 2016)	12.420	2,000,000	243,965	296,602
North American Clinical Trials Network (NACTN) for Treatment of Spinal Cord Injury (May 1, 2016 - April 30, 2018)	12.420	2,500,000	<u>625,000</u>	<u>877,523</u>
Total United States Department of Defense			<u>868,965</u>	<u>1,174,125</u>
Total			<u>\$ 3,856,408</u>	<u>\$ 7,674,496</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, 2016. 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, 2016**

**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	\$ 6,500,371

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, 2016**

**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, 2016**

There are no prior year audit findings or questioned costs.