EISNERAMPER
ACCOUNTANTS & ADVISORS

CHILD MIND INSTITUTE, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 and 2013

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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, 2014 and 2013, 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Child Mind Institute, Inc. as of September 30, 2014 and 2013, 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 20, 2015

CHILD MIND INSTITUTE, INC.

Statements of Financial Position

	September 30, 2014	September 30, 2013
ASSETS		
Cash and cash equivalents	**$ 10,077,273**	$ 7,295,735
Accounts receivable	**17,715**	26,729
Due from related party - financial aid		53,871
Contributions receivable, net	**4,231,531**	4,349,179
Government grant receivable	**446,379**	
Investments	**670,472**	858,079
Prepaid expenses and other assets	**376,035**	346,960
Property and equipment, net	**1,747,776**	2,145,901
Due from related party - administrative services	**1,739,893**	1,536,109
	$ 19,307,074	$ 16,612,563
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	**$ 301,348**	$ 308,183
Accrued salaries and vacation	**161,534**	218,943
Deferred compensation liability	**670,472**	445,819
Deferred rent liability	**914,099**	974,087
Total liabilities	**2,047,453**	1,947,032
Commitments and contingencies (Note L)		
Net assets:		
Unrestricted	**8,353,482**	7,761,418
Temporarily restricted	**6,906,139**	6,904,113
Permanently restricted	**2,000,000**	
Total net assets	**17,259,621**	14,665,531
	$ 19,307,074	$ 16,612,563

CHILD MIND INSTITUTE, INC.

Statements of Activities

	Year Ended September 30, 2014 Unrestricted	2014 Temporarily Restricted	2014 Permanently Restricted	2014 Total	2013 Unrestricted	2013 Temporarily Restricted	2013 Total
Public support and revenue:							
Foundations, corporations and individuals (including in-kind services of $102,732 and $205,163 in 2014 and 2013, respectively)	**$ 2,024,494**	**$ 1,522,412**	**$ 2,000,000**	**$ 5,546,906**	$ 949,001	$ 5,179,050	$ 6,128,051
Special event revenue (net of direct benefit to donors of $225,358 and $267,887 in 2014 and 2013, respectively)	**4,754,596**	**803,050**		**5,557,646**	5,222,649	608,347	5,830,996
Government grants	**446,379**			**446,379**			
Investment income	**16,599**			**16,599**	123,455		123,455
Program service fees	**147,904**			**147,904**			
Administrative services	**491,381**			**491,381**	856,960		856,960
Miscellaneous revenue					1,714		1,714
Total public support and revenue before net assets released from restrictions	**7,881,353**	**2,325,462**	**2,000,000**	**12,206,815**	7,153,779	5,787,397	12,941,176
Net assets released from restrictions	**2,323,436**	**(2,323,436)**		**0**	2,063,317	(2,063,317)	0
Total public support and revenue	**10,204,789**	**2,026**	**2,000,000**	**12,206,815**	9,217,096	3,724,080	12,941,176
Expenses:							
Program services:							
Education and outreach	**1,929,994**			**1,929,994**	1,546,247		1,546,247
Research and clinical	**4,048,669**			**4,048,669**	4,028,318		4,028,318
Total program services	**5,978,663**			**5,978,663**	5,574,565		5,574,565
Supporting services:							
Management and general	**2,078,445**			**2,078,445**	2,110,103		2,110,103
Fund-raising	**1,555,617**			**1,555,617**	1,558,933		1,558,933
Total supporting services	**3,634,062**			**3,634,062**	3,669,036		3,669,036
Total expenses	**9,612,725**			**9,612,725**	9,243,601		9,243,601
Increase in net assets	**592,064**	**2,026**	**2,000,000**	**2,594,090**	(26,505)	3,724,080	3,697,575
Net assets, beginning of year	**7,761,418**	**6,904,113**		**14,665,531**	7,787,923	3,180,033	10,967,956
Net assets, end of year	**$ 8,353,482**	**$ 6,906,139**	**$ 2,000,000**	**$ 17,259,621**	$ 7,761,418	$ 6,904,113	$ 14,665,531

See notes to financial statements

CHILD MIND INSTITUTE, INC.

