

**FOUNDATION FOR PHYSICAL THERAPY RESEARCH, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**



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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Foundation for Physical Therapy Research, Inc.  
Alexandria, Virginia

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Foundation for Physical Therapy Research, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 Foundation for Physical Therapy Research, Inc. as of December 31, 2021 and 2020, and the change in net assets 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 audits 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 Foundation for Physical Therapy Research, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***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 Foundation for Physical Therapy Research, Inc.'s ability to continue as a going concern for one year after the date 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 Foundation for Physical Therapy Research, 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 Foundation for Physical Therapy Research, 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.



**CliftonLarsonAllen LLP**

Arlington, Virginia  
April 26, 2022

**FOUNDATION FOR PHYSICAL THERAPY RESEARCH, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 779,186	\$ 811,112
Investments	27,442,363	24,282,641
Accounts Receivable	91,683	9,484
Pledges Receivable, Net	81,502	84,320
Other Assets	25,040	9,473
Total Assets	\$ 28,419,774	\$ 25,197,030
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 74,287	\$ 299,585
Grants and Awards Payable	1,220,817	1,377,067
Total Liabilities	1,295,104	1,676,652
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	1,060,677	760,511
Board Designated:		
Goergen Fund	2,407,042	2,173,676
Operating Reserve Fund	1,249,686	1,067,465
Fund for Excellence	25,000	-
Total Without Donor Restrictions	4,742,405	4,001,652
With Donor Restrictions - Time and Purpose	12,833,873	10,310,871
With Donor Restrictions - Perpetuity	9,548,392	9,207,855
Total Net Assets	27,124,670	23,520,378
Total Liabilities and Net Assets	\$ 28,419,774	\$ 25,197,030

See accompanying Notes to Financial Statements.

**FOUNDATION FOR PHYSICAL THERAPY RESEARCH, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021				2020			
	Without Donor Restrictions	With Donor Restrictions - Time and Purpose	With Donor Restrictions - Perpetuity	Total	Without Donor Restrictions	With Donor Restrictions - Time and Purpose	With Donor Restrictions - Perpetuity	Total
<b>REVENUE</b>								
Contributions and Grants	\$ 1,136,960	\$ 75,726	\$ 340,537	\$ 1,553,223	\$ 1,011,417	\$ 175,934	\$ 99,287	\$ 1,286,638
Donated Services	211,425	-	-	211,425	-	-	-	-
Gain on Paycheck Protection Program Loan Forgiveness	-	-	-	-	160,668	-	-	160,668
Fund Raising:								
Sponsors	70,100	-	-	70,100	89,100	-	-	89,100
Total Fund Raising	70,100	-	-	70,100	89,100	-	-	89,100
Investment Income	688,822	3,255,066	-	3,943,888	499,618	1,957,131	-	2,456,749
Net Assets Released from Restrictions:								
Satisfaction of Program Restrictions	807,790	(807,790)	-	-	919,247	(919,247)	-	-
Total Revenue	2,915,097	2,523,002	340,537	5,778,636	2,680,050	1,213,818	99,287	3,993,155
<b>EXPENSES</b>								
Program Activities:								
Educational	367,011	-	-	367,011	357,183	-	-	357,183
Scientific Research	750,134	-	-	750,134	765,872	-	-	765,872
Awareness	407,018	-	-	407,018	322,964	-	-	322,964
Total Program Activities	1,524,163	-	-	1,524,163	1,446,019	-	-	1,446,019
Supporting Activities:								
Administrative and General	271,460	-	-	271,460	232,809	-	-	232,809
Fund Raising	378,721	-	-	378,721	361,641	-	-	361,641
Total Supporting Activities	650,181	-	-	650,181	594,450	-	-	594,450
Total Expenses	2,174,344	-	-	2,174,344	2,040,469	-	-	2,040,469
<b>CHANGE IN NET ASSETS</b>	740,753	2,523,002	340,537	3,604,292	639,581	1,213,818	99,287	1,952,686
Net Assets - Beginning of Year	4,001,652	10,310,871	9,207,855	23,520,378	3,362,071	9,097,053	9,108,568	21,567,692
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 4,742,405</u>	<u>\$ 12,833,873</u>	<u>\$ 9,548,392</u>	<u>\$ 27,124,670</u>	<u>\$ 4,001,652</u>	<u>\$ 10,310,871</u>	<u>\$ 9,207,855</u>	<u>\$ 23,520,378</u>

See accompanying Notes to Financial Statements.

