CHILD MIND INSTITUTE, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 and 2015

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Child Mind Institute, Inc.
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Child Mind Institute, Inc. ("CMI"), which comprise the statements of financial position as of September 30, 2016 and 2015, the related statements of activities, 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

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

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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgments, 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 auditors consider internal control relevant to the organization's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Child Mind Institute, Inc. as of September 30, 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.

EisnerAmper LLP

New York, New York
April 19, 2017

CHILD MIND INSTITUTE, INC.

Statements of Financial Position

	September 30, 2016	September 30, 2015
ASSETS		
Cash and cash equivalents	**$ 2,719,891**	$ 2,469,101
Accounts receivable	**19,698**	17,414
Contributions receivable, net	**9,670,330**	3,898,108
Government grants receivable	**82,572**	86,869
Investments	**7,969,139**	8,341,372
Prepaid expenses and other assets	**418,903**	472,733
Property and equipment, net	**1,727,960**	1,929,813
Due from related party - administrative services	**1,438,808**	1,731,284
	$ 24,047,301	$ 18,946,694
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	**$ 681,613**	$ 563,866
Accrued salaries and vacation	**328,491**	259,889
Deferred rent liability	**819,910**	984,845
Total liabilities	**1,830,014**	1,808,600
Commitments and contingencies (Note M)		
Net assets:		
Unrestricted	**7,233,515**	7,704,804
Temporarily restricted	**12,983,772**	7,433,290
Permanently restricted	**2,000,000**	2,000,000
Total net assets	**22,217,287**	17,138,094
	$ 24,047,301	$ 18,946,694

See notes to financial statements.

CHILD MIND INSTITUTE, INC.

Statements of Activities

	Year Ended September 30,							
	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support and revenue:								
Foundations, corporations and individuals (including in-kind services of $401,289 and $86,584 in 2016 and 2015, respectively)	**$ 2,465,010**	**$ 6,675,270**		**$ 9,140,280**	$ 1,719,767	$ 4,139,570		$ 5,859,337
Special event revenue (net of direct benefit to donors of $277,396 and $270,220 in 2016 and 2015, respectively)	**5,566,030**	**2,543,774**		**8,109,804**	4,138,613	373,658		4,512,271
Government grants	**495,703**			**495,703**	180,490			180,490
Investment income	**226,081**	**95,173**		**321,254**	70,441			70,441
Program service fees	**10,366**			**10,366**	9,595			9,595
Administrative services	**678,167**			**678,167**	582,502			582,502
Total public support and revenue before net assets released from restrictions	**9,441,357**	**9,314,217**		**18,755,574**	6,701,408	4,513,228		11,214,636
Net assets released from restrictions	**3,736,457**	**(3,736,457)**		**0**	3,986,077	(3,986,077)		0
Recovery of funds with deficiencies	**27,278**	**(27,278)**		**0**				0
Total public support and revenue	**13,205,092**	**5,550,482**		**18,755,574**	10,687,485	527,151		11,214,636
Expenses:								
Program services:								
Education and outreach	**2,464,829**			**2,464,829**	2,302,680			2,302,680
Research and clinical	**7,326,489**			**7,326,489**	5,450,241			5,450,241
Total program services	**9,791,318**			**9,791,318**	7,752,921			7,752,921
Supporting services:								
Management and general	**2,096,523**			**2,096,523**	1,887,816			1,887,816
Fund-raising	**1,788,540**			**1,788,540**	1,695,426			1,695,426
Total supporting services	**3,885,063**			**3,885,063**	3,583,242			3,583,242
Total expenses	**13,676,381**			**13,676,381**	11,336,163			11,336,163
Change in net assets	**(471,289)**	**5,550,482**		**5,079,193**	(648,678)	527,151		(121,527)
Net assets, beginning of year	**7,704,804**	**7,433,290**	**$ 2,000,000**	**17,138,094**	8,353,482	6,906,139	$ 2,000,000	17,259,621
Net assets, end of year	**$ 7,233,515**	**$ 12,983,772**	**$ 2,000,000**	**$ 22,217,287**	$ 7,704,804	$ 7,433,290	$ 2,000,000	$ 17,138,094

See notes to financial statements.

