



**NATIONAL FOUNDATION
FOR FACIAL RECONSTRUCTION, INC.
D/B/A MYFACE**



**Financial Statements
(Together with Independent Auditors' Report)**

September 30, 2022 and 2021



**National Foundation for Facial Reconstruction, Inc.
D/B/A myFace**

**FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

September 30, 2022 and 2021

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-17



INDEPENDENT AUDITORS' REPORT

The Board of Trustees
National Foundation for Facial Reconstruction, Inc. d/b/a myFace
New York, NY

Opinion

We have audited the financial statements of National Foundation for Facial Reconstruction, Inc. d/b/a myFace (the "Organization"), which comprise the statement of financial position as of September 30, 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2022, and the changes in its 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 ("GAAS"). 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 Organization 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 opinion.

Report on 2021 Financial Statements

The financial statements of National Foundation for Facial Reconstruction, Inc. as of and for the year ended September 30, 2021, were audited by another auditor whose report dated April 25, 2022, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Organization's ability to continue as a going concern for 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 GAAS 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 GAAS, 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 Organization'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 Organization'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.

Mayer Hoffman McCann CPAs

Purchase, NY
June 20, 2023

**NATIONAL FOUNDATION FOR FACIAL RECONSTRUCTION, INC.
D/B/A MYFACE
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2022 AND 2021**

	As of September 30,	
	2022	2021
ASSETS		
Cash and cash equivalents	\$ 4,582,003	\$ 4,949,635
Investments	15,844,596	17,396,852
Pledges receivable	1,245,788	324,113
Airline ticket inventory	66,400	28,200
Prepaid expenses and other assets	677,980	1,036,544
Property and equipment, net of accumulated depreciation	1,573,445	1,629,668
TOTAL ASSETS	\$ 23,990,212	\$ 25,365,012
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 102,649	\$ 95,373
TOTAL LIABILITIES	102,649	95,373
COMMITMENTS AND CONTINGENCIES		
Net Assets		
Without donor restrictions	17,405,464	18,043,213
With donor restrictions:		
Restricted for time and purpose	3,752,740	3,926,089
Unappropriated earnings	329,359	900,337
Perpetual in nature	2,400,000	2,400,000
Total with donor restrictions	6,482,099	7,226,426
TOTAL NET ASSETS	23,887,563	25,269,639
TOTAL LIABILITIES AND NET ASSETS	\$ 23,990,212	\$ 25,365,012

The accompanying notes are an integral part of these financial statements.

**NATIONAL FOUNDATION FOR FACIAL RECONSTRUCTION, INC.
D/B/A MYFACE
STATEMENTS OF ACTIVITIES**

	FOR THE YEAR ENDED SEPTEMBER 30, 2022			FOR THE YEAR ENDED SEPTEMBER 30, 2021		
	Without Donor	With Donor	Total	Without Donor	With Donor	Total
	Restrictions	Restrictions	2022	Restrictions	Restrictions	2021
PUBLIC SUPPORT AND REVENUE:						
Contributions and grants	\$ 3,752,746	\$ 195,668	\$ 3,948,414	\$ 2,676,349	\$ 199,523	\$ 2,875,872
Special events (net of direct benefit costs)	370,164	-	370,164	424,139	-	424,139
Investment (loss) income	(1,955,912)	(349,442)	(2,305,354)	2,380,272	240,286	2,620,558
In-kind goods and services	80,000	-	80,000	65,536	-	65,536
Gain on extinguishment of debt - PPP and EIDL loans	-	-	-	105,185	-	105,185
	<u>2,246,998</u>	<u>(153,774)</u>	<u>2,093,224</u>	<u>5,651,481</u>	<u>439,809</u>	<u>6,091,290</u>
Total public support and revenue before release of restrictions						
Net assets released from restrictions	590,553	(590,553)	-	461,720	(461,720)	-
	<u>2,837,551</u>	<u>(744,327)</u>	<u>2,093,224</u>	<u>6,113,201</u>	<u>(21,911)</u>	<u>6,091,290</u>
Total public support and revenue						
EXPENSES:						
Program services	2,557,507	-	2,557,507	2,275,052	-	2,275,052
Administrative support	411,803	-	411,803	401,528	-	401,528
Fundraising	505,990	-	505,990	399,756	-	399,756
	<u>3,475,300</u>	<u>-</u>	<u>3,475,300</u>	<u>3,076,336</u>	<u>-</u>	<u>3,076,336</u>
TOTAL EXPENSES						
	<u>(637,749)</u>	<u>(744,327)</u>	<u>(1,382,076)</u>	<u>3,036,865</u>	<u>(21,911)</u>	<u>3,014,954</u>
CHANGE IN NET ASSETS						
	<u>18,043,213</u>	<u>7,226,426</u>	<u>25,269,639</u>	<u>15,006,348</u>	<u>7,248,337</u>	<u>22,254,685</u>
NET ASSETS - BEGINNING OF YEAR						
	<u>\$ 17,405,464</u>	<u>\$ 6,482,099</u>	<u>\$ 23,887,563</u>	<u>\$ 18,043,213</u>	<u>\$ 7,226,426</u>	<u>\$ 25,269,639</u>
NET ASSETS - END OF YEAR						

