

Financial Statements and Report of
Independent Certified Public Accountants

**Cerebral Palsy International
Research Foundation, Inc.**

September 30, 2008 and 2007

Cerebral Palsy International Research Foundation, Inc.

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Report of Independent Certified Public Accountants

Board of Directors

Cerebral Palsy International Research Foundation, Inc.

We have audited the accompanying statements of financial position of Cerebral Palsy International Research Foundation, Inc. (the Foundation), as of September 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. 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, as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cerebral Palsy International Research Foundation, Inc. as of September 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Grant Thornton LLP".

McLean, Virginia
February 20, 2009

Cerebral Palsy International Research Foundation, Inc.

Statements of Financial Position

<i>September 30,</i>	2008	2007
Assets		
Cash and cash equivalents	\$ 2,423,345	\$ 2,263,053
Other receivables	20,323	5,124
Investments	—	28,010
Permanently restricted cash	1,179,400	1,179,400
Beneficial interest in trusts held by third parties	510,362	606,437
Deposits	25,000	—
Total Assets	\$ 4,158,430	\$ 4,082,024
Liabilities and Net Assets		
Accounts Payable	\$ 121,253	\$ 34,186
Research and training grants payable	50,000	120,458
Deferred revenue	125,500	125,500
Total Liabilities	296,753	280,144
Net Assets		
Undesignated	492,350	1,334,777
Board-designated	525,000	500,000
Total unrestricted	1,017,350	1,834,777
Temporarily restricted	1,154,565	181,266
Permanently restricted	1,689,762	1,785,837
Total Net Assets	3,861,677	3,801,880
Total Liabilities and Net Assets	\$ 4,158,430	\$ 4,082,024

The accompanying notes are an integral part of these statements.

Cerebral Palsy International Research Foundation, Inc.

Statements of Activities

	2008			2007				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Other Support:								
Contributions	\$ 912,798	\$ 1,157,694	\$ —	\$ 2,070,492	\$ 1,821,617	\$ 217,558	\$ —	\$ 2,039,175
Contributed services	17,965	—	—	17,965	112,107	—	—	112,107
Investment income	99,954	—	—	99,954	124,406	—	—	124,406
Unrealized and realized gain on investments	1,110	—	—	1,110	577	—	—	577
Net assets released from restrictions	184,395	(184,395)	—	—	265,919	(265,919)	—	—
Total Revenues and Other Support	1,216,222	973,299	—	2,189,521	2,324,626	(48,361)	—	2,276,265
Expenses								
Program services:								
Grants	1,227,215	—	—	1,227,215	1,124,250	—	—	1,124,250
Other program expenses	299,931	—	—	299,931	45,953	—	—	45,953
Total program services	1,527,146	—	—	1,527,146	1,170,203	—	—	1,170,203
Management and general expenses	263,152	—	—	263,152	261,944	—	—	261,944
Fundraising expenses	243,351	—	—	243,351	173,062	—	—	173,062
Total Expenses	2,033,649	—	—	2,033,649	1,605,209	—	—	1,605,209
Change in Net Assets Before Change in Beneficial Interest in Trusts Held by Third Parties	(817,427)	973,299	—	155,872	719,417	(48,361)	—	671,056
Other Changes in Net Assets								
Change in beneficial interest in trusts held by third parties	—	—	(96,075)	(96,075)	—	—	34,292	34,292
Change in Net Assets	(817,427)	973,299	(96,075)	59,797	719,417	(48,361)	34,292	705,348
Net Assets, beginning of year	1,834,777	181,266	1,785,837	3,801,880	1,115,360	229,627	1,751,545	3,096,532
Net Assets, end of year	\$ 1,017,350	\$ 1,154,565	\$ 1,689,762	\$ 3,861,677	\$ 1,834,777	\$ 181,266	\$ 1,785,837	\$ 3,801,880

Cerebral Palsy International Research Foundation, Inc.