CHILD MIND INSTITUTE, INC.

Statements of Functional Expenses

	Year Ended September 30,							
	2016				2015			
	Program Services	Management and General	Fund-Raising	Total	Program Services	Management and General	Fund-Raising	Total
Salaries	**$ 3,375,942**	**$ 1,059,886**	**$ 1,051,775**	**$ 5,487,603**	$ 2,881,018	$ 834,850	$ 966,810	$ 4,682,678
Payroll taxes and employee benefits	**534,907**	**326,321**	**98,993**	**960,221**	525,074	342,464	104,225	971,763
Travel and meals	**90,590**	**21,853**	**24,652**	**137,095**	71,567	16,465	27,061	115,093
Occupancy	**719,685**	**177,023**	**86,425**	**983,133**	638,190	182,157	132,349	952,696
Office expenses	**169,220**	**33,374**	**28,690**	**231,284**	115,374	26,000	29,529	170,903
Professional and consulting fees	**2,245,052**	**257,682**	**98,446**	**2,601,180**	1,613,988	252,185	91,981	1,958,154
Event consultants			**144,500**	**144,500**	4,242		85,000	89,242
Conference and meetings	**110,755**	**250**		**111,005**	27,406		69	27,475
Telephone	**22,633**	**6,127**	**1,208**	**29,968**	10,492	6,797	1,740	19,029
Insurance	**139,770**	**44,117**	**16,622**	**200,509**	52,573	42,711	18,869	114,153
Computers and equipment	**900,873**	**49,207**	**33,284**	**983,364**	610,214	36,205	20,782	667,201
Printing	**26,085**	**11,712**	**14,045**	**51,842**	22,755	4,177	9,718	36,650
Postage	**9,626**	**2,742**	**10,947**	**23,315**	5,571	3,860	7,164	16,595
Staff development	**14,826**	**13,967**	**494**	**29,287**	12,859	33,458	9,939	56,256
Sub-contractors				**0**	30,000			30,000
Financial aid	**639,229**			**639,229**	505,262			505,262
Events expense	**8,114**	**864**	**108**	**9,086**	14,595	2,847	376	17,818
Dues and subscriptions	**17,456**	**6,272**	**6,495**	**30,223**	10,768	6,844	5,564	23,176
Bank fees	**36,957**	**20,503**	**54,780**	**112,240**	10,193	22,858	34,323	67,374
Web development and design	**357,291**	**17,933**	**97,389**	**472,613**	263,378	13,169	112,153	388,700
Advertisement	**16,509**	**8,098**	**114**	**24,721**	3,676	1,878	635	6,189
Bad debts expense				**0**		15,000		15,000
Depreciation and amortization	**355,798**	**38,592**	**19,573**	**413,963**	323,726	43,891	37,139	404,756
Total expenses	**$ 9,791,318**	**$ 2,096,523**	**$ 1,788,540**	**$ 13,676,381**	$ 7,752,921	$ 1,887,816	$ 1,695,426	$ 11,336,163

See notes to financial statements.

CHILD MIND INSTITUTE, INC.