The accompanying notes are an integral part of these financial statements.

NATIONAL FOUNDATION FOR FACIAL RECONSTRUCTION, INC.
D/B/A MYFACE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2021)

	<u>Supporting Services</u>			2022 Total Expenses	2021 Total Expenses
	<u>Program Services</u>	<u>Administrative Support</u>	<u>Fundraising</u>		
Salaries and wages	\$ 438,379	\$ 74,843	\$ 314,555	\$ 827,777	\$ 571,690
Payroll taxes and employee benefits	88,363	28,517	63,403	180,283	121,657
Total salaries and related costs	<u>526,742</u>	<u>103,360</u>	<u>377,958</u>	1,008,060	693,347
Support of the Hansjörg Wyss Department of Plastic Surgery and other at NYU Langone Health grant	1,394,584	-	-	1,394,584	1,291,394
Charity care institutional grants	112,040	-	-	112,040	134,319
Nutritionist staff expense	42,250	-	-	42,250	135,091
Direct accomodation expenses and supplies	117,178	-	-	117,178	129,119
Webinar, podcasts and educational materials	135,706	-	-	135,706	52,020
Food and entertainment	650	-	117,677	118,327	70,398
Audio Visual	-	-	92,621	92,621	-
Office and other expenses	68,346	64,873	10,000	143,219	160,351
Marketing	96,777	-	-	96,777	117,878
Insurance	-	23,621	-	23,621	12,110
Depreciation	-	56,223	-	56,223	56,223
Professional fees	9,147	112,288	-	121,435	113,049
Equipment rental	-	10,893	-	10,893	9,681
Travel	6,890	1,494	3,499	11,883	1,609
Miscellaneous expense	<u>5,397</u>	<u>39,051</u>	<u>21,912</u>	<u>66,360</u>	<u>7,811</u>
SUBTOTAL	2,515,707	411,803	623,667	3,551,177	2,984,400
Add: In-kind expenses:					
Legal	-	-	-	-	24,636
Donated goods	41,800	-	-	41,800	67,300
Less: direct benefits to donors recorded on statement of activites	<u>-</u>	<u>-</u>	<u>(117,677)</u>	<u>(117,677)</u>	<u>-</u>
TOTAL EXPENSES	<u>\$ 2,557,507</u>	<u>\$ 411,803</u>	<u>\$ 505,990</u>	<u>\$ 3,475,300</u>	<u>\$ 3,076,336</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL FOUNDATION FOR FACIAL RECONSTRUCTION, INC.
D/B/A MYFACE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Supporting Services</u>			2021 Total Expenses
	<u>Program Services</u>	<u>Administrative Support</u>	<u>Fundraising</u>	
Salaries and wages	\$ 287,353	\$ 55,490	\$ 228,847	\$ 571,690
Payroll taxes and employee benefits	57,547	16,497	47,613	121,657
Total salaries and related costs	<u>344,900</u>	<u>71,987</u>	<u>276,460</u>	<u>693,347</u>
Support of the Hansjörg Wyss Department of Plastic Surgery and other at NYU Langone Health grant	1,291,394	-	-	1,291,394
Charity care institutional grants	134,319	-	-	134,319
Nutritionist staff expense	135,091	-	-	135,091
Direct accomodation expenses and supplies	129,119	-	-	129,119
Webinar, podcasts and educational materials	52,020	-	-	52,020
Food and entertainment	650	-	69,748	70,398
Office and other expenses	15,002	114,674	30,675	160,351
Marketing	103,747	1,568	12,563	117,878
Insurance	-	12,110	-	12,110
Depreciation	-	56,223	-	56,223
Professional fees	1,510	101,652	9,887	113,049
Equipment rental	-	9,681	-	9,681
Travel	-	1,186	423	1,609
Miscellaneous expense	-	7,811	-	7,811
SUBTOTAL	<u>2,207,752</u>	<u>376,892</u>	<u>399,756</u>	<u>2,984,400</u>
In-kind expenses:				
Legal	-	24,636	-	24,636
Donated goods	67,300	-	-	67,300
TOTAL EXPENSES	<u>\$ 2,275,052</u>	<u>\$ 401,528</u>	<u>\$ 399,756</u>	<u>\$ 3,076,336</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL FOUNDATION FOR FACIAL RECONSTRUCTION, INC.
D/B/A MYFACE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets:	\$ (1,382,076)	\$ 3,014,954
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	56,223	56,223
Realized and unrealized loss (gain) on investments	2,907,708	(2,096,871)
Gain on extinguishment of debt - PPP and EIDL loan	-	(105,185)
Changes in operating assets and liabilities:		
Pledges receivable	(921,675)	191,877
Airline ticket inventory	(38,200)	26,400
Prepaid expenses and other assets	358,564	(862,363)
Accounts payable and accrued expenses	7,276	49,952
Net cash provided by operating activities	987,820	274,987
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(7,521,693)	(403,611)
Proceeds from sale of investments	6,166,241	2,581,447
Net cash (used in) provided by investing activities	(1,355,452)	2,177,836
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(367,632)	2,452,823
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	4,949,635	2,496,812
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,582,003	\$ 4,949,635

