

National Down Syndrome Society

Financial Statements
June 30, 2021 and 2020

mazars

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National Down Syndrome Society

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Independent Auditors' Report

Board of Directors National Down Syndrome Society

We have audited the accompanying financial statements of National Down Syndrome Society, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Down Syndrome Society as of June 30, 2021 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Report on Summarized Comparative Information

We have previously audited National Down Syndrome Society's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 11, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mazars USA LLP

November 18, 2021

National Down Syndrome Society

Statements of Financial Position

June 30, 2021

(With Summarized Comparative Information for 2020)

| | <u>2021</u> | <u>2020</u> |
|---------------------------------------|----------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 1,331,021 | \$ 1,109,813 |
| Contributions receivable | 46,490 | 47,715 |
| Investments, at fair value | 13,795,485 | 11,077,616 |
| Prepaid expenses and other assets | 75,052 | 146,797 |
| Property and equipment, net | 16,117 | 15,262 |
| | <u>15,264,165</u> | <u>12,397,203</u> |
| Total assets | <u>\$ 15,264,165</u> | <u>\$ 12,397,203</u> |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 179,446 | \$ 172,028 |
| Notes payable - SBA | 212,805 | 219,087 |
| Deferred rent | 86,264 | 94,245 |
| Deferred revenue | 67,169 | 168,283 |
| | <u>545,684</u> | <u>653,643</u> |
| Total liabilities | <u>545,684</u> | <u>653,643</u> |
| Net Assets | | |
| Without donor restrictions: | | |
| Undesignated | 3,726,276 | 2,960,664 |
| Designated by the Board for endowment | 9,192,680 | 7,359,839 |
| | <u>12,918,956</u> | <u>10,320,503</u> |
| With donor restrictions: | | |
| Time and purpose restrictions | 726,084 | 349,616 |
| Endowment fund | 1,073,441 | 1,073,441 |
| | <u>1,799,525</u> | <u>1,423,057</u> |
| Total net assets | <u>14,718,481</u> | <u>11,743,560</u> |
| Total liabilities and net assets | <u>\$ 15,264,165</u> | <u>\$ 12,397,203</u> |

See accompanying notes to the financial statements and independent auditors' report.

National Down Syndrome Society

Statements of Activities

Year Ended June 30, 2021

(With Summarized Comparative Information for 2020)

| | Without Donor Restrictions | With Donor Restrictions | | Total | |
|---|-------------------------------|----------------------------------|--------------------|---------------|---------------|
| | | Program and Time Restrictions | Endowment Funds | 2021 | 2020 |
| Revenue and Other Support | | | | | |
| Contributions | \$ 1,945,771 | \$ 173,951 | \$ - | \$ 2,119,722 | \$ 1,923,558 |
| National Buddy Walk | - | 15,267 | - | 15,267 | 377,793 |
| In-kind contributions | 210,118 | - | - | 210,118 | 227,318 |
| Special events | \$ 556,876 | - | - | - | - |
| Less: direct benefit costs | (140,945) | - | - | 415,931 | 370,432 |
| Note payable forgiveness | 219,087 | - | - | 219,087 | - |
| Miscellaneous income | 15,470 | - | - | 15,470 | 16,097 |
| Net assets released from restrictions | 154,901 | (154,901) | - | - | - |
| Total revenue and other support | 2,961,278 | 34,317 | - | 2,995,595 | 2,915,198 |
| Expenses | | | | | |
| Program services | | | | | |
| Policy and advocacy | 683,442 | - | - | 683,442 | 714,730 |
| Resources and support | 521,986 | - | - | 521,986 | 486,666 |
| Community engagement | 959,854 | - | - | 959,854 | 961,274 |
| Total program services | 2,165,282 | - | - | 2,165,282 | 2,162,670 |
| Support services | | | | | |
| Management and general | 285,622 | - | - | 285,622 | 332,920 |
| Fundraising | 309,460 | - | - | 309,460 | 352,034 |
| Total supporting services | 595,082 | - | - | 595,082 | 684,954 |
| Total expenses | 2,760,364 | - | - | 2,760,364 | 2,847,624 |
| Change in net assets before investment income | 200,914 | 34,317 | - | 235,231 | 67,574 |
| Investment income, net | 2,397,539 | 342,151 | - | 2,739,690 | 502,179 |
| Change in net assets | 2,598,453 | 376,468 | - | 2,974,921 | 569,753 |
| Net assets, beginning of year | 10,320,503 | 349,616 | 1,073,441 | 11,743,560 | 11,173,807 |
| Net assets, end of year | \$ 12,918,956 | \$ 726,084 | \$ 1,073,441 | \$ 14,718,481 | \$ 11,743,560 |

See accompanying notes to the financial statements and independent auditors' report.