**FOUNDATION FOR PHYSICAL THERAPY RESEARCH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2021**

	Program Activities			Supporting Activities		Total
	Educational	Scientific Research	Awareness	Administrative and General	Fund Raising	
Salaries	\$ 81,578	\$ 81,578	\$ 238,458	\$ 43,927	\$ 181,980	\$ 627,521
Employee Benefits	22,650	22,650	66,208	12,196	50,527	174,231
Payroll Taxes	6,526	6,526	19,077	3,514	14,559	50,202
Temporary Employment	540	540	1,080	2,160	-	4,320
Equipment Maintenance and Repair	787	787	-	-	-	1,574
Advertising	-	-	22,120	-	6,865	28,985
Awards and Grants	226,373	609,306	-	-	-	835,679
Bank Processing Fees	293	293	-	12,043	-	12,629
Doubtful Accounts Expense	-	-	-	(135)	-	(135)
Dues and Subscriptions	625	625	-	-	-	1,250
Insurance	-	-	-	2,502	-	2,502
Legal Expenses	2,000	2,000	-	1,000	-	5,000
Meeting Services	-	-	10,923	2,357	9,269	22,549
Occupancy	8,550	8,550	14,250	5,700	19,950	57,000
Postage and Shipping	-	-	664	1,509	7,078	9,251
Printing and Publications	-	-	1,989	266	29,653	31,908
Professional Charges	14,276	14,276	21,097	153,467	8,342	211,458
Small Office Furniture/Equipment	-	-	-	-	677	677
Software Maintenance	2,813	2,813	7,034	11,474	41,765	65,899
Stationery and Supplies	-	190	2,262	1,956	4,442	8,850
Taxes and Registration Fees	-	-	-	9,067	-	9,067
Travel	-	-	1,856	8,457	3,614	13,927
<b>Total Functional Expenses</b>	<b>\$ 367,011</b>	<b>\$ 750,134</b>	<b>\$ 407,018</b>	<b>\$ 271,460</b>	<b>\$ 378,721</b>	<b>\$ 2,174,344</b>

See accompanying Notes to Financial Statements.

**FOUNDATION FOR PHYSICAL THERAPY RESEARCH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**

	Program Activities			Supporting Activities		Total
	Educational	Scientific Research	Awareness	Administrative and General	Fund Raising	
Salaries	\$ 101,501	\$ 101,501	\$ 203,001	\$ 67,667	\$ 203,001	\$ 676,671
Employee Benefits	23,215	23,215	46,429	15,476	46,429	154,764
Payroll Taxes	8,120	8,120	16,240	5,413	16,241	54,134
Equipment Maintenance and Repair	841	841	-	-	-	1,682
Advertising	-	-	28,073	-	2,825	30,898
Audiovisuals	-	-	400	-	-	400
Awards and Grants	197,034	605,753	-	-	-	802,787
Bank Processing Fees	-	-	-	13,332	-	13,332
Doubtful Accounts Expense	-	-	-	(465)	-	(465)
Dues and Subscriptions	1,250	1,250	-	760	-	3,260
Exhibit Fees	-	-	-	15	-	15
Insurance	-	-	-	1,593	-	1,593
Interest Expense	-	-	-	1,068	-	1,068
Legal Expenses	-	-	-	10,443	-	10,443
Meeting Services	1,619	1,619	4,463	1,321	3,327	12,349
Miscellaneous	-	-	-	1,638	-	1,638
Occupancy	5,519	5,519	11,038	3,679	11,038	36,793
Postage and Shipping	-	-	-	1,257	8,251	9,508
Printing and Publications	-	-	1,307	3,755	20,408	25,470
Professional Charges	16,168	16,168	-	94,715	522	127,573
Small Office Furniture/Equipment	-	-	-	162	-	162
Software Maintenance	1,150	1,150	3,385	3,503	34,770	43,958
Staff Training and Continuing Education	-	-	-	60	458	518
Stationery and Supplies	170	140	5,860	1,670	506	8,346
Subscription/Resource Materials	-	-	-	753	-	753
Taxes and Registration Fees	-	-	-	63	11,331	11,394
Telephone and Fax	-	-	-	700	-	700
Travel	596	596	2,768	3,827	2,519	10,306
Xerox and Copying	-	-	-	404	15	419
<b>Total Functional Expenses</b>	<b>\$ 357,183</b>	<b>\$ 765,872</b>	<b>\$ 322,964</b>	<b>\$ 232,809</b>	<b>\$ 361,641</b>	<b>\$ 2,040,469</b>

See accompanying Notes to Financial Statements.