Statements of Cash Flows

	Year Ended September 30, 2016	2015
Cash flows from operating activities:		
Change in net assets	**$ 5,079,193**	$ (121,527)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	**413,963**	404,756
Amortization of deferred rent liability	**(164,935)**	70,746
Net realized and unrealized (gains) losses on investments	**(162,220)**	75,879
Bad debts expense		15,000
Donated securities	**(623,254)**	(1,598,557)
Proceeds from sales of donated securities	**612,388**	1,591,341
Changes in:		
Accounts receivable	**(2,284)**	302
Contributions receivable	**(5,772,222)**	568,423
Government grants receivable	**4,297**	109,510
Prepaid expenses and other assets	**53,830**	(96,698)
Due from related party - administrative services	**292,476**	8,609
Accounts payable and accrued expenses	**126,941**	262,518
Accrued salaries and vacation	**59,408**	98,355
Deferred compensation liability		(670,472)
Net cash (used in) provided by operating activities	**(82,419)**	718,185
Cash flows from investing activities:		
Proceeds from sales of investments	**6,079,784**	7,612,437
Purchases of investments	**(5,534,465)**	(14,342,339)
Purchases of property and equipment	**(212,110)**	(586,793)
Net cash provided by (used in) investing activities	**333,209**	(7,316,695)
Net change in cash and cash equivalents	**250,790**	(6,598,510)
Cash and cash equivalents, beginning of year	**2,469,101**	9,067,611
Cash and cash equivalents, end of year	**$ 2,719,891**	$ 2,469,101
Supplemental disclosure of cash flow information:		
In-kind services	**$ 401,289**	$ 86,584

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

[1] Organization:

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

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

[2] Basis of accounting:

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

[3] Use of estimates:

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

[4] Cash and cash equivalents:

For financial-reporting purposes, CMI considers all highly liquid investments, with maturities of three months or less when purchased, to be cash equivalents. Cash equivalents considered to be a part of CMI's investment portfolio are reported as investments in the accompanying statements of financial position.

[5] Investments:

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the accompanying statements of financial position, with any realized and unrealized gains and losses included in the accompanying statements of activities. CMI's mutual funds are also reported at their fair values, as determined by management with the assistance of the related investment manager or advisor.

Investment transactions are recorded on a trade-date basis. Realized gains or losses on investments are determined by comparison of the average cost of acquisition to proceeds at the time of disposition. The earnings from dividends and interest are recognized when earned.

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

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

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

[6] Property and equipment:

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

Management evaluates the recoverability of the investment in long-lived assets on an on-going basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of September 30, 2016 and 2015, respectively, and in the opinion of management, there were no impairments. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

[7] Accrued vacation:

Accrued vacation represents CMI's obligation for the cost of unused employee vacation time payable in the event of employee departures; the obligation is recalculated every year. At September 30, 2016 and 2015, the accrued vacation obligation was $328,491 and $249,041, respectively, and is reported in the accompanying statements of financial position as a part of accrued salaries and vacation.

[8] Net assets:

(i) Unrestricted:

Unrestricted net assets represent those resources that are not subject to donor restrictions and are available for current operations.

(ii) Temporarily restricted:

Temporarily restricted net assets represent those resources that are subject to the requirements of the New York Prudent Management of Institutional Funds Act ("NYPMIFA") and the use of which has been restricted by donors or state law to specific purposes and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and are reported in the accompanying statements of activities as "net assets released from restrictions." Temporarily restricted contributions, the requirements of which are met in the year of donation, are reported as unrestricted.

(iii) Permanently restricted:

Permanently restricted net assets represent those resources the principal of which is originally restricted into perpetuity by its donors. The purposes for which the income and net capital appreciation arising from the underlying assets may be used depend on the wishes of that donor. Under the terms of NYPMIFA, those earnings are classified as temporarily restricted in the accompanying statements of activities, pending appropriation by the Board of Directors.

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

[9] Revenue recognition:

(i) Contributions and grants:

Contributions to CMI are recognized as revenue upon the receipt of cash, of other assets, or of unconditional pledges. Contributions are recorded as either temporarily or permanently restricted if they are received with donor stipulations or time considerations as to their use. Conditional contributions are recorded when the conditions have been met, and, if received in advance, are recognized in the statements of financial position as funds received in advance. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

Grant revenue is recognized based on the terms of each individual grant and is available for unrestricted use, unless the donor or grantor restricts the use thereof, either on a temporary or permanent basis.