Statements of Cash Flows

<i>Years Ended September 30,</i>	2008	2007
Cash Flows from Operating Activities		
Change in net assets	\$ 59,797	\$ 705,348
Adjustments to reconcile change in net assets to net cash from operating activities:		
Change in beneficial interest in trusts held by third parties	96,075	(34,292)
Stock contributions received	—	(27,433)
Unrealized and realized (gains) losses on investments	(1,110)	(577)
Changes in operating assets and liabilities:		
Pledges receivable	—	262,161
Other receivables	(15,199)	(5,124)
Accounts Payable	87,067	(30,890)
Research and training grants payable	(70,458)	45,458
Deferred revenue	—	125,500
Deposits	(25,000)	—
Net Cash Provided by Operating Activities	131,172	1,040,151
Cash Flows from Investing Activities		
Proceeds from sale of investments	29,120	—
Net Cash Provided by Investing Activities	29,120	—
Net Increase in Cash and Cash Equivalents	160,292	1,040,151
Cash and Cash Equivalents, beginning of year	2,263,053	1,222,902
Cash and Cash Equivalents, end of year	\$ 2,423,345	\$ 2,263,053

The accompanying notes are an integral part of these statements.

Cerebral Palsy International Research Foundation, Inc.

Notes to Financial Statements

September 30, 2008 and 2007

NOTE A—ORGANIZATION

Established in 1955, The Cerebral Palsy International Research Foundation, Inc. (the Foundation), formerly known as The United Cerebral Palsy Research and Educational Foundation, Inc., supports a broad program of research on the causes and prevention of cerebral palsy and other disabilities, and on improving the quality of life of persons with cerebral palsy and other disabilities. The Foundation also makes training awards to augment the pool of scientific and clinical personnel (i.e., investigators, physicians, dentists, and bioengineers) in areas relevant to cerebral palsy and other disabilities. This research and training support is the sole program of the Foundation.

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Foundation is also classified as a publicly supported charitable organization under Section 509(a)(1) of the IRC.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At September 30, 2008 and 2007, cash equivalents consisted of money market funds.

Permanently Restricted Cash

Permanently restricted cash consisted of cash donated to the Foundation's endowment.

Net Asset Classification

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets—include funds that are not subject to donor-imposed restrictions, and may be expended for any purpose in performing the primary objectives of the Foundation.

Temporarily restricted net assets—include funds subject to donor-imposed restrictions that will be met either by actions of the Foundation and/or the passage of time. As such restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

Cerebral Palsy International Research Foundation, Inc.

Notes to Financial Statements—Continued

September 30, 2008 and 2007

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Asset Classification—Continued

Permanently restricted net assets—include funds subject to donor-imposed restrictions, which stipulate that the corpus be maintained in perpetuity by the Foundation, but permit the Foundation to expend part or all of the income and gains derived therefrom.

Contributions

The Foundation records contributions, including unconditional promises (pledges), at the time such contributions are made and confirmed. Contribution revenue is considered unrestricted unless a donor-imposed restriction limits the use of the contribution. Pledges receivable are recorded at present value.

Contributions restricted for time or program-specific purposes are recorded as temporarily restricted net assets and then released into unrestricted net assets when the restriction is satisfied. Temporarily restricted revenue, whose restriction is satisfied within the same fiscal year as the receipt of funds, is recorded as unrestricted.

Beneficial Interest in Trusts Held by Third Parties

The Foundation is the beneficiary of the income of two charitable annuity trusts that it does not administer. A trustee who is independent of the Foundation administers the investments of each trust and distributions are made to the Foundation in accordance with the trust agreement for each trust. These trusts are invested in cash and cash equivalents, fixed income funds, mutual funds, convertible securities and equities. The Foundation records its interest in these trusts at fair market value. Unrealized gains (losses) on these trusts for the years ended September 30, 2008 and 2007, were approximately \$(96,000) and \$34,000, respectively, and is classified as permanently restricted support in the accompanying statements of activities. Income earned on these trusts, and paid quarterly, is classified as unrestricted support in the accompanying statements of activities. The Foundation received income distributions respectively of approximately \$16,000 and \$22,000 for the years ended September 30, 2008 and 2007.

Grants

The Foundation records appropriations for grants as an expense and liability, after unconditional approval by the Foundation's Board of Directors (the Board), on an annual basis, based upon recommendations of the Foundation's subcommittees and the availability of funds.