**FOUNDATION FOR PHYSICAL THERAPY RESEARCH, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 3,604,292	\$ 1,952,686
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Contributions with Donor Restrictions - Perpetuity	(340,537)	(99,287)
Realized Gain on Sale of Investments	(2,123,932)	(651,641)
Unrealized Gain on Investments	(595,343)	(535,812)
Bad Debt Gain	(135)	(465)
Discount on Pledges Receivable	(694)	(2,344)
Changes in Assets and Liabilities:		
Accounts Receivable	(82,199)	(858)
Pledges Receivable	3,647	66,889
Other Assets	(15,567)	(2,319)
Accounts Payable and Accrued Expenses	(225,298)	(9,966)
Grants and Awards Payable	(156,250)	(144,231)
Net Cash Provided by Operating Activities	67,984	572,652
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(9,700,267)	(2,520,217)
Proceeds from the Sale of Investments	9,259,820	1,519,216
Net Cash Used by Investing Activities	(440,447)	(1,001,001)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions with Donor Restrictions - Perpetuity	340,537	99,287
Net Cash Provided by Financing Activities	340,537	99,287
 <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(31,926)	(329,062)
Cash and Cash Equivalents - Beginning of Year	811,112	1,140,174
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 779,186	\$ 811,112
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Donated Stock	\$ 50,767	\$ 20,502

See accompanying Notes to Financial Statements.

**FOUNDATION FOR PHYSICAL THERAPY RESEARCH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Foundation for Physical Therapy Research, Inc. (the Foundation) is a nonprofit organization incorporated in the state of New York on January 29, 1957. It was organized to advance the science and art of physical therapy by awarding and distributing grants for research projects, scholarships, fellowships, and studies related to physical therapy.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when the obligations are incurred.

**Income Tax Status**

The Foundation is exempt from federal income tax on its exempt activities under Section 501(c)(3) of the Internal Revenue Code (IRC) and is classified as a public charity under Section 509(a)(2) of the IRC. The Internal Revenue Service recognizes the Foundation's status as a public charity organization.

The Foundation is not aware of any activities that would jeopardize its tax-exempt status. The Foundation is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes.

**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 reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

**Cash and Cash Equivalents**

The Foundation considers all money market funds and investments with maturity of three months or less, other than those held within its investment portfolio, to be cash equivalents. Cash equivalents are stated at cost, which approximates fair value.

**Investments**

The Foundation carries its investments, consisting primarily of equity securities and mutual funds, at fair value, and investment income consisting of interest, dividends, and realized and unrealized gains and losses are reflected in the statements of activities. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, the fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions.

**FOUNDATION FOR PHYSICAL THERAPY RESEARCH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investment Income Allocation**

Interest, dividends, unrealized gains (losses), and realized gains (losses) on sales of investments are allocated to the Foundation's net assets with restrictions – time and purpose based upon the ratio of total net assets with restrictions to total net assets for each donor-restricted net asset group for which cash and investments have been received.

**Accounts Receivable**

The accounts receivable are stated at their net realizable value. The majority of the receivables are from amounts due from American Physical Therapy Association (APTA). Accounts past due are individually analyzed for their collectability. When all collection efforts are exhausted, the account is written off against bad debt expense. Management estimates that all receivables are fully collectible.

**Pledges Receivable**

Unconditional promises to give due in the next year are recorded at their net realizable value, which approximates fair value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free adjusted interest rates applicable to the years in which the promises were received. When necessary, an allowance is made for uncollectible promises to give based on management's judgment of the creditworthiness of the donors, past collection experience and other relevant factors.

**Grants and Awards Payable**

Grants and awards payable are recorded when approved and awarded by the board of trustees.

**Net Assets**

Net assets are classified based on the existence or absence of donor-imposed restrictions. The net assets of the Foundation are reported as follows:

**Net Assets Without Donor Restrictions**

Net assets without donor restrictions represent net assets used for the payment of scholarships and awards without donor restrictions and for the general operations of the Foundation. Board-designated net assets consist of bequests and other gifts received which the board has designated for the Goergeny Fund, Operating Reserve Fund, and the Fund for Excellence.