The accompanying notes are an integral part of these financial statements.

NATIONAL FOUNDATION FOR FACIAL RECONSTRUCTION, INC.
D/B/A MYFACE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 2022 AND 2021

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

The National Foundation for Facial Reconstruction, Inc. ("NFFR" or the "Organization") operates under the name myFace ("myFace"). myFace is dedicated to changing the faces and transforming the lives of children and adults with facial differences by providing access to holistic comprehensive care, education, resources and support that pave the way for improved outcomes.

NFFR was incorporated in 1951 in the State of New York and is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code and from state and local taxes under comparable laws.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting and Use of Estimates

The accompanying financial statements of NFFR have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, revenues, and expenses, as well as the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from those estimates.

B. Basis of Presentation

NFFR's financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") guidance on reporting information regarding its financial position and activities for not-for-profit organizations. Under that guidance, NFFR is required to report information regarding its net assets and revenues, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of NFFR and changes therein are classified and reported as follows:

- Without donor restrictions – Net assets that are not subject to donor-imposed stipulations, including board designated funds functioning as endowment.
- With donor restrictions – Net assets subject to donor-imposed stipulations, including stipulations that will be met either by actions of NFFR or the passage of time, stipulations that they be maintained in perpetuity by NFFR, and investment earnings from endowments not yet appropriated for spending. When time and purpose restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled, the stipulated time period has elapsed, or endowment earnings are appropriated) are reported as net assets released from restrictions.

C. Cash and Cash Equivalents

NFFR considers all highly liquid financial investments acquired with a maturity of three months or less to be cash equivalents.

