



NATIONAL FOUNDATION FOR FACIAL RECONSTRUCTION, INC.

Financial Statements
With Independent Auditor's Report

September 30, 2023 and 2022

NATIONAL FOUNDATION FOR FACIAL RECONSTRUCTION, INC.
d/b/a myFace

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September 30, 2023 and 2022

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Kudisch, Oster & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of National Foundation for Facial Reconstruction, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of as of September 30, 2023, and the results of its operations and its cash flows for the years 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of National Foundation for Facial Reconstruction, Inc. 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 2022 Financial Statements

The financial statements of National Foundation for Facial Reconstruction, Inc. as of and for the year ended September 30, 2022 were audited by other auditors, whose report dated June 20, 2023, 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 the 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 National Foundation for Facial Reconstruction, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 National Foundation for Facial Reconstruction, Inc.'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 National Foundation for Facial Reconstruction, Inc.'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.

Kudisch, Oster & Company, LLC

Montclair, New Jersey
February 9, 2024

NATIONAL FOUNDATION FOR FACIAL RECONSTRUCTION, INC.
d/b/a myFace

Statements of Financial Position
September 30,

ASSETS	2023	2022
Cash and cash equivalents	\$ 1,338,230	\$ 4,582,003
Pledges receivable	151,230	1,245,788
Investments, at fair value	27,172,223	15,844,596
Airline ticket inventory	86,400	66,400
Prepaid and other assets	1,442,300	677,980
Property and equipment, net	<u>1,517,222</u>	<u>1,573,445</u>
Total Assets	<u>\$ 31,707,605</u>	<u>\$ 23,990,212</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 83,760</u>	<u>\$ 102,649</u>
Net assets		
Without donor restrictions	\$ 25,267,460	\$ 17,405,464
With donor restrictions	<u>6,356,385</u>	<u>6,482,099</u>
Total net assets	<u>31,623,845</u>	<u>23,887,563</u>
Total Liabilities and Net Assets	<u>\$ 31,707,605</u>	<u>\$ 23,990,212</u>

The accompanying notes are an integral part of these financial statements

NATIONAL FOUNDATION FOR FACIAL RECONSTRUCTION, INC.
d/b/a myFace

Statements of Activities
Years Ended September 30,

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE						
Contributions and grants	\$ 8,305,536	\$ 357,500	\$ 8,663,036	\$ 3,752,746	\$ 195,668	\$ 3,948,414
Special events - net of expenses of \$386,480 and \$117,677	275,805	-	275,805	370,164	-	370,164
Investment income (loss)	1,731,022	135,893	1,866,915	(1,955,912)	(349,442)	(2,305,354)
In-kind goods and services	20,000	-	20,000	80,000	-	80,000
Net assets released from restriction	619,107	(619,107)	-	590,553	(590,553)	-
Total Public Support and Revenue	<u>10,951,470</u>	<u>(125,714)</u>	<u>10,825,756</u>	<u>2,837,551</u>	<u>(744,327)</u>	<u>2,093,224</u>
FUNCTIONAL EXPENSES						
Program services	2,486,124	-	2,486,124	2,557,507	-	2,557,507
Management and general	371,207	-	371,207	411,803	-	411,803
Fundraising	232,143	-	232,143	505,990	-	505,990
Total Functional Expenses	<u>3,089,474</u>	<u>-</u>	<u>3,089,474</u>	<u>3,475,300</u>	<u>-</u>	<u>3,475,300</u>
Change in net assets	7,861,996	(125,714)	7,736,282	(637,749)	(744,327)	(1,382,076)
NET ASSETS						
Beginning of year	17,405,464	6,482,099	23,887,563	18,043,213	7,226,426	25,269,639
End of year	<u>\$ 25,267,460</u>	<u>\$ 6,356,385</u>	<u>\$ 31,623,845</u>	<u>\$ 17,405,464</u>	<u>\$ 6,482,099</u>	<u>\$ 23,887,563</u>