The Goergeny Fund was established as a designated fund by the board to support the Foundation's research program. The Operating Reserve Fund was established as a designated fund by the board for the purpose of ensuring the long-term financial stability of the Foundation. The Fund for Excellence was designated by the board to provide an ongoing stream of net assets without restrictions to support the Foundation's operations.

**FOUNDATION FOR PHYSICAL THERAPY RESEARCH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets (Continued)**

**Net Assets With Donor Restrictions – Time and Purpose**

Net assets with donor restrictions – time and purposes represent resources resulting from donor-restricted contributions, selected interest, dividends, and certain unrealized and realized gains (losses) earned on funds held in perpetuity. Revenue is recognized as without donor restrictions if the restrictions are satisfied in the same period as the support is received. Otherwise, once restrictions have been met by the Foundation, either by elapse of time or fulfillment of purpose, related amounts are reported as net assets released from restriction in the statements of activities.

**Net Assets With Donor Restrictions – Perpetuity**

Net assets with donor restrictions – perpetuity represent the corpus of contributions establishing endowment funds, which are to be maintained in perpetuity. Earnings on these funds are to be used for the purpose as set forth by the donors.

Management has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Under UPMIFA, all earnings on endowment funds are restricted until appropriated for expenditure.

**Revenue Recognition**

Contributions, including unconditional promises to give, are recorded when the notification is received. All contributions are available for use without donor restrictions unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are fully met.

On April 14, 2020 the Foundation received a loan from First National Bank of Pennsylvania in the amount of \$159,600 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for 6 months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations superseded the loan agreement. The PPP Loan bore interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, had a term of two years, and was unsecured and guaranteed by the U.S. Small Business Administration.

On December 24, 2020, the Small Business Administration provided First National Bank with funds in the amount of \$160,668 to apply towards the Foundation's PPP Loan as the loan was forgiven. No principal payments were made and the Foundation recognized \$1,068 in interest expense. The initial loan of \$159,600 was recognized as revenue and is reflected in the accompanying statement of activities.

Sponsorships and ticket sales are recognized in the period the event or program is held. Amounts received in advanced of the related event are deferred until the event takes place.

**FOUNDATION FOR PHYSICAL THERAPY RESEARCH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Advertising**

Advertising costs are expensed as incurred. Advertising costs charged to expense totaled \$28,985 and \$30,898 for the years ended December 31, 2021 and 2020, respectively.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs benefited, based on hours worked by the Foundation staff in each functional area. Costs are allocated among the following programs:

**Educational**

Expenses for management of the Foundation's scholarship and fellowships program including awardee payments and staff administration, online application system and tech support, peer review process, management of the Scientific Advisory and Research Committees, development of education sessions and scholarship and fellowship program development.

**Scientific Research**

Expenses for management of the Foundation's research grant program including awardee payments and staff administration, online application system and tech support, peer review process, management of the Scientific Advisory and Research Committees, development of education sessions and scholarship and fellowship program development.

**Awareness**

Raising awareness of a wide range of physical therapy research areas and its vital role for practicing physical therapists, which results in advancing healthcare and optimizing movement of patients and individuals across all age and disease spectrums.

**Administrative and General**

Expenses for overall function and management of the Foundation including costs such as accounting and financial services, legal fees, office management, auditing, board meetings, board minutes, insurance, and occupancy.

**Fund Raising**

Expenses for fund raising includes salaries of fundraisers, postage and printing for appeals, publicizing fundraising efforts, online donation websites and conducting fundraising events.

**FOUNDATION FOR PHYSICAL THERAPY RESEARCH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements**

The Foundation measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine 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 (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Foundation may use valuation techniques consistent with the market, income and cost approaches to measure fair value.

The inputs used to measure fair value are categorized into the following three categories:

*Level 1* – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stock, corporate, and government bonds, that the Foundation has the ability to access as of the measurement date.

*Level 2* – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

*Level 3* – Inputs that are unobservable. Unobservable inputs reflect the Foundation's own assumptions about the factors market participants would use in pricing an investment, and are based on the best information available in the circumstances.

**FOUNDATION FOR PHYSICAL THERAPY RESEARCH, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Liquidity**

The following reflects the Foundation's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions. Amounts not available include amounts set aside as donor/board-designated assets that could be drawn upon if the governing board approves that action.