National Down Syndrome Society

Statements of Functional Expenses

Year Ended June 30, 2021

(With Summarized Comparative Information for 2020)

| | Program Services | | | | Supporting Services | | | Total | |
|--------------------------------------|---------------------|-----------------------|----------------------|--------------|------------------------|-------------|-----------------------------------|--------------|--------------|
| | Policy and Advocacy | Resources and Support | Community Engagement | Total | Management and General | Fundraising | Direct Expenses of Special Events | 2021 | 2020 |
| Salaries | \$ 272,352 | \$ 268,501 | \$ 404,622 | \$ 945,475 | \$ 67,895 | \$ 87,043 | \$ - | \$ 1,100,413 | \$ 943,552 |
| Payroll taxes and employee benefits | 39,931 | 39,365 | 59,325 | 138,621 | 9,953 | 12,762 | - | 161,336 | 138,905 |
| Total personnel costs | 312,283 | 307,866 | 463,947 | 1,084,096 | 77,848 | 99,805 | - | 1,261,749 | 1,082,457 |
| Printing publication and films | 18,171 | 15,712 | 81,935 | 115,818 | 4,071 | 42,439 | - | 162,328 | 266,597 |
| Website | 16,628 | 8,317 | 21,564 | 46,509 | 3,225 | 1,996 | - | 51,730 | 46,144 |
| Grants and awards | 6,253 | 39,693 | 41,890 | 87,836 | 2,817 | 1,965 | - | 92,618 | 26,047 |
| Affiliate support | 1,350 | 725 | 1,325 | 3,400 | 100 | - | - | 3,500 | 14,740 |
| Consultants | 209,383 | 49,758 | 166,836 | 425,977 | 19,861 | 54,831 | - | 500,669 | 425,716 |
| Professional fees | 35,091 | 29,507 | 30,733 | 95,331 | 135,742 | 33,422 | - | 264,495 | 225,371 |
| Travel and meetings | 2,315 | 964 | 7,859 | 11,138 | 6,399 | 3,815 | - | 21,352 | 153,346 |
| Conferences | 2,806 | 1,967 | 10,293 | 15,066 | 1,400 | - | - | 16,466 | 122,337 |
| Team NDSS Race entrees and food | - | - | 15,164 | 15,164 | - | 2,676 | - | 17,840 | 36,828 |
| Facilities and food costs | - | - | - | - | - | - | 78,473 | 78,473 | 210,468 |
| Donated goods, supplies and services | - | - | - | - | - | - | 62,472 | 62,472 | 132,623 |
| Equipment leasing | 1,929 | 1,901 | 2,866 | 6,696 | 481 | 616 | - | 7,793 | 10,500 |
| Supplies | 475 | 475 | 12,722 | 13,672 | 2,852 | 5,724 | - | 22,248 | 7,229 |
| Computer and technology | 8,220 | 8,103 | 12,213 | 28,536 | 2,049 | 2,627 | - | 33,212 | 38,233 |
| Postage and delivery | 675 | 5,402 | 5,402 | 11,479 | 1,464 | 675 | - | 13,618 | 17,267 |
| Telephone and internet | 4,575 | 4,575 | 4,575 | 13,725 | 4,575 | 6,375 | - | 24,675 | 38,533 |
| Occupancy charges | 30,474 | 30,043 | 45,273 | 105,790 | 7,597 | 9,739 | - | 123,126 | 171,854 |
| Repairs and service contracts | 1,115 | 1,099 | 1,659 | 3,873 | 278 | 356 | - | 4,507 | 5,065 |
| Insurance | 1,175 | 1,175 | 1,175 | 3,525 | 3,133 | 1,175 | - | 7,833 | 7,663 |
| Bank and credit card fees | 3,452 | 3,452 | 6,904 | 13,808 | 1,860 | 20,713 | - | 36,381 | 41,673 |
| Dues and subscriptions | 18,949 | 3,232 | 12,368 | 34,549 | 1,758 | 13,904 | - | 50,211 | 55,073 |
| Miscellaneous | 5,962 | 5,889 | 9,940 | 21,791 | 7,573 | 5,916 | - | 35,280 | 30,174 |
| Depreciation and amortization | 2,161 | 2,131 | 3,211 | 7,503 | 539 | 691 | - | 8,733 | 24,777 |
| Total | 683,442 | 521,986 | 959,854 | 2,165,282 | 285,622 | 309,460 | 140,945 | 2,901,309 | 3,190,715 |
| Less: Special events | - | - | - | - | - | - | (140,945) | (140,945) | (343,091) |
| Total expenses | \$ 683,442 | \$ 521,986 | \$ 959,854 | \$ 2,165,282 | \$ 285,622 | \$ 309,460 | \$ - | \$ 2,760,364 | \$ 2,847,624 |

