

SPINA BIFIDA ASSOCIATION OF AMERICA, INC.
(a nonprofit organization)

FINANCIAL STATEMENTS

Year Ended December 31, 2023

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Spina Bifida Association of America, Inc.
Washington, D.C.

Report on the Audit of the Financial Statements***Opinion***

We have audited the accompanying financial statements of Spina Bifida Association of America, Inc. (the Association), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2024, on our consideration of the Association'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 solely 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 effectiveness of the Association's 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 Association's internal control over financial reporting and compliance.

Renner and Company, CPA, P.C.

Alexandria, Virginia
September 27, 2024

SPINA BIFIDA ASSOCIATION OF AMERICA, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 298,258
Accounts receivable, net	21,774
Grants receivable	145,711
Pledges receivable	20,000
Prepaid expenses	36,941

TOTAL CURRENT ASSETS 522,684

PROPERTY AND EQUIPMENT, net 2,432

OTHER ASSETS

Pledges receivable, non-current	60,000
Investments	401,165
Right-of-use asset, operating	32,565
Deposits	662

TOTAL OTHER ASSETS 494,392

TOTAL ASSETS \$ 1,019,508

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 4,300
Accrued expenses	188,166
Deferred revenue	20,890
Operating lease liability - current	81,684

TOTAL CURRENT LIABILITIES 295,040

OTHER LIABILITIES

Operating lease liability - net of current portion	<u>20,428</u>
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TOTAL LIABILITIES 315,468

NET ASSETS

Without donor restrictions	360,402
With donor restrictions	<u>343,638</u>

TOTAL NET ASSETS 704,040

TOTAL LIABILITIES AND NET ASSETS \$ 1,019,508

See Notes to Financial Statements.

SPINA BIFIDA ASSOCIATION OF AMERICA, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Government grants	\$ 921,475	\$ -	\$ 921,475
Contributions	398,808	250,867	649,675
Contribution received in donation of SPBACFL	436,760	-	436,760
Conference and meetings	331,360	-	331,360
Special events	292,329	-	292,329
Federated fundrasing organizations	70,003	-	70,003
Other income	38,114	-	38,114
Investment return	59,181	-	59,181
Corporate contributions	56,100	-	56,100
Corporate chapter revenue	4,333	-	4,333
Bequests	4,255	-	4,255
Releases from restriction	147,138	(147,138)	-
TOTAL REVENUE AND SUPPORT	2,759,856	103,729	2,863,585
EXPENSES			
Program	2,685,297	-	2,685,297
Management and general	247,886	-	247,886
Fundraising	240,587	-	240,587
TOTAL EXPENSES	3,173,770	-	3,173,770
CHANGE IN NET ASSETS	(413,914)	103,729	(310,185)
NET ASSETS, beginning of year	774,316	239,909	1,014,225
NET ASSETS, end of year	\$ 360,402	\$ 343,638	\$ 704,040

See Notes to Financial Statements.

SPINA BIFIDA ASSOCIATION OF AMERICA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2023