	2021	2020
Cash and Cash Equivalents	\$ 779,186	\$ 811,112
Investments	27,442,363	24,282,641
Accounts Receivable	91,683	9,484
Pledges Receivable, Net	81,502	84,320
Less: Amounts Expecting Collection in Excess of One Year	<u>(55,086)</u>	<u>(49,983)</u>
Financial Assets Available	28,339,648	25,137,574
Less: Assets not Available for General Expenditures within One Year due to:		
Board Designated Net Assets	(3,681,728)	(3,241,141)
With Donor Restrictions - Time and Purpose	(12,833,873)	(10,310,871)
With Donor Restrictions - Perpetuity	<u>(9,548,392)</u>	<u>(9,207,855)</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 2,275,655</u>	<u>\$ 2,377,707</u>

Board-designated net assets consist of bequests and other gifts received which the board has designated for the Goergen Fund, Operating Reserve Fund, and Fund for Excellence. The Organization has a goal to maintain an operating reserve in an amount equal to six to eight months of average monthly operating costs, which exclude net assets with donor restriction – time and purpose, in-kind and other noncash expenses. Such average monthly costs were approximately \$93,000 and \$89,000 for the years ended December 31 2021 and 2020, respectively. The Foundation had approximately 13 months and nearly 12 months of financial assets available to meet its average monthly operating costs for the years ended December 31, 2021 and 2020, respectively.

**Subsequent Events**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through April 26, 2022, the date the financial statements were available to be issued.

**FOUNDATION FOR PHYSICAL THERAPY RESEARCH, INC.**  
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**NOTE 2 CONCENTRATION OF CREDIT RISK**

**Credit Risk**

Financial instruments that subject the Foundation to a concentration of credit risk consist of demand deposits placed with financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures amounts on deposit with each financial institution up to limits prescribed by law. The Foundation may hold funds with financial institutions in excess of the FDIC insured amount; however, it has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Market Value Risk**

The Foundation invests in a variety of investments. These investments are exposed to various risks, such as fluctuations in market value and credit risk. It is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

**NOTE 3 INVESTMENTS**

The Foundation's investments are stated at fair value and consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Cash and Money Markets	\$ 808,946	\$ 1,150,985
Mutual Funds:		
U.S. Corporate Equity	16,638,502	13,766,493
International Equity	2,630,008	2,837,928
Corporate Fixed Income	6,019,809	5,668,119
Mortgage-Backed Fixed Income	1,345,098	859,116
Total	<u>\$ 27,442,363</u>	<u>\$ 24,282,641</u>

Net investment earnings for the years ended December 31 consisted of the following:

	<u>2021</u>	<u>2020</u>
Interest and Dividends	\$ 1,248,461	\$ 1,279,763
Realized Gain on Sale of Investments	2,123,932	651,641
Unrealized Gain on Investments	595,343	535,812
Investment Fees	(23,848)	(10,467)
Total	<u>\$ 3,943,888</u>	<u>\$ 2,456,749</u>



**FOUNDATION FOR PHYSICAL THERAPY RESEARCH, INC.**  
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**NOTE 3 INVESTMENTS (CONTINUED)**

**Fair Value Measurements**

The following tables show the Foundation's investment categorization in accordance with the accounting principles generally accepted in the United States of America fair value hierarchy as of December 31:

	2021			Total
	Level 1	Level 2	Level 3	
Cash and Money Markets	\$ 808,946	\$ -	\$ -	\$ 808,946
Mutual Funds:				
U.S. Corporate Equity	16,638,502	-	-	16,638,502
International Equity	2,630,008	-	-	2,630,008
Corporate Fixed Income	6,019,809	-	-	6,019,809
Mortgage-Backed Fixed Income	1,345,098	-	-	1,345,098
Total	<u>\$ 27,442,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,442,363</u>
	2020			Total
	Level 1	Level 2	Level 3	
Cash and Money Markets	\$ 1,150,985	\$ -	\$ -	\$ 1,150,985
Mutual Funds:				
U.S. Corporate Equity	13,766,493	-	-	13,766,493
International Equity	2,837,928	-	-	2,837,928
Corporate Fixed Income	5,668,119	-	-	5,668,119
Mortgage-Backed Fixed Income	859,116	-	-	859,116
Total	<u>\$ 24,282,641</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,282,641</u>

The Foundation's Level 1 securities are valued based on quoted market prices. The Foundation recognizes transfers between levels of the fair value hierarchy at the end of the period in which the events occur causing changes in the availability of fair value inputs. There were no transfers in or out of Level 1 during the years ended December 31, 2021 and 2020.