See accompanying notes to the financial statements and independent auditors' report.

National Down Syndrome Society

Statements of Cash Flows

Year Ended June 30, 2021

(With Summarized Comparative Information for 2020)

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ 2,974,921 | \$ 569,753 |
| Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities: | | |
| Note payable - SBA forgiveness | (219,087) | - |
| Depreciation and amortization | 8,733 | 24,777 |
| Net realized and unrealized gain on investments | (2,490,631) | (244,045) |
| Deferred rent | (7,981) | (9,840) |
| Increase (decrease) in cash resulting from changes in operating assets and liabilities: | | |
| Contributions receivable | 1,225 | 49,526 |
| Prepaid expenses and other assets | 71,745 | 14,229 |
| Accounts payable and accrued expenses | 7,418 | 3,324 |
| Deferred revenue | (101,114) | 70,543 |
| Net cash provided by operating activities | <u>245,229</u> | <u>478,267</u> |
| Cash flows from investing activities | | |
| Purchases of investments | (299,564) | (258,135) |
| Proceeds from sales of investments | 72,326 | 73,383 |
| Purchases of property and equipment | (9,588) | (3,655) |
| Net cash used in investing activities | <u>(236,826)</u> | <u>(188,407)</u> |
| Cash flows provided by financing activities | | |
| Proceeds from notes payable - SBA | <u>212,805</u> | <u>219,087</u> |
| Net increase in cash and cash equivalents | 221,208 | 508,947 |
| Cash and cash equivalents | | |
| Beginning | <u>1,109,813</u> | <u>600,866</u> |
| Ending | <u>\$ 1,331,021</u> | <u>\$ 1,109,813</u> |

See accompanying notes to the financial statements and independent auditors' report.

National Down Syndrome Society

Notes to Financial Statements Years Ended June 30, 2021 and 2020

1. Nature of Organization

Business Description

The National Down Syndrome Society (“NDSS”) was established as an incorporated Delaware-based nonprofit organization in June 1979. NDSS is the leading human rights organization for all individuals with Down syndrome. NDSS envisions a world in which all people with Down syndrome have the opportunity to enhance their quality of life, realize their life aspirations and become valued members of welcoming communities.

NDSS supports and advocates for the Down syndrome community by focusing on three key areas of programming: Resources & Support, Policy & Advocacy, and Community Engagement. Within these focus areas NDSS engages in various activities, events and programs to fulfill the mission and vision of the organization.

• **RESOURCES & SUPPORT**

NDSS is committed to providing individuals with Down syndrome, their families, caregivers and the public with comprehensive information across the lifespan, from birth to end of life. Through events, webinars, videos, publications and NDSS’s website, NDSS provides free resources on a variety of topics including information for new and expectant parents, health and wellness, education and employment. Through NDSS’s helpline and info email, NDSS answers thousands of requests for support each year. NDSS’s staff responds to questions and connects parents, professionals, self-advocates and others with referrals, including to NDSS’s network of more than 300 local Down syndrome organizations.

• **ADVOCACY & POLICY**

The NDSS Advocacy & Public Policy Program champions federal, state and local policies that positively impact all people with Down syndrome across the country. Through NDSS’s grassroots advocacy programs, NDSS works with Congress and federal agencies, as well as state and local officials, to develop and improve laws, regulations and policies for the benefit of the Down syndrome community. NDSS also empowers self-advocates, parents and others to influence policy themselves. The NDSS legislative agenda spans the life experience of individuals with Down syndrome from birth to adulthood, centered on five important areas: healthcare and research, education, economic self-sufficiency, community integration and employment.