Concentration of Credit Risks

Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist principally of cash, and contributions. Substantially all of the Foundation's cash and cash equivalents are maintained at two financial institutions. The Foundation has exposure to credit risk to the extent that its cash and cash equivalents exceed amounts covered by Federal Deposit Insurance Corporation. Uninsured balances aggregate to approximately \$3,219,000 and \$3,200,000 at September 30, 2008 and 2007, respectively. The Foundation receives the majority of its contributions from its Board members. The Foundation believes that its credit risks are not significant.

Cerebral Palsy International Research Foundation, Inc.

Notes to Financial Statements—Continued

September 30, 2008 and 2007

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Use of Estimates

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

NOTE C—FUTURE APPROPRIATIONS

The Foundation had unconditional research and training grants payable of \$50,000 and \$120,000 at September 30, 2008 and 2007, respectively, in the accompanying statements of financial position. All grants are expected to be paid within one year. At September 30, 2008 and 2007, the Board had conditionally approved certain priority grants totaling approximately \$475,000 and \$440,000, respectively, to be paid in future years. Accordingly, the Foundation will assess the availability of funds before making these grants unconditional and before consideration of other grants. These conditional grants have not been reflected on the accompanying financial statements.

NOTE D—TEMPORARILY RESTRICTED NET ASSETS

At September 30, 2008 and 2007, temporarily restricted net assets consisted of the following:

	2008	2007
Amounts available for special programs	\$ 1,154,565	\$ 181,266
Total temporarily restricted net assets	\$ 1,154,565	\$ 181,266

Cerebral Palsy International Research Foundation, Inc.

Notes to Financial Statements—Continued

September 30, 2008 and 2007

NOTE E—RELATED-PARTY ACTIVITIES

The Foundation was associated with United Cerebral Palsy Associations, Inc. (UCPA), a not-for-profit organization, which is also involved in the field of cerebral palsy and disabilities. This relationship was terminated on June 9, 2008. The Foundation and UCPA have separate Boards of Directors and are not under common control.

The Foundation provided grants to UCPA in the form of program management and administration of approximately \$ -0- and \$192,000 for the years ended September 30, 2008 and 2007, respectively, to be used to help defray costs incurred by UCPA for public education activities.

The Foundation received contributed services from UCPA in the amounts of approximately \$ -0- and \$107,000 for the years ended September 30, 2008 and 2007, respectively, which are reflected in the accompanying statements of activities.

There were \$100,000 and \$200,000 in research grants paid on behalf of the Foundation by another foundation for the years ended September 30, 2008 and 2007, respectively.

NOTE F—CONTRIBUTED SERVICES

Contributed services are reported at their fair value if such services create or enhance non-financial assets, would have been purchased if not provided by contributions, require specialized skills and are provided by individuals possessing such specialized skills. In 2008, contributed services represented contributions of legal services.

NOTE G—COMMITMENTS

The Foundation entered into a sublease arrangement (License Agreement) for office space located in Washington, DC with The Society for Women's Health Research beginning August 1, 2007 and ending July 31, 2008. The Foundation is required to make monthly rent payments of \$1,400. Effective August 1, 2008 the sublease arrangement is on a month to month basis. Future minimum payments under the agreements as of September 30, 2008 and 2007 were \$-0- and \$14,000, respectively.

The Foundation maintains an employment agreement for the Deputy Executive Director. Under the terms of the agreement, the Deputy Executive Director is entitled to 10 months base salary if employment is terminated by the Foundation without cause.

Cerebral Palsy International Research Foundation, Inc.

Notes to Financial Statements—Continued

September 30, 2008 and 2007

NOTE H—RETIREMENT PLANS

The Foundation sponsors a 401(k) plan for its employees, whereby the Foundation deposits to each eligible employee's 401(k) account an amount equal to the employee's 401(k) contribution up to a maximum of 2 percent of the employee's annual salary, and an additional "Safe Harbor Contribution" of 3 percent of employee's annual salary. Full time employees who at least six months of service with the Foundation are eligible for the 2 percent employer match and 3 percent Safe Harbor Contribution. Retirement plan expenses for the year ended September 30, 2008 and 2007 were approximately \$17,000 and \$15,000, respectively.