The accompanying notes are an integral part of these financial statements

NATIONAL FOUNDATION FOR FACIAL RECONSTRUCTION, INC.
d/b/a myFace

Statements of Functional Expenses
Year Ended September 30,

	2023				2022			
	Program Services	Administrative Support	Fundraising	Total	Program Services	Administrative Support	Fundraising	Total
Salaries and wages	\$ 510,388	\$ 48,269	\$ 163,066	\$ 721,723	\$ 438,379	\$ 74,843	\$ 314,555	\$ 827,777
Payroll taxes and benefits	110,011	10,404	35,241	155,656	88,363	28,517	63,403	180,283
	<u>620,399</u>	<u>58,673</u>	<u>198,307</u>	<u>877,379</u>	<u>526,742</u>	<u>103,360</u>	<u>377,958</u>	<u>1,008,060</u>
Support of surgical programs	1,300,000	-	-	1,300,000	1,394,584	-	-	1,394,584
Charity care institutional grants	114,443	-	-	114,443	112,040	-	-	112,040
Nutritionist staff expense	16,698	-	-	16,698	42,250	-	-	42,250
Direct accomodation expenses and supplies	203,419	-	-	203,419	117,178	-	-	117,178
Webinar, podcasts and educational materials	72,130	-	930	73,060	135,706	-	-	135,706
Food and entertainment	4,899	-	9,354	14,253	650	-	-	650
Audio and visual	-	-	-	-	-	-	92,621	92,621
Office and administrative expenses	-	2,909	21,170	24,079	68,346	64,873	10,000	143,219
Occupancy	-	66,116	-	66,116	-	-	-	-
Marketing	100,816	-	-	100,816	96,777	-	-	96,777
In-kind expenses- donated goods	-	-	-	-	41,800	-	-	41,800
Insurance	-	29,540	-	29,540	-	23,621	-	23,621
Professional fees	42,199	113,532	-	155,731	9,147	112,288	-	121,435
Board development	-	27,757	-	27,757	-	-	-	-
Equipment rental	-	7,797	-	7,797	-	10,893	-	10,893
Travel	6,042	712	170	6,924	6,890	1,494	3,499	11,883
Depreciation	-	56,223	-	56,223	-	56,223	-	56,223
Miscellaneous	5,079	7,948	2,212	15,239	5,397	39,051	21,912	66,360
	<u>\$ 2,486,124</u>	<u>\$ 371,207</u>	<u>\$ 232,143</u>	<u>\$ 3,089,474</u>	<u>\$ 2,557,507</u>	<u>\$ 411,803</u>	<u>\$ 505,990</u>	<u>\$ 3,475,300</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
Years Ended September 30,

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 7,736,282	\$ (1,382,076)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	56,223	56,223
Unrealized (gain) loss on investments	(955,717)	2,907,708
In-kind donation	(20,000)	(38,200)
Changes in operating assets and liabilities		
Pledges receivable	(1,094,558)	(921,675)
Prepaid expenses and other assets	(764,320)	358,564
Accounts payable and accrued expenses	(18,889)	7,276
	<u>4,939,021</u>	<u>987,820</u>
Net cash from operating activities		
Cash Flows from Investing Activities		
Purchase of investments	(9,557,557)	(7,521,693)
Proceeds from sale of investments	1,374,763	6,166,241
	<u>(8,182,794)</u>	<u>(1,355,452)</u>
Net cash from investing activities		
Net Change in Cash and Cash Equivalents	(3,243,773)	(367,632)
Cash		
Beginning of year	4,582,003	4,949,635
End of year	<u>\$ 1,338,230</u>	<u>\$ 4,582,003</u>

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
September 30, 2023 and 2022

1. Organization

National Foundation for Facial Reconstruction, Inc., operating under the name myFace ("myFace"), was incorporated in 1951 in the State of New York, is dedicated to correcting facial anomalies 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.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates - the accompanying financial statements have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies, if any, at the date of the financial statements, and the reported amounts of support and revenue and expenses during the period then ended. Actual results could differ from those estimates.

Measure of Operations - the statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to myFace's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

Presentation of Net Assets - net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Net assets without donor restrictions are those currently available at the discretion of the board for use in the operations of myFace.

Net assets with donor restrictions are restricted by donor-imposed restrictions as to use or time restricted. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions with donor restrictions that are met within the reporting period are reported as contributions without restrictions.

Net assets with donor restrictions as of September 30, 2023 and 2022 are \$6,356,385 and \$6,482,099, restricted for patient care and under endowment agreements.