Statements of Functional Expenses

	Year Ended September 30,							
	2014				2013			
	Program Services	Management and General	Fund-Raising	Total	Program Services	Management and General	Fund-Raising	Total
Salaries	**$ 2,383,316**	**$ 625,466**	**$ 789,395**	**$ 3,798,177**	$ 2,240,005	$ 797,825	$ 493,877	$ 3,531,707
Payroll taxes and employee benefits	**434,491**	**392,335**	**158,446**	**985,272**	378,963	451,347	78,828	909,138
Travel and meals	**82,834**	**30,571**	**21,530**	**134,935**	76,090	47,516	43,911	167,517
Occupancy	**433,763**	**149,384**	**100,589**	**683,736**	182,290	64,533	56,065	302,888
Office expenses	**22,900**	**22,792**	**13,231**	**58,923**	26,284	10,958	13,524	50,766
Professional and consulting fees	**1,612,691**	**293,936**	**117,703**	**2,024,330**	775,987	441,948	577,929	1,795,864
Event consultants			**70,000**	**70,000**			66,500	66,500
Conference and meetings	**8,984**			**8,984**	3,722	570	2,183	6,475
Telephone	**6,302**	**12,092**	**1,253**	**19,647**	5,107	15,410	1,176	21,693
Insurance	**24,177**	**45,196**	**7,473**	**76,846**	13,882	33,046	4,083	51,011
Computers and equipment	**158,485**	**47,663**	**21,611**	**227,759**	101,904	55,103	20,703	177,710
Printing	**19,816**	**13,342**	**11,958**	**45,116**	22,905	24,645	53,911	101,461
Postage	**5,999**	**6,133**	**17,960**	**30,092**	6,502	2,001	15,451	23,954
Staff development	**9,650**	**27,056**	**171**	**36,877**	26,769	12,690	1,405	40,864
Sub-contractors	**15,000**			**15,000**	471,546	1,750		473,296
Financial aid	**251,767**			**251,767**	581,635			581,635
Events expense	**9,385**	**4,889**	**19,129**	**33,403**	233	1,667	3,860	5,760
Dues and subscriptions	**10,212**	**8,465**	**4,838**	**23,515**	7,323	6,774	4,741	18,838
Bank fees	**654**	**28,976**	**43,339**	**72,969**	35,740	18,575	28,670	82,985
Web development and design	**166,829**	**26,815**	**113,218**	**306,862**	142,050	19,504	24,794	186,348
Advertisement	**6,344**	**1,829**		**8,173**	38,887	500	3,925	43,312
Bad debts expense		**265,000**		**265,000**				0
Depreciation and amortization	**315,064**	**76,505**	**43,773**	**435,342**	436,741	103,741	63,397	603,879
Total expenses	**$ 5,978,663**	**$ 2,078,445**	**$ 1,555,617**	**$ 9,612,725**	$ 5,574,565	$ 2,110,103	$ 1,558,933	$ 9,243,601

CHILD MIND INSTITUTE, INC.

Statements of Cash Flows

	Year Ended September 30, 2014	Year Ended September 30, 2013
Cash flows from operating activities:		
Increase in net assets	**$ 2,594,090**	$ 3,697,575
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	**435,342**	603,879
Amortization of deferred rent liability	**(59,988)**	(345,900)
Unrealized gains on investments	**(12,405)**	(330,166)
Realized losses (gains)	**2,925**	(759)
Bad debts expense	**265,000**	
Donated securities	**(1,961,375)**	(268,664)
Proceeds from sales of donated securities	**1,961,375**	69,411
Changes in:		
Accounts receivable	**9,014**	(26,729)
Due from related party - financial aid	**53,871**	(53,871)
Contributions receivable	**(147,352)**	(1,277,604)
Government grants receivable	**(446,379)**	(250,000)
Prepaid expenses and other assets	**(29,075)**	(13,349)
Due from related party - administrative services	**(203,784)**	(756,962)
Accounts payable and accrued expenses	**(6,835)**	(552,452)
Accrued salaries and vacation	**(57,409)**	64,310
Due to related party - sub-contracted services		(200,411)
Deferred compensation liability	**224,653**	336,519
Net cash provided by operating activities	**2,621,668**	694,827
Cash flows from investing activities:		
Proceeds from sales of securities	**197,087**	
Purchases of property and equipment	**(37,217)**	(48,552)
Net cash provided by (used in) investing activities	**159,870**	(48,552)
Net increase in cash and cash equivalents	**2,781,538**	646,275
Cash and cash equivalents, beginning of year	**7,295,735**	6,649,460
Cash and cash equivalents, end of year	**$ 10,077,273**	$ 7,295,735
Supplemental disclosure of cash flow information:		
In-kind services	**$ 102,732**	$ 205,163

See notes to financial statements

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

[1] Organization:

The Child Mind Institute ("CMI"), incorporated in New York in 2009, is devoted to transforming mental health care for the world's children to enable them to reach their full potential. CMI is passionately committed to finding more effective treatments for childhood psychiatric and learning disorders, building the science of healthy brain development, and empowering children and their families with the information they need to get help, hope, and answers.