• **COMMUNITY ENGAGEMENT**

The Down syndrome community is the heart of NDSS. NDSS’s community engagement events and activities celebrate NDSS’s loved ones with Down syndrome, raise awareness and acceptance among the general public and connect individuals and families within the community. Through NDSS’s scholarships, grants and awards program, NDSS supports individuals with Down syndrome in pursuing their dreams. Started in 1995, the National Buddy Walk® Program promotes acceptance and inclusion of people with Down syndrome and raises funds for local and national organizations that support the community. Additionally, NDSS hosts awareness and engagement events throughout the country including NDSS’s Times Square Video presentation and New York City Buddy Walk®, Racing for 3.21 on World Down Syndrome Day, Run for 3.21, DC Golf Outing, annual NDSS Gala & Auction and more.

The organization is funded primarily by contributions and special events.

2. Summary of Significant Accounting Policies

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 and disclosure 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 could differ from those estimates.

National Down Syndrome Society

Basis of Presentation

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

Net Assets

The net assets of NDSS and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the “Board”) and/or management for general operating purposes. The Board may designate a portion of these net assets for a specific purpose which makes them unavailable for use at management’s discretion.

See Note 6 for more information on the composition of board-designated net assets.

Net Assets With Donor Restrictions – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

NDSS reports gifts of cash and other assets as with donor restrictions 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 a purpose restriction is accomplished, the net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained in perpetuity while permitting NDSS to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations of a Board approved spending policy.

See Note 7 for more information on the composition of net assets with donor restrictions and the release of restrictions.

Cash and Cash Equivalents

NDSS considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

NDSS maintains cash in several bank accounts which, at times, may exceed federally-insured limits. NDSS has not experienced any losses in such accounts.

Investments

Investments are valued at fair value, which is 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. Realized and unrealized gains and losses are included with investment income in the statements of activities.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization of property and equipment is being provided for by the straight-line method over the estimated useful lives of the related assets. NDSS’s policy is to capitalize individual property and equipment expenditures in excess of \$500 and a useful life of two or more years.

NDSS capitalizes all costs related to the development of internal use software other than those incurred during the application development stage which are expensed as incurred. Costs incurred during the application development stage which are required to be capitalized are amortized over the estimated useful life of the software.

Deferred Rent

The operating lease for New York office space includes scheduled rent increases during the term. Rental expenses on this lease is recognized on a straight-line basis over the term of the lease. The difference between the straight-line rent expense and rent paid out according to the terms of the lease is recorded as deferred rent in the accompanying statements of financial position.

National Down Syndrome Society

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows discounted to fair value using an appropriate interest rate applicable to the years in which the promises are received. Conditional promises to give are not included as support until the conditions are substantially met and are reflected as deferred revenue in the accompanying statements of financial position.

At June 30, 2021, all contributions receivable are expected to be collected within one year, therefore, an allowance for doubtful contributions has not been provided.

Contributed Goods and Services

Contributed services or the use of equipment, materials or facilities at less than fair value are recorded at their fair value in accordance with professional standards, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by NDSS. Contributed goods and materials are recorded at their fair value when they are promised.

The amount applicable to in-kind contributions is reflected in the financial statements as both support and expenses as follows for the years ended June 30, 2021 and 2020:

| | 2021 | 2020 |
|---------------------------------|-------------------|-------------------|
| Consultation and personnel fees | \$ 128,038 | \$ 94,695 |
| Golf outing | - | 9,195 |
| NYC Times Square video | 17,600 | 38,258 |
| Annual benefit auction items | 44,972 | 77,820 |
| Run for 3.21 gear and supplies | 16,678 | - |
| Other | 2,830 | 7,350 |
| Total in-kind contributions | <u>\$ 210,118</u> | <u>\$ 227,318</u> |

Functional Allocation of Expenses

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of NDSS are reported as expenses of those functional areas. A portion of management and general costs that benefit multiple functional areas (indirect costs) have been allocated across programs and other supporting services based on the proportion of full-time employee equivalents of a program or other supporting service versus the total organizational full-time employee equivalents.

Reclassifications

Certain prior year amounts have been reclassified, where appropriate, to conform to the current year presentation.

Fair Value of Financial Instruments

NDSS follows the accounting standards for fair value measurement and disclosures for financial assets and liabilities which clarify the definition of fair value, prescribe methods for measuring fair value, establish a fair value hierarchy based on the inputs used to measure fair value and expand disclosure about the use of fair value measurements. The following table presents financial assets that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value.