(ii) Program service fees:

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

(iii) Administrative services:

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

[10] Donated services:

For recognition of donated services in CMI's financial statements, such services must (i) require a specialized skill, (ii) be provided by individuals possessing these skills and (iii) typically need to be acquired if not provided by donation. Accordingly, donated services are recorded as support at their estimated fair values at the dates of donation and are reported as unrestricted support. For fiscal-years 2016 and 2015, CMI received accounting, legal, and other professional services that totaled approximately $401,000 and $87,000, respectively. Included in the approximately $401,000 of donated services received in 2016, was $300,000 of research costs provided by the Child Mind Medical Practice, PLLC (the "Practice"), a related party, (see Note E).

[11] Functional allocation of expenses:

The costs of providing the various programs and the supporting services have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated by management, among the program, management and general, and fund-raising categories, using appropriate measurement methodologies.

[12] Advertising:

CMI expenses the costs of advertising as they are incurred. Advertising expense for fiscal-years 2016 and 2015 was approximately $25,000 and $6,000, respectively.

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

[13] Income tax uncertainties:

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

[14] New accounting pronouncement:

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 will amend financial-statement presentations and disclosures, with the goal of assisting not-for-profit organizations in providing more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: net asset classifications, investment returns, expense categorizations, liquidity and availability of resources, and the presentation of operating cash flows. The new standard will be effective for fiscal reporting periods beginning after December 15, 2017. CMI has chosen not to early adopt this new pronouncement.

[15] Subsequent events:

CMI considers all of the accounting treatments, and the related disclosures in the current fiscal-year's financial statements, that may be required as the result of all events or transactions that occur after September 30, 2016 through April 19, 2017, the date on which the financial statements were available to be issued.

NOTE B - INVESTMENTS

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

	September 30,			
	2016		2015	
	Fair Value	**Cost**	**Fair Value**	**Cost**
Money market funds	**$ 59,299**	**$ 59,299**	$ 883,801	$ 883,801
Mutual funds:				
Fixed-income funds	**2,560,095**	**2,574,813**	2,888,334	2,913,662
Hedge funds	**106,316**	**106,073**	101,482	104,251
U.S. government bonds	**1,323,578**	**1,316,893**	1,415,599	1,414,685
Corporate bonds	**2,899,012**	**2,831,848**	2,065,462	2,068,847
Common stock	**1,020,839**	**985,840**	986,694	1,033,096
	$ 7,969,139	**$ 7,874,766**	$ 8,341,372	$ 8,418,342

NOTE B - INVESTMENTS (CONTINUED)

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

	Year Ended September 30, 2016	2015
Interest and dividends	**$ 163,417**	$ 147,648
Realized (losses) gains	**(9,123)**	1,091
Unrealized gains (losses)	**171,343**	(76,970)
Investment fees	**(4,383)**	(1,328)
	$ 321,254	$ 70,441

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

Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments, at the reporting date.

Level 2: Valuations are based on (i) quoted prices for similar investments, in active markets; or (ii) quoted prices for identical or similar investments in markets that are not active; or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.

Level 3: Valuations are based on pricing inputs that are unobservable and include situations where there is little, if any, market activity for the investments, or the investments cannot be independently valued.

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

The availability of market data is monitored by CMI's management to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period. For fiscal-years 2016 and 2015, there were no transfers among the fair-value hierarchy levels.

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

	September 30, 2016			2015		
	Level 1	**Level 2**	**Total**	**Level 1**	**Level 2**	**Total**
Money market funds	**$ 59,299**		**$ 59,299**	$ 883,801		$ 883,801
Mutual funds	**2,666,411**		**2,666,411**	2,989,816		2,989,816
U.S. government bonds		**$ 1,323,578**	**1,323,578**		$ 1,415,599	1,415,599
Corporate bonds		**2,899,012**	**2,899,012**		2,065,462	2,065,462
Common stock	**1,020,839**		**1,020,839**	986,694		986,694
	$ 3,746,549	**$ 4,222,590**	**$ 7,969,139**	$ 4,860,311	$ 3,481,061	$ 8,341,372