	Program						Support		Total
	Research	Education	Chapter Development	Information and Referral	Government Relations	Total Program	Management and General	Fundraising	
Salaries and fringe benefits	\$ 427,942	\$ 435,745	\$ 335,719	\$ 37,503	\$ 63,180	\$ 1,300,089	\$ 77,219	\$ 189,818	\$ 1,567,126
Consultants	175,096	362,054	7,222	19,771	97,122	661,265	7,230	6,669	675,164
Conference and meetings	2,079	303,326	15,453	129	2,779	323,766	542	379	324,687
Travel	50,301	43,378	25,905	185	111	119,880	2,109	5,198	127,187
Office	7,092	38,047	10,224	4,918	16,455	76,736	6,853	9,759	93,348
Legal and accounting	-	-	-	-	-	-	75,927	-	75,927
Bank fees	518	15,056	11,256	522	1,599	28,951	9,710	9,581	48,242
Lobbying	10,900	19,300	6,843	1,326	9,587	47,956	-	-	47,956
Miscellaneous	-	786	593	-	-	1,379	42,069	166	43,614
Rent	12,137	4,570	5,007	28	346	22,088	6,231	4,160	32,479
Equipment rental and maintenance	2,981	3,052	4,678	2,981	2,299	15,991	2,986	3,039	22,016
Postage	65	18,124	611	162	183	19,145	410	2,001	21,556
Printing	411	12,532	3,474	4,181	181	20,779	308	412	21,499
Supplies	342	5,064	12,406	351	343	18,506	1,507	910	20,923
Telephone	401	1,463	1,463	1,463	1,427	6,217	1,447	1,463	9,127
Filing registration	-	2,592	2,765	-	1,361	6,718	320	1,655	8,693
Licenses	70	1,058	1,147	1,058	456	3,789	70	4,722	8,581
Depreciation and amortization	-	-	-	-	-	-	7,359	-	7,359
Taxes and penalties	354	234	290	164	87	1,129	5,352	188	6,669
Advertising	-	4,009	197	-	100	4,306	-	-	4,306
Website hosting	237	1,277	237	237	237	2,225	237	237	2,699
Scholarships	337	853	834	-	88	2,112	-	230	2,342
Entertainment	-	-	1,342	-	-	1,342	-	-	1,342
Grants	-	-	928	-	-	928	-	-	928
TOTAL EXPENSES	\$ 691,263	\$ 1,272,520	\$ 448,594	\$ 74,979	\$ 197,941	\$ 2,685,297	\$ 247,886	\$ 240,587	\$ 3,173,770

See Notes to Financial Statements.

SPINA BIFIDA ASSOCIATION OF AMERICA, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from operations

Support and revenue \$ 2,180,843

Interest income 15,488

Total cash received from operations 2,196,331

Cash disbursed by operations

Payment to suppliers and employees (3,007,826)

NET CASH USED BY OPERATING ACTIVITIES (811,495)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment (2,083)

Purchase of investment (260,840)

Proceed from sale of investment 638,230

Cash from acquisition of SBACFL 436,760

NET CASH PROVIDED BY INVESTING ACTIVITIES 812,067

NET INCREASE IN CASH 572

CASH AND CASH EQUIVALENTS, beginning of year 297,686

CASH AND CASH EQUIVALENTS, end of year \$ 298,258

See Notes to Financial Statements.

SPINA BIFIDA ASSOCIATION OF AMERICA, INC.

STATEMENT OF CASH FLOWS
Year Ended December 31, 2023

RECONCILIATION OF CHANGE IN NET ASSETS TO
NET CASH USED BY OPERATING ACTIVITIES

CHANGE IN NET ASSETS	<u>\$ (310,185)</u>
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES	
Depreciation and amortization expense	7,359
Unrealized gains from investment	(30,855)
Realized gains from investment	(14,618)
Acquisition of SBACFL assets	(436,760)
Non-cash occupancy costs	<u>(49,298)</u>
NET ADJUSTMENTS	<u>(524,172)</u>
CHANGES IN ASSETS AND LIABILITIES AFFECTING OPERATIONS (USING) PROVIDING CASH	
ASSETS	
Accounts, grants and pledges receivable, net	(53,983)
Prepaid expenses	89,989
Security deposit	<u>(662)</u>
NET CHANGES IN ASSETS	<u>35,344</u>
LIABILITIES	
Accounts payable	924
Accrued expenses	117,632
Deferred revenue	<u>(131,038)</u>
NET CHANGES IN LIABILITIES	<u>(12,482)</u>
NET CHANGES IN ASSETS AND LIABILITIES	<u>22,862</u>
NET CASH USED BY OPERATING ACTIVITIES	<u><u>\$ (811,495)</u></u>

See Notes to Financial Statements.

SPINA BIFIDA ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE

Organization and Purpose

The Spina Bifida Association of America (the Association) provides information related to spina bifida, including progress in the areas of medicine, education, legislation and financial support; helps to fund research into the causes, effects and treatment of spina bifida; and encourages the training of professionals involved in treatment.

Summary of Significant Accounting Policies

Basis of Accounting

The Association prepares its financial statements on the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized when the obligations are incurred. All revenue and expenses that are applicable to future periods have been presented as deferred or prepaid on the accompanying statement of financial position.

Cash and Cash Equivalents

Cash consists primarily of non-interest bearing checking accounts and money market funds. Cash equivalents consist of money market funds held within brokered investment accounts. The Association's policy is to treat all short term investments with original maturities of 90 days or less and cash held in brokered assets as cash equivalents.