Cash and Cash Equivalents - Cash consists of accounts maintained in checking, savings and temporary cash investment accounts. All highly liquid financial investments acquired with a maturity date of three months or less are considered to be cash equivalents.

Revenue Recognition and Receivables

Revenue - Public donations and special events are reported at estimated net realizable amounts from public and corporate donors and program services.

myFace reports gifts of cash, other assets and long-lived assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as

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unrestricted net assets and reported in the statement of activities as net assets released from restrictions. In the absence of donor specification that income and gains on donated funds are restricted, such income and gains are reported as revenues of unrestricted net assets. Earnings on temporarily and permanently restricted net assets are recorded as unrestricted or temporarily restricted revenues and follow the restrictions set forth by the donor.

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 myFace.

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

Receivables - receivables are recorded at the net realizable value and do not bear interest. The allowance for doubtful accounts is management's best estimate of the amount of probable credit losses in existing receivables. Management determines the allowance based on historical write-off experience and reviews its allowance for doubtful accounts periodically. Past due balances are reviewed individually for collectability. At September 30, 2023 and 2022, there are no allowances recorded, as all amounts are deemed collectible.

In-Kind Donations - contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of services are recognized if the services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations. Donated goods and services are recorded at their estimated fair value on the date of receipt.

Investments - Investments, consisting primarily of temporary cash investments, fixed income and equity mutual securities and exchange traded funds ("ETF's"), are recorded at market value, as determined by reference to quoted market prices. Purchases and sales of securities are recorded on a trade date basis. Realized gains and losses on investments in securities are calculated based on cost and are reflected in the statement of activities. Interest income is recorded on an accrual basis.

Property and Equipment - Property and equipment is stated at cost. Management capitalizes property and equipment with a cost of \$1,000 or more and a useful life greater than one year. Depreciation is recorded using the straight-line method over the estimated useful life, which range from three to 40 years of the respective asset. Costs related to normal repairs and maintenance is expensed as incurred.

Concentrations of Credit Risk - Financial instruments that potentially subject myFace 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")

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insurance limit amount of \$250,000 per depositor. Additionally, myFace maintains investment accounts with major investment firms that are covered by Securities Investor Protection Corporation (“SIPC”) insurance. myFace had insured cash accounts that exceeded the FDIC insurance limit as of September 30, 2023 and 2022 by approximately \$441,000 and \$99,000. Investment balances in excess of SIPC coverage were approximately \$15,996,000 and \$15,345,000. myFace has not experienced any losses in such accounts and believes it is not exposed to significant credit risk on cash and equivalents.

At September 30, 2022, three donors accounted for approximately 91% of pledges receivable.

For the years ended September 30, 2023 and 2022, one and two donors accounted for approximately 85% and 60%, respectively, of total support and revenues.

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.

Income Taxes - myFace qualifies as a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the “Code”) and is exempt from federal income taxes on related income pursuant to Section 101(a) of the Code and is also exempt from state and local income taxes.

myFace recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that myFace had no uncertain tax positions that would require financial statement recognition and/or disclosure. myFace is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2020.

As a result of the recent federal income tax reform enacted into law under the Tax Cuts and Jobs Act of 2017, certain provisions will impact tax-exempt organizations, including revisions to taxes on unrelated business activities, excise taxes on compensation of certain employees, and various other provisions. The regulations necessary to implement the law have not yet been promulgated, and the ultimate outcome of these regulations and the impact to myFace cannot be determined presently. myFace will continue to review and assess the impact of the legislation to the financial statements, but does not expect that the impact will be material.

Advertising Costs – Advertising costs are expensed as incurred.

Risks and Uncertainties - myFace invests in various investment securities which are exposed to various risks, such as interest rate, market, and credit risks. In addition, due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term.

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The collectability of pledges receivables are subject to the ability of the donor to pay the pledged amount due and that such changes could materially affect the amounts reported in the accompanying financial statements. myFace believes that the estimated allowances are adequate and that the amounts reflected in the financial statements represent the net realizable value of the respective receivable.

3. Liquidity and Availability

myFace is substantially supported by contributions from individual, corporate and organizational donors, grants and investment activity. As part of myFace's cash management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Revenue is used for expenditures in programs that are ongoing, major and central to its annual operations to meet cash needs for general expenditures. General expenditures include general and administrative expenses, fund-raising and grant commitments expected to be paid in the subsequent year. Annual operations are defined as total expenses related to both program and supporting services.