CMI is exempt from federal income tax 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, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results may 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.

[5] Investments:

Investments in equity securities with readily determinable fair values are reported at their fair values in the accompanying statements of financial position, with realized and unrealized gains and losses included in the accompanying statements of activities. Donated securities are recorded at their fair values at the dates of donation and subsequently sold upon receipt.

CMI has an alternative investment in a security which is an ownership interest in a limited partnership for which a market value is not readily obtainable. Because of the inherent uncertainty of the valuation of this investment, CMI, through its investment manager, monitors this interest closely to reduce the risk of potential losses due to obvious changes in fair value or the failure of counterparties to perform. The estimated value of this interest that is provided by the investment manager, and that is reported in these financial statements, may differ from actual value had a ready market for this investment existed.

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.

[6] Property and equipment:

Property and equipment are stated at their original costs at the date 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. Depreciation is provided using the straight-line method over 3-5 years, the estimated useful lives of the related assets. Likewise, leasehold improvements are amortized over the remaining lease term, or the useful lives of the improvements, whichever is shorter.

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

[6] Property and equipment: (continued)

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, 2014 and 2013, 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 is included as a liability in the accompanying financial statements and 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, 2014 and 2013, the accrued vacation obligation was $151,641 and $165,556, respectively.

[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 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."

(iii) Permanently restricted:

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

[9] Revenue recognition:

(i) Contributions and grants:

Contributions to CMI are recognized as revenue upon the receipt of either cash, other assets, or 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. 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.

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

[9] Revenue recognition: (continued)

(ii) Program service fees:

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

(iii) Administrative services:

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

[10] Donated services:

For recognition of donated services in the financial statements, such services must (i) require specialized skills, (ii) be provided by individuals possessing these skills, and (iii) would typically need to be purchased if not provided by donation. 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 2014 and 2013, CMI received accounting, legal, and other professional services that totaled approximately $103,000 and $205,000, respectively.

[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 areas, using appropriate measurement methodologies.

[12] Advertising:

CMI expenses the costs of advertising as they are incurred. Advertising expense for fiscal-years 2014 and 2013 was approximately $7,600 and $42,800, respectively.

[13] Endowment funds:

CMI reports all applicable disclosures of its funds treated as endowment.

[14] Income tax uncertainties:

CMI is subject to the provisions of the Financial Accounting Standards Board's ("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.

The annual compliance and tax filings of CMI for fiscal-years 2011, 2012, and 2013 are subject to examination by the Internal Revenue Service, as well as by other various state and local authorities, generally for three years after they are submitted.

[15] Fair-value measurement:

CMI reports a fair-value measurement of all applicable financial assets and liabilities, including investments, and receivables and short-term payables which approximate fair value.

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

[16] Reclassification:

Certain information in the prior fiscal-year's financial statements has been reclassified to conform to the current fiscal-year's presentation.

[17] Restatement:

The 2013 administrative services revenues have been decreased by $102,032 to reflect an allocation adjustment for costs associated with providing administrative services to the Practice.

[18] Subsequent events:

CMI considers 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 the fiscal year-end through April 20, 2015, the date the financial statements were available to be issued.

NOTE B - INVESTMENTS

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

	September 30,			
	2014		2013	
	Fair Value	Cost	Fair Value	Cost
Equity securities			$ 196,400	$ 200,012
Limited partnership	**$ 670,472**	**$ 342,000**	661,679	342,000
	$ 670,472	**$ 342,000**	$ 858,079	$ 542,012

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

	Year Ended September 30,	
	2014	2013
Interest and dividends	**$ 7,119**	$ 15,049
Realized (losses) gains	**(2,925)**	759
Unrealized gains	**12,405**	107,647
	$ 16,599	$ 123,455

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 those investments, or similar investments, at the reporting date.

NOTE B - INVESTMENTS (CONTINUED)

Level 2: Valuations are based on (i) quoted prices for those investments, or similar investments, in active markets, or (ii) quoted prices for those investments, or similar investments, in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date. Level 2 assets include those investments, or similar investments, that are redeemable at or near the statement of financial position date and for which a model was derived for valuation.

Level 3: Valuations are based on pricing inputs that are unobservable and include situations where (i) there is little, if any, market activity for the investments, or (ii) the investments cannot be independently valued, or (iii) the investments cannot be immediately redeemed at or near the fiscal year-end.