NATIONAL FOUNDATION FOR FACIAL RECONSTRUCTION, INC.
D/B/A MYFACE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Investments

Investments are carried at fair value. Unrealized gains and losses are recognized as changes in net assets in the period in which they occur, and investment income is recognized as revenue in the period earned. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy provides observable and unobservable inputs used to measure fair value into three levels, as described in Note 4. Donated securities are recorded at their fair values on the dates of the gifts.

E. Contributions and Grants

In accordance with GAAP, contributions received are classified depending on the existence or the nature of any donor restrictions. All contributions are considered net assets without donor restrictions 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 net assets with donor restrictions and increase that net asset class. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions to be received over periods greater than one year are discounted at an appropriate interest rate commensurate with the risk involved. Contribution revenue has been recognized based on the present value of the estimated future payments to be made to NFFR.

Bequests are recorded as income when the will has cleared probate and the sum is certain.

Foundation grants and contracts are nonexchange transactions and accounted for under FASB Accounting Standards Update “ASU” 2018-08. Foundation grants and contracts are recognized when barriers within the contract are overcome, and there is no longer a right of return/release from obligation.

F. Allowance for Uncollectible Pledges Receivable

NFFR determines whether an allowance for uncollectible contributions and grants receivable should be provided based on prior years’ experience and management’s analysis of specific promises to give. As of September 30, 2022 and 2021, NFFR determined that no allowance was necessary.

G. Donated Goods and Services

Those donated goods and services that meet the requirements for recognition under accounting principles generally accepted in the United States of America are recorded as both revenues and expenses in the accompanying statements of activities, at amounts determined by management to be reasonable for acquiring such services. A number of volunteers have routinely made significant contributions of their time to NFFR. However, such contributed services do not meet the criteria for recognition under generally accepted accounting principles, and thus they are not included in the accompanying financial statements.

The Organization receives contributed goods and services and records them at their estimated fair value on the date of receipt. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

NATIONAL FOUNDATION FOR FACIAL RECONSTRUCTION, INC.
D/B/A MYFACE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Property and Equipment

Property and equipment are stated at their original costs at the date of acquisition or at their fair values at the date of donation. NFFR capitalizes property and equipment with a cost of \$1,000 or more and a useful life greater than one year. Depreciation is provided using the straight-line method over the assets' estimated useful lives, which range from 3 to 40 years.

I. Functional Allocation of Expenses

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

The expenses that are allocated include salaries, payroll taxes and employee benefits, which are based on the estimates of time and effort spent on direct administration or supervision of program supporting services. Other expenses that are allocated include office related expenses, insurance, professional fees and travel, which are allocated based on usage when possible.

J. Uncertainty in Income Taxes

NFFR evaluates all significant tax positions as required by accounting principles generally accepted in the United States of America. As of September 30, 2022, NFFR does not believe that it has taken any positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next year.

K. Reclassification

Certain items in the September 30, 2021 financial statements have been reclassified to conform to the September 30, 2022 presentation. These classifications had no impact on the change in net assets for the year ended September 30, 2021.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES FOR GENERAL EXPENDITURES

NFFR regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. NFFR has various sources of liquidity at its disposal, including cash and cash equivalents and marketable debt and equity securities. For purposes of analyzing resources available to meet general expenditures over a 12-month period, NFFR considers all expenditures related to its ongoing activities as well as services undertaken to support those activities to be general expenditures.

NATIONAL FOUNDATION FOR FACIAL RECONSTRUCTION, INC.
D/B/A MYFACE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 2022 AND 2021

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES FOR GENERAL EXPENDITURES
(CONTINUED)

As of September 30, NFFR's financial assets available for general expenditure which are available to NFFR without donor or other restrictions that limit their use, within one year of the statements of financial position date, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 4,582,003	\$ 4,949,635
Investments	15,844,596	17,396,852
Pledges receivable	1,245,788	225,843
Total liquid assets	<u>21,672,387</u>	<u>22,572,330</u>
Less: endowment assets	(2,729,359)	(3,300,337)
Less: restricted for time and purpose	<u>(3,638,910)</u>	<u>(3,745,775)</u>
	<u>\$ 15,304,118</u>	<u>\$ 15,526,218</u>