NOTE C - RECEIVABLES

[1] Contributions receivable:

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

	September 30, 2016	September 30, 2015
Less than one year	**$ 2,974,800**	$ 1,493,065
One year to five years	**7,082,119**	2,632,984
	10,056,919	4,126,049
Less allowance for doubtful collection	**(175,000)**	(190,000)
Reduction of pledges due in excess of one year to present value, at discount rates ranging from 0.76% to 1.71%	**(211,589)**	(37,941)
	$ 9,670,330	$ 3,898,108

[2] Accounts and government grants receivable:

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

NOTE D - PROPERTY AND EQUIPMENT

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

	September 30, 2016	September 30, 2015
Computer software and hardware	**$ 1,039,694**	$ 861,230
Furniture and equipment	**1,344,888**	1,331,344
Leasehold improvements	**2,010,553**	1,990,451
	4,395,135	4,183,025
Less accumulated depreciation and amortization	**(2,667,175)**	(2,253,212)
	$ 1,727,960	$ 1,929,813

NOTE E - RELATED-PARTY TRANSACTIONS

CMI has related activities in common with the Practice, a professional service limited liability company that provides medical treatment. CMI facilitated the creation of the Practice to provide clinical care and treatment directly to children and adolescents, which, under applicable law, CMI may not directly provide. CMI's President is a member of the Practice; however, there are no shared governing-board members between the two organizations, and CMI does not have a direct ownership interest in the Practice.

NOTE E - RELATED-PARTY TRANSACTIONS (CONTINUED)

The relationship between CMI and the Practice lends itself to a variety of transactions and agreements:

[1] Administrative services agreement:

CMI provides certain administrative services to the Practice, and the Practice reimburses CMI for the value provided, based on an agreement between the two organizations. During fiscal-years 2016 and 2015, CMI incurred $678,167 and $582,502, respectively, of costs associated with providing administrative services to the Practice, of which $671,605 and $550,000 were reimbursed in fiscal-years 2016 and 2015, respectively. As of September 30, 2016 and 2015, total related administrative costs due to CMI from the Practice amounted to $1,438,808 and $1,731,284 respectively.

[2] Financial Aid Program:

CMI instituted the Financial Aid Program in an effort to help children and families receive care and treatment, regardless of economic standing, by clinicians at the Practice. Families complete an application for financial aid at the Practice. Eligible families may receive a fee discount of between 30%-70% of the cost of services. CMI raises funds to support the financial aid program. Financial aid for approved patients totaled $639,229 and $505,262 in fiscal-years 2016 and 2015, respectively.

[3] Sub-contracting:

CMI receives contributions, grants and other program service fees that require services that it is unable to provide. In these instances, CMI sub-contracts with various agencies, including the Practice, to perform these services. CMI discloses to its donors and grantors that the services will be sub-contracted to satisfy the donor's and grantor's requests. During fiscal-years 2016 and 2015, sub-contracted amounts paid to the Practice in performance of these requests amounted to $1,334,498 and $713,381 respectively, and, these amounts are included as part of the "professional and consulting fees" category in the accompanying statements of functional expenses.

[4] Medical practice grant:

During fiscal-year 2010, CMI and the Practice entered into an agreement, whereby CMI would provide up to $750,000 of support to facilitate the creation of the Practice, subject to certain terms and conditions, which will not be reimbursed to CMI. The Practice drew $690,000 of the support during fiscal-year 2011. During fiscal-year 2012, CMI amended the agreement with the Practice to provide additional support not to exceed $1,750,000 in the aggregate. No further support has been drawn down by the Practice as of September 30, 2016.