Because a donor's or grantor's restriction requires resources to be used in a particular manner or in a future period, myFace must maintain sufficient resources to meet those responsibilities. Thus, financial assets may not be available for general expenditure within one year.

myFace manages its cash available to meet general expenditures through the following three guiding principles:

- Operating within a prudent range of financial soundness and stability
- Maintaining adequate liquid assets
- Maintaining sufficient reserves to provide reasonable assurance that long-term agreements or other commitments and obligations will continue to be met

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of assets, liabilities and net assets, are as follows:

Financial assets at year-end:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,338,230	\$ 4,582,003
Pledges receivable	151,230	1,245,788
Investments	<u>27,172,223</u>	<u>15,844,596</u>
	28,661,683	21,672,387
Restricted for time and purpose	(3,667,406)	(3,752,740)
Endowment assets	<u>(2,688,979)</u>	<u>(2,729,359)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 22,305,298</u></u>	<u><u>\$ 15,190,288</u></u>

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4. Investments

Investments at September 30, 2023 and 2022 consists of the following:

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
Temporary cash investments	\$ 11,323,561	\$ 11,323,561	\$ 200,044	\$ 200,044
Mutual funds	15,848,661	14,586,482	15,644,552	16,438,319
	<u>\$ 27,172,222</u>	<u>\$ 25,910,043</u>	<u>\$ 15,844,596</u>	<u>\$ 16,638,363</u>

Fair Value Disclosures - myFace has provided fair value disclosure information for relevant assets and liabilities in these financial statements.

For applicable assets and liabilities subject to the provisions of the accounting standard relating to fair value measurements, myFace will value such assets and liabilities using quoted market prices in active markets for identical assets and liabilities to the extent possible. To the extent that such market prices are not available, management will next attempt to value such assets and liabilities using observable measurement criteria, including quoted market prices of similar assets and liabilities in active and inactive markets and other corroborated factors. In the event that quoted market prices in active markets for identical assets or liabilities (Level 1) and other observable measurement criteria (Level 2) or unobservable inputs that are not available (Level 3), myFace will develop measurement criteria based on the best information available, including information from banking institutions and advisors.

All financial assets are Level 1 inputs.

Equity and Fixed Income Mutual Funds - investments in mutual funds are invested primarily in investment-grade bonds, mid and large-capitalization equity, exchange traded funds and fixed income securities. For these investments, myFace has ownership interest in the mutual fund but not in the individual securities held by the fund. The assets of each mutual fund consist primarily of shares of the underlying holdings.

Each mutual fund net asset value (NAV) is the value of a single share that is actively traded on national securities exchanges. The mutual funds are valued on a daily basis at the close of business day. These funds are valued primarily on the basis of market quotation or on the basis of information furnished by a nationally recognized pricing service based on observable market data.

Exchange Traded Funds - investments in exchange traded funds ("ETF's") are invested primarily in investment-grade bonds and large and mid-capitalization equity securities. For these investments, the Foundation has ownership interest in the fund but not in the individual securities held by the fund. The assets of each fund consist primarily of shares of the underlying holdings. Each fund's net asset value (NAV) is the value of a single share that is actively traded on national securities exchanges. The respective investment fund is valued on a daily basis at the close of business day. These funds are valued primarily on the basis of market quotation or on the basis of information furnished by a nationally recognized pricing service based on observable market data.

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Notes to Financial Statements
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At September 30, 2023 and 2022, concentrations in investment holdings are:

	<u>2023</u>	<u>2022</u>
Domestic equities	47%	49%
Domestic fixed income	43%	41%
International equities	10%	10%

At September 30, 2023 and 2022, there are four and three individual holdings approximating 77% and 67%, respectively, of the investment holdings.

For the years ended September 30, 2023 and 2022, investment income consists of the following:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 911,559	\$ 602,354
Net realized gains (losses)	(361)	193,839
Net unrealized gains (losses)	955,717	(3,101,547)
	<u>\$ 1,866,915</u>	<u>\$ (2,305,354)</u>

5. Property and Equipment

Property and equipment at September 30, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
Condominium office and improvements	\$ 2,241,860	\$ 2,241,860
Furniture and fixtures	56,581	56,581
Computer equipment	25,403	25,403
	<u>2,323,844</u>	<u>2,323,844</u>
Less: accumulated depreciation	806,622	750,399
Property and equipment, net	<u>\$ 1,517,222</u>	<u>\$ 1,573,445</u>

For the years ended September 30, 2023 and 2022, depreciation expense was \$56,223.