**NOTE 4 PLEDGES RECEIVABLE**

Pledges receivable as of December 31 are comprised of the following:

	2021	2020
Due in Less than One Year	\$ 28,300	\$ 37,050
Due in One to Five Years	55,086	49,983
Less: Allowance for Uncollectible Pledges	-	(135)
Less: Discount on Long-term Portion	(1,884)	(2,578)
Total	<u>\$ 81,502</u>	<u>\$ 84,320</u>

Pledges receivable due in excess of one year were discounted at 3.00%, for the years ended December 31, 2021 and 2020.

**FOUNDATION FOR PHYSICAL THERAPY RESEARCH, INC.**  
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**NOTE 5 RELATED PARTIES**

APTA is a professional association exempt from federal income tax under IRC Section 501(c)(6). During the year ended December 31, 2020, APTA was granted the indirect ability to appoint individuals that together constitute a majority of the Foundation's Board of Trustees. Therefore, APTA maintains both control and an economic interest in the Foundation, requiring consolidation of the Foundation into APTA's general purpose financial statements.

APTA contributed \$-0- and \$163,750 in support of post-professional doctoral scholarships, geriatric fund and fellowships for the years ended December 31, 2021 and 2020, respectively. In addition, APTA contributed \$500,000 and \$412,500 in support of other research and general operations for the years ended December 31, 2021 and 2020, respectively. Such amounts are reflected within the contributions and grants revenue in the accompanying statements of activities.

The total amount of contributions gifted from board members represents \$83,132 and \$89,031 for the years ended December 31, 2021 and 2020, respectively. Pledges receivable from members of the board of trustees of the Foundation and the board of directors of APTA at December 31, 2021 and 2020, represented 30% and 0% of pledges receivable, respectively.

In conjunction with a management service agreement from APTA, at December 31, 2021 and 2020, \$59,614 and \$274,895, respectively, was due to APTA by the Foundation for personnel costs and other expenses incurred by APTA on behalf of the Foundation and are included within accounts payable and accrued expenses in the accompanying statements of financial position.

\$3,805 and \$9,483 at December 31, 2021 and 2020, respectively, was due to the Foundation from APTA for contributions collected by APTA on behalf of the Foundation and are included within accounts receivable in the accompanying statements of financial position.

APTA pays certain expenses on behalf of the Foundation including salaries, benefits, and taxes for dedicated Foundation employees on APTA's payroll. For these expenses, the Foundation reimbursed APTA \$851,954 and \$885,569 for the years ended December 31, 2021 and 2020, respectively.

In accordance with the management service agreement effective January 1, 2010, the Foundation compensated APTA \$99,341 for the year ended December 31, 2020, in exchange for the provision of various services including: meeting coordination, communication services, information technology and accounting services, among others.

In November 2020, the Foundation entered in a sublease agreement with APTA for its office space. The agreement extends through December 2023. As part of the agreement, APTA charged the Foundation for supporting services and rent in excess of \$250,000 per year for three years, as the first \$250,000 per year will be considered an in-kind contribution from APTA to the Foundation. As of December 31, 2021, \$210,028 was recorded as donated services and is included on the statements of activities.

**FOUNDATION FOR PHYSICAL THERAPY RESEARCH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 5 RELATED PARTIES (CONTINUED)**

In 2021, APTA Centennial Properties, LLC, an affiliated entity of APTA, provided office and parking space to the Foundation. Total occupancy expenses incurred for the year ended December 31, 2021, were \$-0-.

In 2020, American Physical Therapy Properties (A.P.T. Properties), an affiliated entity of APTA, provided office and parking space to the Foundation. Total occupancy expenses incurred for the year ended December 31, 2020, were \$29,293.

**NOTE 6 GRANTS AND AWARDS PAYABLE**

As of December 31, 2021 and 2020, the Foundation board authorized and committed grants and awards to be disbursed in subsequent years. Amounts payable at December 31 are as follows:

	2021	2020
Clinical Research Grants	\$ 1,057,067	\$ 1,202,067
Scholarships/Fellowships	163,750	175,000
Total	<u>\$ 1,220,817</u>	<u>\$ 1,377,067</u>

**NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS**

Net asset with donor restrictions – time and purpose were available for the following purposes:

	2021	2020
Research	\$ 10,021,451	\$ 7,838,169
Education	2,674,943	2,359,495
Time Restricted	137,479	113,207
Total	<u>\$ 12,833,873</u>	<u>\$ 10,310,871</u>