NOTE 4 – INVESTMENTS

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

	September 30,			
	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and short-term investments	\$ 200,044	\$ 200,044	\$ 228,654	\$ 228,654
Fixed-income securities	8,489,665	7,677,599	6,941,605	7,054,615
Equity securities	7,948,654	7,966,953	5,778,432	10,113,583
	<u>\$ 16,638,363</u>	<u>\$ 15,844,596</u>	<u>\$ 12,948,691</u>	<u>\$ 17,396,852</u>

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

	Years ended September 30,	
	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 602,354	\$ 523,687
Net realized gains	193,839	289,507
Net unrealized gains (losses)	<u>(3,101,547)</u>	<u>1,807,364</u>
	<u>\$ (2,305,354)</u>	<u>\$ 2,620,558</u>

ASC Topic 820-10-05 establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based on 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:

NATIONAL FOUNDATION FOR FACIAL RECONSTRUCTION, INC.
D/B/A MYFACE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 2022 AND 2021

NOTE 4 – INVESTMENTS (CONTINUED)

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The following tables summarize the fair values of NFFR's assets at each fiscal year-end, in accordance with the fair value hierarchy:

	September 30, 2022	
	Level 1	Total
Cash and short-term investments	\$ 200,044	\$ 200,044
Fixed-income securities	7,677,599	7,677,599
Equity securities	7,966,953	7,966,953
Investments measured at fair value	\$ 15,844,596	\$ 15,844,596

	September 30, 2021	
	Level 1	Total
Cash and short-term investments	\$ 228,654	\$ 228,654
Fixed-income securities	7,054,615	7,054,615
Equity securities	10,113,583	10,113,583
Investments measured at fair value	\$ 17,396,852	\$ 17,396,852

NOTE 5 – PLEDGES RECEIVABLE

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

	September 30,	
	2022	2021
Gross amounts due in:		
One year	\$ 1,245,788	\$ 225,843
One to five years	-	100,000
	1,245,788	325,843
Less: present value discount	-	(1,730)
	\$ 1,245,788	\$ 324,113

Management considers these receivables to be fully collectible; accordingly, no allowance for uncollectible pledges has been established.

NATIONAL FOUNDATION FOR FACIAL RECONSTRUCTION, INC.
D/B/A MYFACE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 2022 AND 2021

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of:

	September 30,	
	2022	2021
Condominium office and improvements	\$ 2,241,860	\$ 2,241,860
Furniture and fixtures	56,581	56,581
Computer equipment	25,403	25,403
	2,323,844	2,323,844
Less: accumulated depreciation	(750,399)	(694,176)
	\$ 1,573,445	\$ 1,629,668

Depreciation expense for each of the fiscal years ended September 30, 2022 and 2021 was \$56,223.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	September 30,	
	2022	2021
Patient care	\$ 3,752,740	\$ 3,926,089
Unappropriated earnings	329,359	900,337
Endowment corpus	2,400,000	2,400,000
	\$ 6,482,099	\$ 7,226,426

NFFR's endowment corpus consists of three donor-restricted funds established for a variety of purposes.

Net assets released from restrictions resulting from satisfying the donor restrictions are as follows:

	September 30,	
	2022	2021
Patient care	\$ 590,553	\$ 461,720

Return objectives, risk parameters and spending policy:

The Board of Trustees has adopted investment and spending policies for NFFR's endowment corpus that attempt to maintain the purchasing power of those assets in the future, while being mindful of the cash-flow and liquidity requirements of NFFR. Investment funds are invested in such a way as to help in meeting the future capital and other investment needs of NFFR.

NATIONAL FOUNDATION FOR FACIAL RECONSTRUCTION, INC.
D/B/A MYFACE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 2022 AND 2021

NOTE 8 – ENDOWMENT FUNDS

Strategies employed for achieving objectives:

To satisfy its long-term rate-of-return objectives, NFFR seeks to ensure an appropriate diversification of the portfolio by asset class, sector, geographic region, and by investment managers, unless it is prudently determined that, because of special circumstances, the purposes of the investment funds are better served without diversification. Diversification decisions are reviewed at least quarterly.