Grants and Other Receivables

Grants and other receivables consist of amounts billed to federal government agencies, DC government agencies, and other grantors for services provided under the terms of grants or similar documents. Bills are considered due within 30 day of invoice date. Grants and other receivables are reported net of an allowance for doubtful accounts. Management estimates that there are no uncollectible receivables as of December 31, 2023. Therefore, no allowance for doubtful accounts is recorded as of each fiscal year end. It is the Association's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Investments

Investments are recorded at fair value. Realized and unrealized gains and losses are included in investment income in the accompanying statement of activities.

SPINA BIFIDA ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE (CONTINUED)

Summary of Significant Accounting Policies (Continued)

Investments (Continued)

The Association invests in portfolios that contain common stock, mutual funds, and exchange traded funds. Such investments are exposed to various risks such as market and credit risk. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Property and Equipment

Property and equipment are reflected in the financial statements at cost. The Association capitalizes all fixed assets with a purchase price of \$500 or greater. Depreciation is computed using the straight line method over the estimated useful lives of the assets which range from three to five years for furniture, fixtures, software, and equipment. Estimated useful lives for leasehold improvements is the shorter of the useful life of the improvements, estimated at eleven years, or the term of the lease. Routine repairs and maintenance are expensed as incurred.

Fair Value Measurements

The Association applies accounting principles generally accepted in the United States (U.S. GAAP) for fair value measurements of financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis.

Classes of Assets

In accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), the Association's net assets are classified into two categories as follows:

Net Assets Without Donor Restriction

The Association includes operating net assets that are available for the general operations of the Association as net assets without donor restriction, as well as board-designated net assets set aside for future use.

SPINA BIFIDA ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE (CONTINUED)

Summary of Significant Accounting Policies (Continued)

Classes of Assets (Continued)

Net Assets With Donor Restriction

The Association reports gifts of cash and other restricted support if they are received with donor stipulations that limit the use of donated assets as net assets with donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the consolidated statement of activities as net assets released from restrictions.

Investment gains and losses earned on donor restricted funds held by the Association are recorded as an increase or decrease in net assets without donor restriction.

Revenue Recognition

The Association receives unconditional foundation grants and contributions that are considered available for use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with donor restrictions. Amounts received that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the revenue is recognized. Unconditional promises to give are recognized as revenue and support in the year in which they are promised and, if uncollected, are reflected as grants and contributions receivable in the accompanying statement of financial position. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose of a restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

The Association also receives grants from the Federal government, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Revenue recognized on these grants for which billings have not been presented to the grantor, or cash has not been received from the grantor, is reflected as grants and contributions receivable in the accompanying statement of financial position. Amounts earned and released within the same year under conditional awards are reported as increases in net assets without donor restrictions in the accompanying statement of activities.

SPINA BIFIDA ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE (CONTINUED)

Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Wills are recorded as bequests revenue when the probate courts declare the wills valid and the proceeds are measurable. In cases in which a will's approval is required by state government authorities, bequests revenue is recognized after final approval.

The Association receives contributions from several organizations that raise contributions on its behalf. Amounts contributed are recognized as increases in net assets without donor restrictions and included as federated fundraising organizations in the accompanying statement of activities.

Sales of materials and services are recognized as revenue at the time of sale.

Disaggregation of Revenue

The Association disaggregates revenue according to its major goods and services lines. These categories and disaggregation's are used to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Performance Obligations

Conference and meetings revenue is recognized when the performance obligation is satisfied. The performance obligation is satisfied when the events are held. Accordingly, sponsorships and related fees received in advance of the related conference or meetings are reflected as contract liabilities in the accompanying statement of financial position.

The Association holds various fundraising events that include multiple Walk-N-Roll events and marathons held in various cities throughout the nation. Fees received from such events are considered without restriction and are recognized as special events revenue in the accompanying statement of activities at the point in time the event occurs.

Significant Judgements

The price for conferences, meetings, and events is determined by management, which accounts for all the expenses to be incurred and includes it in the final transaction price. Prices for advertisements are also determined by management.