Investments classified in Level 3 consist of shares or units in investment funds, as opposed to direct interests in the funds' underlying holdings, which may be marketable. Because the net-asset value reported by each fund is used as a practical expedient to estimate the fair value of CMI's interest therein, its classification in Level 3 is based on CMI's ability to redeem its interest at or near fiscal year-end. If the interest can be redeemed in the near term, the investment is classified as Level 2. The classification of investments in the fair-value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities. There were no transfers among the fair-value-hierarchy levels for fiscal years 2014 or 2013.

The FASB provides accounting guidance on measuring the fair value of certain investments, such as private equity funds and hedge funds, to offer investors a practical expedient for measuring the fair value of investments in certain entities that calculate net asset value ("NAV"). Under this practical expedient, entities are permitted to use NAV without adjustment for certain investments that qualified under the guidance. CMI's investment in the fund fitting this description, classified within Level 3 of the fair-value hierarchy, is carried at fair value based on NAV. Investments in these types of funds are subject to withdrawal restrictions, and, for this Level 3 investment, CMI does not have the ability to withdraw at reported NAV at the fiscal year-end, or within a reasonable period of time. CMI's investment in the limited partnership is valued based on the valuation policies and procedures of the general partner. The general partner performs oversight of the underlying managers' material positions both on an investment level and from a risk perspective. The general partner is responsible for ensuring that investments are valued according to the policies and procedures adopted by the partnership. CMI places reliance upon those procedures and records this investment at fair value, as determined by the general partner.

The following table summarizes the fair values of CMI's assets at each fiscal year-end:

	September 30,			
	2014	2013		
	Level 3	Level 1	Level 3	Total
Equity securities		$ 196,400		$ 196,400
Limited partnership	**$ 670,472**		$ 661,679	661,679
	$ 670,472	$ 196,400	$ 661,679	$ 858,079

The following summarizes the changes in fair values of CMI's Level 3 investments during each fiscal-year:

	Year Ended September 30,	
	2014	2013
Beginning balance - October 1	**$ 661,679**	$ 327,901
Unrealized gains	**8,793**	333,778
Ending balance - September 30	**$ 670,472**	$ 661,679

NOTE B - INVESTMENTS (CONTINUED)

The following table describes the funding commitment and redemption information for CMI's Level 3 investment:

	September 30, 2014			
	Fair Value	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
Alternative investments in limited partnership:				
Thayer Street Holdings, LLC	$ 670,472	None	Monthly	45 days

Subsequent to fiscal-year 2014, the limited partnership investment was liquidated (see Note J).

NOTE C - RECEIVABLES

[1] Contributions receivable:

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

	September 30, 2014	September 30, 2013
Less than one year	**$ 3,027,152**	$ 1,955,416
One year to five years	**1,481,828**	2,415,000
	4,508,980	4,370,416
Less allowance for doubtful collection	**(265,000)**	
Reduction of pledges due in excess of one year to present value, at discount rates ranging from 0.76% to1.66%	**(12,449)**	(21,237)
	$ 4,231,531	$ 4,349,179

[2] Government grants and other receivables:

At each fiscal year-end, grants and other receivables 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, 2014	September 30, 2013
Computer software and hardware	**$ 801,922**	$ 784,038
Furniture and equipment	**1,028,785**	1,009,452
Leasehold improvements	**1,765,525**	1,765,525
	3,596,232	3,559,015
Less accumulated depreciation and amortization	**(1,848,456)**	(1,413,114)
	$ 1,747,776	$ 2,145,901

Depreciation and amortization expense for fiscal-years 2014 and 2013 amounted to $435,342 and $603,879, respectively.

NOTE E - RELATED-PARTY TRANSACTIONS

CMI has related activities in common with the Child Mind Medical Practice, PLLC (the "Practice"), a professional 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 could not directly provide, in connection with CMI's research in adolescent brain development. A member of CMI's management team is a member of the Practice; however, there are no shared governing board members between organizations, and CMI does not have a direct ownership interest in the Practice.

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 2014 and 2013, CMI incurred $491,381 and $856,960, respectively, of costs associated with providing administrative services to the Practice, of which $200,000 was reimbursed in fiscal-year 2014. As of September 30, 2014 and 2013, total related administrative costs due to CMI from the Practice amounted to $1,739,893 and $1,536,109, 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 aid with their healthcare practitioner at the Practice. Eligible families may receive a fee discount between 30%-70% of the cost of services. CMI raises philanthropic funding for financial aid, which the Practice clinicians match with donated services on a dollar-for-dollar basis. Financial aid for approved patients totaled $251,767 and $581,635 in fiscal-years 2014 and 2013, respectively.