Endowment activities during each fiscal year:

	Year Ended September 30, 2022		
	Unappropriated Earnings	Endowment Corpus	Total
Investments net assets and the earnings thereon, beginning of year	\$ 900,337	\$ 2,400,000	\$ 3,300,337
Investment return:			
Investment income loss	(438,687)	-	(438,687)
Net appreciation (realized and unrealized)	89,245	-	89,245
Total investment loss	(349,442)	-	(349,442)
Amount appropriated to operations	(221,536)		(221,536)
Investment net assets and the earnings thereon, end of year	<u>\$ 329,359</u>	<u>\$ 2,400,000</u>	<u>\$ 2,729,359</u>
	Year Ended September 30, 2021		
Investments net assets and the earnings thereon, beginning of year	\$ 750,633	\$ 2,400,000	\$ 3,150,633
Investment return:			
Investment income (loss)	143,547	-	143,547
Net appreciation (realized and unrealized)	96,739	-	96,739
Total investment gain	240,286	-	240,286
Amount appropriated to operations	(90,582)		(90,582)
Investment net assets and the earnings thereon, end of year	<u>\$ 900,337</u>	<u>\$ 2,400,000</u>	<u>\$ 3,300,337</u>

NFFR recognizes that New York State adopted as law the New York Prudent Management of Institutional Funds Act ("NYPMIFA") on September 17, 2010. NYPMIFA replaced the prior law which was the Uniform Management of Institutional Funds Act ("UMIFA"). In addition, NYPMIFA created a rebuttable presumption of imprudence if an organization appropriates more than 7% of a donor-restricted endowment fund's fair value (averaged over a period of not less than the preceding five years) in any year. Any unappropriated earnings that would otherwise be considered without donor restrictions will be reflected as with donor restrictions until appropriated.

**NATIONAL FOUNDATION FOR FACIAL RECONSTRUCTION, INC.
D/B/A MYFACE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 2022 AND 2021**

NOTE 8 – ENDOWMENT FUNDS (CONTINUED)

Net assets with donor restrictions of \$2,400,000 at both September 30, 2022 and 2021 are restricted in perpetuity. NFFR's board has interpreted NYPMIFA as allowing NFFR to appropriate for expenditure or accumulate so much of an endowment fund as NFFR determines to be prudent for the uses, benefits, purposes and duration for which the endowment was established, subject to the intent to the donor as expressed in the gift instrument.

NOTE 9 – PENSION EXPENSE

NFFR sponsors a 401(k) savings plan, which covers all eligible employees, in compliance with the Employee Retirement Income Security Act of 1974. The plan provides for NFFR to match an employee's contribution up to a maximum amount of three percent (3%) of the employee's compensation.

NFFR contributed \$22,291 and \$13,859 to the plan for the years ended September 30, 2022 and 2021, respectively.

NOTE 10 – IN-KIND GOODS AND SERVICES

Contributed nonfinancial assets recognized within the statements of activities included the following for the years ended September 30:

	2022	2021
Legal services	\$ -	\$ 24,636
Airline Tickets	80,000	40,900
	\$ 80,000	\$ 65,536

NFFR received donated goods and services in connection with a special event during fiscal years September 30, 2022 and 2021. Estimated fair values for amounts received were approximately \$80,000 and \$66,000, respectively. During fiscal years September 30, 2022 and 2021, NFFR received airline tickets from Southwest Airlines of approximately \$80,000 and \$40,000, respectively, which were utilized without donor restrictions for program activities. Any unused tickets during the year should be used by December 30th of the following fiscal year. Total amount of unused tickets for years ended September 30, 2022 and 2021 amounted to \$66,000 and \$28,000 respectively.