SPINA BIFIDA ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE (CONTINUED)

Summary of Significant Accounting Policies (Continued)

Income Taxes

The Association is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Association conducts no taxable activities. Accordingly, no provision for income taxes has been provided in the financial statements.

In accounting for uncertainty in income taxes, accounting standards require an entity to recognize the financial statement impact of a tax position when it is more-likely-than-not that the position will not be sustained upon examination. Management evaluated the Association's tax position and concluded there are no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of the guidance.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions about 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

The costs incurred under various programs with the U.S. Department of Health and Human Services are subject to audit by the government for allowability. Management estimates that all costs are allowable; therefore, no provision for unallowable costs has been established.

Government Grants

The Association participates in a number of federally assisted programs that are subject to financial and compliance audits by the federal agencies or their representatives. As such, there is a possibility that questioned costs might result from such an audit. Management does not anticipate any significant adjustments as a result of such an audit for the current year costs.

SPINA BIFIDA ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE (CONTINUED)

Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs, such as salaries and fringe benefits, consultant fees, conference and meetings, travel costs, office expense, bank fees, miscellaneous, rent, equipment rental and maintenance, postage, printing, supplies, telephone, filing registration, licenses, taxes and penalties, and website hosting have been allocated among the program and supporting services benefits based on level of effort. Legal and accounting fees, and depreciation and amortization were allocated solely general and administration. Lobbying expense, advertising, scholarships, entertainment, and grants were allocated solely to program.

Adoption of New Accounting Standard

In June 2016, the Financial Accounting Standards Board issued *ASC 326 Financial Instruments - Credit Losses* effective for years beginning after December 15, 2022 that significantly changed how entities measure credit losses for most financial assets, including trade receivables. The guidance implemented a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Association that are subject to this guidance were accounts receivable.

The Association adopted the standard effective January 1, 2023 with no effect on beginning net assets without donor restrictions. The impact of the adoption resulted primarily in enhanced disclosures only.

Gift In-kind

Donated services are recorded at their estimated fair market value on the date of receipt. Donated services are recognized in the financial statements at their fair value if the services require specialized skills and the services would typically need to be purchased if not donated. In-kind contributions are reported in the statement of activities as both revenue and expense.

SPINA BIFIDA ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE (CONTINUED)

Summary of Significant Accounting Policies (Continued)

Liquidity and Availability of Assets

The Association maintains a liquid cash balance in checking and money market accounts in an amount necessary to meet its anticipated expenditures for the next 30 days. Cash in excess of this amount is invested in short-term investments.

The Association reconciles the balance of financial assets subject to donor restrictions monthly, based on restricted amounts used and received. Restricted cash and investments are separately identified and monitored as part of the Association's monthly financial reporting process.

The Association's financial assets available within one year to meet cash needs for general expenditures through December 31, 2024 are as follows:

Financial Assets	
Cash	\$ 298,258
Grants and other receivables	187,485
Investments	<u>401,165</u>
Total financial assets	\$ 886,908
Less amounts not available within one year	
Purpose restricted net assets	<u>(343,638)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u><u>\$ 543,270</u></u>

2. CASH AND CASH EQUIVALENTS

Cash as of December 31, 2023 consisted of the following:

Checking	\$ 172,649
Money market funds	<u>125,609</u>
	<u><u>\$ 298,258</u></u>

The balances in a financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. The amounts in excess of deposit insurance limits were \$0 as of December 31, 2023.

SPINA BIFIDA ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

3. GRANTS RECEIVABLE

Receivables as of December 31, 2023 consisted of the following:

Federal grants receivable	<u><u>\$ 145,711</u></u>
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All amounts were deemed fully collectible by management and due within one year.

The Association was awarded federal grants totaling \$3,368,079. The grants are contingent upon certain performance requirements and/or incurrence of allowable qualifying expenses. As such, the revenue is not recorded in the financial statements until conditions are met. During the year ended December 31, 2023, the Association recognized revenue totaling \$921,475 under the awards. As of December 31, 2023, the Association has yet to recognize \$2,446,604 of the grants as they had not yet met the respective conditions.