[5] License agreement:

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

NOTE F - TEMPORARILY RESTRICTED NET ASSETS

At each fiscal year-end, temporarily restricted net assets consisted of the following:

	September 30, 2016	September 30, 2015
Restricted for the following purposes:		
Science campaign	**$ 6,952,025**	$ 3,229,153
School-based programming	**1,306,724**	1,183,059
Financial aid	**1,032,125**	1,363,021
Research	**478,473**	582,062
CMI Cares	**109,599**	111,399
Project UROK	**126,691**	
Katz Lecture	**236,576**	
Doris and Melvin Sirow Art Fund	**70,522**	71,903
Childmind.org website	**75,957**	319,425
Accumulated endowment income reserved for appropriation - research and science	**17,895**	
	10,406,587	6,860,022
Restricted for time	**2,577,185**	573,268
	$ 12,983,772	$ 7,433,290

During each fiscal year, net assets released from restrictions were for the following:

	Year Ended September 30, 2016	Year Ended September 30, 2015
Restricted for the following purposes:		
Science campaign	**$ 1,782,129**	$ 1,333,855
School-based programming	**225,335**	234,583
Financial aid	**924,429**	473,661
Research	**148,589**	442,050
CMI Cares	**51,800**	31,601
Project UROK	**11,309**	
Katz Lecture	**19,750**	29,420
Doris and Melvin Sirow Art Fund	**1,380**	2,500
Childmind.org website	**243,468**	
Hurricane Sandy Response		40,000
	3,408,189	2,587,670
Time restrictions satisfied	**328,268**	1,398,407
	3,736,457	3,986,077
Recovery of funds with deficiencies	**27,278**	0
Total	**$ 3,763,735**	$ 3,986,077

NOTE G - PERMANENTLY RESTRICTED NET ASSETS

At September 30, 2015, net assets of $2,000,000 were permanently restricted, with investment earnings to be used to support a research position at CMI.

NOTE H - ENDOWMENT

[1] The endowment:

CMI's endowment consists of a donor-restricted fund to support a research position at CMI.

[2] Interpretation of relevant law:

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

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

	September 30, 2016			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Endowment net assets, beginning of year	**$ (27,278)**	**$ 0**	**$ 2,000,000**	**$ 1,972,222**
Investment return:				
Interest and dividends		**41,542**		**41,542**
Net appreciation (realized and unrealized)		**53,631**		**53,631**
Total investment return		**95,173**		**95,173**
Appropriation of endowment assets		**(50,000)**		**(50,000)**
Other Changes	**$ 27,278**	**(27,278)**		**0**
Endowment net assets, end of year	**$ 0**	**$ 17,895**	**$ 2,000,000**	**$ 2,017,895**

	September 30, 2015			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Endowment net assets, beginning of year			$ 2,000,000	$ 2,000,000
Investment return:				
Interest and dividends		$ 33,483		33,483
Net depreciation (realized and unrealized)		(39,971)		(39,971)
Total investment return		(6,488)		(6,488)
Appropriation of endowment assets		(20,790)		(20,790)
Other Changes	$ (27,278)	27,278		0
Endowment net assets, end of year	$ (27,278)	$ 0	$ 2,000,000	$ 1,972,722

Temporarily restricted endowment represents that portion of allocated investment income, derived from permanently restricted endowment assets that has not been appropriated by the Board of Directors for expenditure.

NOTE H - ENDOWMENT (CONTINUED)

[4] Funds with deficiencies:

Due to unfavorable market fluctuations, from time to time, the fair value of assets associated with individual donor-restricted endowment funds may decline below the historical dollar value of the donor's original, permanently restricted contribution. In fiscal year 2016, there were no such deficiencies. In fiscal year 2015, the endowment fund had a deficiency of approximately $27,000. Under the terms of NYPMIFA, CMI has no responsibility to restore such decreases in value.

[5] Return objectives and risk parameters:

The overall financial objective of the endowment assets is to provide support for a research position at CMI.