During fiscal year September 30, 2021, NFFR received donated legal services, for various initiatives, of approximately \$25,000, which were utilized without donor restrictions for program activities. These goods and services are recognized as revenue and corresponding expenses in the accompanying financial statements.

NOTE 11 – SPECIAL EVENTS

NFFR holds two major special events each year, MyFace Celebrates and Races for Faces. All contributions are included in special events revenue in the statement of activities.

**NATIONAL FOUNDATION FOR FACIAL RECONSTRUCTION, INC.
D/B/A MYFACE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 2022 AND 2021**

NOTE 12 – CONCENTRATIONS

A. Concentration of Credit Risk

Financial instruments that potentially subject NFFR to concentrations of credit risk consist principally of cash and cash-equivalent amounts deposited in accounts at high-credit-quality financial institutions, the balances of which, from time to time, may exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limit amount of \$250,000 per depositor. Additionally, NFFR maintains investment accounts with major investment firms that are covered by Securities Investor Protection Corporation (“SIPC”) insurance. NFFR had insured cash accounts that exceeded the FDIC insurance limit as of September 30, 2022 and 2021 by approximately \$99,000 and \$2,189,000, respectively. Investment balances in excess of SIPC coverage were approximately \$15,345,000 and \$18,943,000, respectively.

B. Concentration of Revenues and Receivables

For the year ended September 30, 2022, two major donors contributed 60% of the total support and revenues (excluding in-kind contributions). At September 30, 2022, pledges receivable included receivables from three donors, in the amount of \$1,128,000, that represented approximately 91% of the total pledges receivable. As of September 30, 2021, two major donors contributed 54% of the total support and revenues (excluding in-kind contributions). At September 30, 2021, pledges receivable included receivables from two donors, in the amount of \$255,000, that represented approximately 79% of the total pledges receivable.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

NFFR is committed under three non-cancelable operating leases through 2021. In addition, NFFR leases certain equipment under agreements expiring through 2024.

Approximate minimum annual payments remaining on the leases for the years ending after September 30, 2022 are as follows:

	Rental Property	Office Equipment	Total
2023	\$ 59,625	\$ 9,000	\$ 68,625
2024	-	8,000	8,000
	\$ 59,625	\$ 17,000	\$ 76,625

The expense for rental property and office equipment for the years ended September 30, 2022 and 2021 amounted to approximately \$253,000 and \$301,000, respectively.

NOTE 14 – PAYCHECK PROTECTION PROGRAM (PPP) AND ECONOMIC INJURY DISTASTER LOAN

During 2020, the Company received loan proceeds of \$100,185 under the Paycheck Protection Program (“PPP”) and \$5,000 under the Economic Injury Disaster Loan (“EIDL”). The PPP was established under the recent congressionally approved Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) and is administered by the U.S. Small Business Administration (“SBA”). The PPP loan to the Organization was funded by JP Morgan.

NATIONAL FOUNDATION FOR FACIAL RECONSTRUCTION, INC.
D/B/A MYFACE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 2022 AND 2021

NOTE 14 – PAYCHECK PROTECTION PROGRAM (PPP) AND ECONOMIC INJURY DISTASTER LOAN (CONTINUED)

Under the terms of the CARES Act, PPP Loan recipients may apply for and be granted forgiveness for all or a portion of loans granted under the PPP. Such forgiveness will be determined, subject to limitations, based on the use of loan proceeds for payroll costs and mortgage interest, rent or utility costs and the maintenance of employee and compensation levels. On March 25, 2021, the Organization was informed that their PPP loan and EIDL loan had been fully forgiven.

NOTE 15 – RISKS AND UNCERTAINTIES

The COVID-19 pandemic remains an evolving situation. The extent of the impact of COVID-19 on the Organization's business and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, the Organization is currently unable to fully determine the extent of COVID-19's impact on its business in future periods. The Organization's performance in future periods will be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States. The Organization continues to monitor evolving economic and general business conditions and the actual and potential impacts on its financial position and results of operations.

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events and transactions that occurred subsequent to the date of the statement of financial position through June 20, 2023, the date the financial statements were available to be issued.