4. PLEDGES RECEIVABLE

Pledges receivable as of December 31, 2023 consisted of unconditional pledges and are due as follows:

	Receivable in		
	Less than one year	One to five years	Total
Promises to give	\$ 20,000	\$ 60,000	\$ 80,000
Less: discount to present value	-	-	-
Total	<u><u>\$ 20,000</u></u>	<u><u>\$ 60,000</u></u>	<u><u>\$ 80,000</u></u>

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 5%. All amounts were deemed fully collectible by management.

SPINA BIFIDA ASSOCIATION OF AMERICA, INC.**NOTES TO FINANCIAL STATEMENTS****December 31, 2023****5. PROPERTY AND EQUIPMENT**

A summary of information relative to property and depreciation for the years ended December 31, 2023 is as follows:

	Cost	Depreciation expense	Accumulated depreciation
Fixed assets	\$ 2,083	\$ -	\$ -
Furniture and fixtures	33,189	4,581	47,300
Software	43,744	2,720	43,291
Leasehold improvements	132,484	-	132,484
Equipment	21,828	58	7,821
	<u>\$ 233,328</u>	<u>\$ 7,359</u>	<u>\$ 230,896</u>

6. INVESTMENTS

Investments are recorded at fair market value and consist of the following:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Stock Funds	\$ 78,637	\$ 145,815	\$ 67,178
Mutual Funds	45,778	48,477	2,699
Corporate Bond	77,396	77,384	(12)
U.S. Treasury bills and agencies	89,545	89,847	302
Certificates of deposit	40,000	39,642	(358)
	<u>\$ 331,356</u>	<u>\$ 401,165</u>	<u>\$ 69,809</u>

Investment return for the year ended December 31, 2023, consisted of the following:

Interest and dividends	\$ 15,488
Unrealized gain	30,855
Realized gain	14,618
Less: investment fees	<u>(1,780)</u>
	<u>\$ 59,181</u>

SPINA BIFIDA ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

7. FAIR VALUE MEASUREMENT

The Association records investments based on fair value on a recurring basis. Financial accounting and reporting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. The standard emphasizes that fair value is a market-based measurement, not an entity specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the standards established a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent from the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 inputs utilize unadjusted quoted prices in active markets for identical assets or liabilities that the Association has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets or liabilities in active markets, as well as inputs that are observable for the assets or liabilities (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs for the assets or liabilities which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The determination of the fair value level within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Association's assessment of the significance of the particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the assets or liabilities.

SPINA BIFIDA ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

7. FAIR VALUE MEASUREMENT (CONTINUED)

The following summarizes investments, measured at fair value on a recurring basis, aggregated by the level in the fair value hierarchy within which those measurements fall, as of December 31, 2023:

	Fair Value	Level 1	Level 2
Stock Funds	\$ 145,815	145,815	-
Mutual Funds	48,477	48,477	-
Corporate Bond	77,384	77,384	-
U.S. Treasury bills and agencies	89,847	-	89,847
Certificates of deposit	39,642	-	39,642
	<u>\$ 401,165</u>	<u>\$ 271,676</u>	<u>\$ 129,489</u>

Investments are reported at fair value as provided by the investment managers or other third-party service providers utilizing various methods dependent upon the specific type of investment. Common stock, mutual funds, and exchange traded funds are based on quoted prices in active markets.

SPINA BIFIDA ASSOCIATION OF AMERICA, INC.**NOTES TO FINANCIAL STATEMENTS****December 31, 2023****8. NET ASSETS WITH DONOR RESTRICTION**

Net assets without donor restriction are available as of December 31, 2023 for the following purposes:

	Balance at December 31, 2022	Revenue and Support	Released from Restriction	Balance at December 31, 2023
Time restricted	\$ 10,000	\$ 80,000	\$ (10,000)	\$ 80,000
Tom Broch Memorial Scholarships	6,285	194	-	6,479
Research	106,369	1,555	(57,942)	49,982
WhiteHurst Chapter	-	42,043	(25,479)	16,564
Chapter Funding	-	40,000	-	40,000
Christopher Reeve	-	300	(300)	-
Educational Scholarships	41,388	-	(38,867)	2,521
Reproduction of the "Living Well Series"	8,850	-	(8,850)	-
Coloplast	-	22,090	(5,700)	16,390
Smith & Nephew				
Direct Mail Appeal Grant	-	25,000	-	25,000
Other temporarily restricted	7,017	39,685	-	46,702
Permanently restricted				
Gilbert scholarship	10,000	-	-	10,000
Sabadie scholarship	50,000	-	-	50,000
Total	<u>\$ 239,909</u>	<u>\$ 250,867</u>	<u>\$ (147,138)</u>	<u>\$ 343,638</u>