[6] Strategies employed for achieving objectives:

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

[7] Spending policy and relationships with investment objectives:

When authorized by the Board of Directors, CMI may draw up to 5% of the projected value of the fund as of September 30, 2016 to provide support for a research position at CMI. Each year, during the Audit & Finance Committee's fall meeting, the Committee recommends the appropriation to be approved by the Board of Directors based on the performance of the investment as of August 31 of that year, and also ratifies or revises the prior-year's appropriation.

NOTE I - EMPLOYEE-BENEFIT PLAN

CMI maintains a defined-contribution retirement plan, established under Section 401(k) of the Internal Revenue Code. Eligible employees may contribute a portion of their annual salaries immediately upon being hired. Under the terms of the plan, CMI may provide a discretionary matching contribution up to 6% of the employee's annual salary, to a maximum of $10,000 per year. Plan expenses for fiscal-years 2016 and 2015 were $133,962 and $127,882, respectively.

NOTE J - CREDIT RISK

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

NOTE K - CONCENTRATION OF REVENUE

Amounts provided by two donors of approximately 47% and 25% of contributions receivable and contribution revenue, respectively, represent a concentration of receivables and revenues as of and for the fiscal-year ended September 30, 2016.

NOTE L - PROGRAM AND SUPPORTING SERVICES EXPENSES

Generally accepted accounting principles require CMI's expenses to be reported on a functional basis. Accordingly, total expenses were allocated among program and supporting services as follows:

	Year Ended September 30,	
	2016	**2015**
Program	**$ 9,791,318**	$ 7,752,921
General and administrative	**2,100,906**	1,889,144
Fund-raising	**2,065,936**	1,965,646
	$ 13,958,160	$ 11,607,711

The above expenses are inclusive of expenses that have been reported net of revenue in the accompanying statements of activities. Direct benefit to donors are reported as fund-raising expenses. Investment expenses, as disclosed in Note B, are reported in the above table as general and administrative.

NOTE M - COMMITMENTS AND CONTINGENCIES

[1] Lease agreements:

In August 2010, CMI entered into an operating lease agreement with an unrelated party for office space, expiring May 31, 2023. Pursuant to this agreement, CMI received a base rent credit of $1,190,490 to be applied to the rent expense from the commencement of the lease through June 30, 2011. The aggregate minimum lease payments are being amortized using the straight-line method over the lease term. The cumulative difference between rent expense and amounts paid amounted to $715,910 and $842,559, as of September 30, 2016 and 2015, respectively, and has been reported as a deferred rent liability in the accompanying statements of financial position.

In conjunction with this lease, CMI was required to obtain two separate letters of credit, a junior and senior letter of credit, totaling $2,828,588, to be held as security in the event of default. As of July 30, 2012, the junior letter of credit, in the amount of $1,400,000, was cancelled, and the collateral was released due to certain conditions outlined within the lease agreement having been met. The senior letter of credit, in the amount of $1,320,798, automatically renews each year on August 31. There have been no borrowings related to either of these letters of credit.

In October 2014, CMI entered into an operating lease agreement with an unrelated party for office space in Staten Island, New York, to house the Healthy Brain Network Initiative, which expires March 1, 2020. The aggregate minimum lease payments are being amortized using the straight-line method over the term of the lease. The cumulative difference between rent expense and amounts paid amounted to $104,000 and $142,286 as of September 30, 2016 and 2015, respectively, and has been reported as a deferred rent liability in the accompanying statements of financial position.

NOTE M - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Future minimum rental commitments for the fiscal years ended subsequent to September 30, 2016 are as follows:

Year Ending September 30,	Amount
2017	$ 1,660,644
2018	1,663,644
2019	1,666,644
2020	1,623,203
2021	1,609,996
Thereafter	2,683,327
	$ 10,907,458

[2] Litigation:

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

[3] Government-funded activities:

Government-funded activities are subject to audit by the applicable granting agencies. At September 30, 2016, there were no material obligations outstanding as a result of such audits, and management believes that unaudited projects would not result in any material obligation.