Net assets with donor restrictions – perpetuity consisted of the following:

	2021	2020
Research	\$ 8,087,361	\$ 7,996,825
Education	1,461,031	1,211,030
Total	<u>\$ 9,548,392</u>	<u>\$ 9,207,855</u>

Satisfaction of program restrictions consisted of the following:

	2021	2020
Research	\$ 682,917	\$ 668,213
Education	124,873	251,034
Total	<u>\$ 807,790</u>	<u>\$ 919,247</u>

**FOUNDATION FOR PHYSICAL THERAPY RESEARCH, INC.**  
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**NOTE 8 ENDOWMENTS**

The Foundation has donor-restricted endowment funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets of the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The board of trustees of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Foundation interpreted Virginia's UPMIFA since the institutional funds are in Virginia. As a result of this interpretation, the Foundation classifies as net assets in perpetuity (a) the original value of gifts donated to the endowment in perpetuity, (b) the original value of subsequent gifts donated to the endowment in perpetuity, and (c) accumulations to the endowment in perpetuity made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets in perpetuity is classified as net assets with donor restrictions – time and purpose until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard prudence prescribed by UPMIFA. The Foundation considered all amounts earned on the endowment fund to be appropriated for current use, and amounts are released from restriction upon expenditure.

In addition to earnings on funds held in perpetuity that are not yet spent, the net assets with donor restrictions – time and purpose balance reflected in this disclosure also contains time and purpose contributions from those donors. These time and purpose contributions are released as expended.

**Investment Policy**

The Foundation's endowment investment policy is focused on preservation of capital and amounts are invested in mutual funds and money market funds.

**Funds with Deficiencies**

From time-to-time, the fair value of assets associated with the individual donor restricted endowment funds discussed above may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in net assets with donor restrictions – time and purpose. As of December 31, 2021 and 2020, there were no deficiencies reported in net assets with donor restrictions – time and purpose.

**FOUNDATION FOR PHYSICAL THERAPY RESEARCH, INC.**  
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**NOTE 8 ENDOWMENTS (CONTINUED)**

The following is a summary of changes in endowment funds subject to UPMIFA for the years ended December 31:

	Without Donor Restrictions	With Donor Restrictions - Time and Purpose	With Donor Restrictions - Perpetuity	Total
Endowment Net Assets - January 1, 2020	\$ -	\$ 5,893,430	\$ 9,108,568	\$ 15,001,998
Investment Return:				
Investment Income	-	870,579	-	870,579
Net Realized and Unrealized Gains	-	811,241	-	811,241
Total Investment Return	-	1,681,820	-	1,681,820
Contributions	-	2,119	99,287	101,406
Appropriations	-	(277,574)	-	(277,574)
Endowment Net Assets - December 31, 2020	<u>\$ -</u>	<u>\$ 7,299,795</u>	<u>\$ 9,207,855</u>	<u>\$ 16,507,650</u>
Endowment Net Assets - January 1, 2021	\$ -	\$ 7,299,795	\$ 9,207,855	\$ 16,507,650
Investment Return:				
Investment Income	-	875,051	-	875,051
Net Realized and Unrealized Gains	-	1,942,351	-	1,942,351
Total Investment Return	-	2,817,402	-	2,817,402
Contributions	-	(3,677)	340,537	336,860
Appropriations	-	(588,606)	-	(588,606)
Endowment Net Assets - December 31, 2021	<u>\$ -</u>	<u>\$ 9,524,914</u>	<u>\$ 9,548,392</u>	<u>\$ 19,073,306</u>

**NOTE 9 IN-KIND SUPPORT**

In 2021 and 2020, the Foundation received in-kind support for its events. Individuals provided fundraising costs and other related items that the Foundation would have otherwise had to purchase. The fair market value of these services has been included in contribution revenue and the related expenses have been allocated to the relevant programs in the statements of activities. In-kind support amounted to \$1,397 and \$59,955 for the years ended December 31, 2021 and 2020, respectively.

**NOTE 10 CORONAVIRUS**

In March 2020, the pandemic of the Coronavirus (COVID-19) was declared by the World Health Organization. Future revenue and expenses of the Foundation may be impacted by various restrictions. This could also impact transactions relating to vendors. As of | April 26, 2022, the amount and likelihood of loss relating to these events has not determined.