6. Net Assets with Donor Restrictions

Net assets with donor restrictions at September 30, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Patient care	\$ 3,667,406	\$ 3,752,740
Unappropriated earnings	288,979	329,359
Endowment	2,400,000	2,400,000
	<u>\$ 6,356,385</u>	<u>\$ 6,482,099</u>

myFace's endowment consists of three donor restricted funds established for a variety of purposes.

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September 30, 2023 and 2022

For the years ended September 30, 2023 and 2022, net assets with donor restrictions activity are as follows:

	Time and Purpose	Earnings	Perpetual	Total
October 1, 2021	\$ 3,926,089	\$ 900,337	\$ 2,400,000	\$ 7,226,426
Additions	195,668	-	-	195,668
Investment income (loss)				
Interest and dividends	-	89,245	-	89,245
Net depreciation in investments	-	(438,687)	-	(438,687)
Net investment loss	-	(349,442)	-	(349,442)
Release from restrictions	(369,017)	(221,536)	-	(590,553)
September 30, 2022	3,752,740	329,359	2,400,000	6,482,099
Additions	357,500	-	-	357,500
Investment income				
Interest and dividends	-	95,857	-	95,857
Net appreciation in investments	-	40,036	-	40,036
Net investment income	-	135,893	-	135,893
Release from restrictions	(442,834)	(176,273)	-	(619,107)
September 30, 2023	<u>\$ 3,667,406</u>	<u>\$ 288,979</u>	<u>\$ 2,400,000</u>	<u>\$ 6,356,385</u>

Return objectives, risk parameters and spending policy - the Board of Trustees has adopted investment and spending policies for myFace'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 myFace. Investment funds are invested in such a way as to help in meeting the future capital and other investment needs of myFace.

Strategies employed for achieving objectives - To satisfy its long-term rate-of-return objectives, myFace 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.

New York Prudent Management of Institutional Funds Act - myFace 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.

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Net assets with donor restrictions of \$2,400,000 at September 30, 2023 and 2022 are restricted in perpetuity. myFace's Board has interpreted NYPMIFA as allowing myFace to appropriate for expenditure or accumulate so much of an endowment fund as myFace 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.

7. Retirement Plan

myFace 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 myFace to match an employee's contribution up to a maximum amount of three percent (3%) of the employee's compensation. For the years ended September 30, 2023 and 2022, myFace's matching contribution was \$25,602 and \$22,291.

8. In-Kind Goods and Services

For the years ended September 30, 2023 and 2022, myFace received donated goods and services in connection with a special event, airline tickets from Southwest Airlines of with an estimated value of approximately \$20,000 and \$80,000, 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, 2023 and 2022 amounted to \$86,400 and \$66,400.

9. Special Events

myFace holds two major special events each year, 'myFace Celebrates' and 'Races for Faces'. Contributions received for these events are included in special events revenue in the statements of activities and expenses associated with the events are netted against the income.

10. Employee Retention Credit

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") signed into law on March 27, 2020 and the subsequent extension of the CARES Act, myFace was eligible for a refundable employee retention credit subject to certain criteria. For the year ended September 30, 2023, myFace recognized an employee retention credit of \$25,200, which is included in contributions and grants.

11. Commitments

Employment Agreement - myFace entered into a two-year employment agreement with an officer of the organization, expiring in January 2024. Terms of the agreement provided for annual base compensation and benefits. The agreement is currently being negotiated for renewal.

Operating Leases - myFace is committed under three non-cancelable operating leases for office space and equipment, expiring through 2024.

The future annual payments under the agreements for years subsequent to September 30, 2023 are as follows:

2024	<u>\$ 8,000</u>
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12. Subsequent Events

Management has evaluated subsequent events occurring February 9, 2024, which is the date the financial statements were available to be issued. Based on this evaluation, management has determined that there are no subsequent events which require disclosure in the financial statements.