SPINA BIFIDA ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

9. ENDOWMENT FUNDS

The Association has certain donor-restricted endowment funds, of which the principal is to be invested in perpetuity and the investment earnings are to be restricted for the purposes of funding an annual scholarship award to an eligible individual with spina bifida and funding spina bifida research.

Interpretation of Relevant Law

The Association's Board of Directors has interpreted the District of Columbia Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as donor restricted net assets in perpetuity (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in donor restricted net assets in perpetuity is classified as donor restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the Association and the donor-restricted endowment fund;
- General economic conditions;
- The possible effects of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- The Association's other resources; and
- The Association's investment policies.

Funds with Deficiencies

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the level that the donor or UPMIFA requires the Association to retain as a fund of perpetual duration. There were no funds with deficiencies as of December 31, 2023.

SPINA BIFIDA ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

9. ENDOWMENT FUNDS (CONTINUED)

Return Objectives and Strategies Employed for Achieving Objectives

The Association has adopted an investment policy and a spending policy for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under these policies, the endowment assets are invested in a manner that is intended to achieve a balanced return of current income for program support and modest capital appreciation.

Spending Policy

The Board of Directors authorizes spending of up to a maximum of 4% of cumulative investment earnings generated by the donor-restricted endowment funds for the Sabadie Family Endowed Fund and Carolyn Elizabeth Gilbert Endowed Fund. It is the Association's policy not to spend on underwater endowments. Earnings are spent based on the purposes designated by the donors (i.e., funding an annual scholarship award to an eligible individual with spina bifida and the duration and preservation of the funds). There was no spending from these funds in the year ended December 31, 2023.

The Association's endowment net asset composition by fund type was as follows as of December 31, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance as of December 31, 2022	\$ -	\$ 97,931	\$ 97,931
Investment income	-	2,269	2,269
Change in fair value of investments	-	6,502	6,502
Balance as of December 31, 2023	<u>\$ -</u>	<u>\$ 106,702</u>	<u>\$ 106,702</u>

10. OPERATING LEASE

The Association has a noncancelable operating lease for office space in Arlington, Virginia, that expires in 2025. The lease requires monthly base rent of \$5,201 with annual increases of 2.75% and a 10-month rental abatement. In addition, the Association is obligated to pay its share of real estate tax and operating expense of the building. The Association recorded this lease on a straight-line basis. Rent expense for the year ended December 31, 2023 was \$26,636.

SPINA BIFIDA ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

10. OPERATING LEASE (CONTINUED)

The Association has used a discount rate of 1.08% to calculate the present value of the sum of the lease payments, which is its recorded lease liability. This rate is determined to be the Treasury bill rate, as published by the U.S. Department of the Treasury, as of the lease agreement execution date and reflects the Association's risk-free rate. The rate is the coupon equivalent or investment yield for a 52-week bill and is based on the purchase price, discount and a 365- or 366-day year.

As of December 31, 2023, future minimum lease payments under this lease are as follows:

For the fiscal year ended:	
2024	\$ 80,946
2025	<u>20,464</u>
	<u>\$ 101,410</u>

A reconciliation of the undiscounted cash payments to the operating lease liability for the year ended December 31, 2023 is as follows:

Undiscounted future cash flows	\$ 101,410
Discount to present value	<u>702</u>
Operating lease liability	<u>\$ 102,112</u>

Quantitative Disclosures

Quantitative disclosures related to leases for the year ended December 31, 2023 are as follows:

Lease costs:	
Operating lease cost	\$ 25,760
Other information:	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash outflows from operating leases	\$ 78,779
Weighted-average remaining lease term - operating leases	2.25 years
Weighted-average discount rate - operating leases	1.08%

SPINA BIFIDA ASSOCIATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

11. SUBSEQUENT EVENTS

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through September 27, 2024, the date the financial statements were available to be issued.