During fiscal-year 2013, CMI granted financial aid, in the amount of $53,871, that was subsequently not used by the recipients and that was therefore refundable to CMI. Accordingly, CMI recorded a related amount due from the Practice in the statements of financial position. Subsequent to September 30, 2013, CMI reduced the next financial-aid payment to the Practice by this amount.

[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 these funds received will be sub-contracted to satisfy the donor's and grantor's requests. During fiscal-years 2014 and 2013, sub-contracted amounts paid to the Practice in performance of these requests amounted to $348,118 and $258,325, respectively, and, these amounts are included as part of the "sub-contractors" 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 had drawn down $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, 2014.

NOTE E - RELATED-PARTY TRANSACTIONS (CONTINUED)

[5] Licensing agreement:

Pursuant to a licensing 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,	
	2014	**2013**
Restricted for the following purposes:		
Science campaign	**$ 2,901,514**	$ 3,339,475
School-based programming	**1,190,283**	1,000,000
Financial aid	**627,117**	32,735
Research	**442,050**	394,723
CMI Cares	**64,500**	
Hurricane Sandy Response	**40,000**	40,000
Katz Lecture	**29,420**	23,420
Doris and Melvin Sirow Art Fund	**13,238**	
Military families		11,344
	5,308,122	4,841,697
Restricted for time	**1,598,017**	2,062,416
	$ 6,906,139	$ 6,904,113

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

	Year Ended September 30,	
	2014	**2013**
Restricted for the following purposes:		
Science campaign	**$ 621,161**	
School-based programming	**50,000**	
Financial aid	**32,735**	$ 563,636
Research	**353,196**	325,277
Katz Lecture		36,580
Military families	**11,344**	3,231
	1,068,436	928,724
Time restrictions satisfied	**1,255,000**	1,134,593
Total	**$ 2,323,436**	$ 2,063,317

NOTE G - PERMANENTLY RESTRICTED NET ASSETS

At September 30, 2014, net assets of $2,000,000 were permanently restricted, with investment earnings to be used to support a research position at CMI.

NOTE H - ACCOUNTING AND REPORTING FOR 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 the CMI's institutional funds, including its donor-restricted endowment fund. The Board of Directors will continue to adhere to NYPMIFA's requirements.

[3] 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. At September 30, 2014, there were no deficiencies of this nature. Under the terms of NYPMIFA, CMI has no responsibility to restore such decrease in value.

[4] Return objectives and risk parameters:

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

[5] 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.

[6] 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, 2015 to provide support for a research position at CMI. Each year, during the Audit and Finance Committee's fall meeting, the Committee will recommend the appropriation to be approved by the Board of Directors based on the performance of the investment as of August 31st of that year and will then either ratify or revise 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, after one year of service by an employee, 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 2014 and 2013 were $87,824 and $94,589, respectively.

NOTE J - DEFERRED-COMPENSATION PLAN

CMI established a non-qualified, deferred-compensation plan under Section 457(f) of the Internal Revenue Code, to encourage the continued employment of CMI's President. Accordingly, during fiscal-year 2012, CMI invested $342,000 as a means of measuring and determining the amounts that may ultimately be paid to the President. Under the terms of the plan, if the President is employed by CMI on September 30, 2014, CMI will pay the President the proceeds in the investment account on or before December 15, 2014 at its value on September 30, 2014. As of September 30, 2014 and 2013, the balance in the account was $670,472 and $661,679, respectively, and the deferred-compensation liability was $670,472 and $445,819, respectively.

Subsequent to September 30, 2014, the President was paid the proceeds in the investment account from the deferred compensation plan.

NOTE K - 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 L - 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 $914,099 and $974,087, as of September 30, 2014 and 2013, 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 $1,428,588, automatically renews each year on August 31. There have been no borrowings related to either of these letters of credit.

Future minimum rental commitments for the fiscal years ended subsequent to September 30, 2014 are as follows:

Year Ending September 30,	Amount
2015	$ 1,451,264
2016	1,564,644
2017	1,564,644
2018	1,564,644
2019	1,564,644
Thereafter	5,865,525
	$ 13,575,365

Subsequent to September 30, 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.

NOTE L - COMMITMENTS AND CONTINGENCIES (CONTINUED)

[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, 2014, 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.