National Down Syndrome Society

| | Total | Fair Value Measurements at June 30, 2021 | | |
|-----------------------------|----------------------|--|---|---|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Assets: | | | | |
| Mutual Funds - Fixed Income | \$ 4,434,513 | \$ 4,434,513 | \$ - | \$ - |
| Mutual Funds - Equities (a) | 9,360,972 | 9,360,972 | - | - |
| | <u>\$ 13,795,485</u> | <u>\$ 13,795,485</u> | <u>\$ -</u> | <u>\$ -</u> |

(a) Mutual Funds - Equities are primarily comprised of U.S. Large Cap, Mid Cap and International Developed Funds

| | Total | Fair Value Measurements at June 30, 2020 | | |
|-----------------------------|----------------------|--|---|---|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Assets: | | | | |
| Mutual Funds - Fixed Income | \$ 4,101,059 | \$ 4,101,059 | \$ - | \$ - |
| Mutual Funds - Equities (a) | 6,976,557 | 6,976,557 | - | - |
| | <u>\$ 11,077,616</u> | <u>\$ 11,077,616</u> | <u>\$ -</u> | <u>\$ -</u> |

(a) Mutual Funds - Equities are primarily comprised of U.S. Large Cap, Mid Cap and International Developed Funds

3. Investments

Investments consist of the following at June 30,:

| | 2021 | | 2020 | |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|
| | Cost | Fair Value | Cost | Fair Value |
| Mutual funds - equities | \$ 6,223,586 | \$ 9,360,972 | \$ 6,124,292 | \$ 6,976,557 |
| Mutual funds - fixed income | 4,369,780 | 4,434,513 | 3,928,730 | 4,101,059 |
| | <u>\$ 10,593,366</u> | <u>\$ 13,795,485</u> | <u>\$ 10,053,022</u> | <u>\$ 11,077,616</u> |

As of June 30, 2021, the following NDSS's investments were in excess of 10% of the fair value of its portfolio:

| | |
|--|-----|
| Vanguard Total Stock Market Index Fund Admiral Shares | 41% |
| Vanguard Total International Stock Index Fund Admiral Shares | 27% |
| Vanguard Total Bond Market Index Fund Admiral Shares | 11% |

Investment income includes the following for the years ended June 30,:

| | 2021 | 2020 |
|------------------------|---------------------|-------------------|
| Interest and dividends | \$ 272,256 | \$ 273,714 |
| Unrealized gains | 2,177,525 | 207,631 |
| Realized gain | 313,106 | 36,413 |
| Investment fees | (23,197) | (15,579) |
| | <u>\$ 2,739,690</u> | <u>\$ 502,179</u> |

National Down Syndrome Society

4. Property and Equipment, Net

Property and equipment, at cost, consists of the following at June 30,:

| | 2021 | 2020 | Depreciation/ Amortization Period |
|---|------------------|------------------|---|
| Furniture, fixtures and equipment | \$ 9,820 | \$ 9,820 | 3-5 years |
| Computer software/website | 72,917 | 89,636 | 3-5 years |
| | <u>82,737</u> | <u>99,456</u> | |
| Less: accumulated depreciation and amortization | (66,620) | (84,194) | |
| | <u>\$ 16,117</u> | <u>\$ 15,262</u> | |

Depreciation and amortization amounted to approximately \$9,000 and \$25,000 for the years ended June 30, 2021 and 2020, respectively.

5. Liquidity and Availability of Resources

NDSS's financial assets available within one year of the statements of financial position date for general expenditures is as follows:

| June 30, | 2021 | 2020 |
|---|---------------------|---------------------|
| Cash and cash equivalents | \$ 1,331,021 | \$ 1,109,813 |
| Contributions receivable | 46,490 | 47,715 |
| Investments | <u>13,795,485</u> | <u>11,077,616</u> |
| Total Financial assets available within one year | <u>15,172,996</u> | <u>12,235,144</u> |
| Less: | | |
| Amounts unavailable for general expenditures within one year, due to: | | |
| Donor-imposed restrictions: | | |
| Endowment funds | (1,073,441) | (1,073,441) |
| Restricted by donors with purpose restrictions | <u>(726,084)</u> | <u>(349,616)</u> |
| Total amounts unavailable for general expenditures within one year | <u>(1,799,525)</u> | <u>(1,423,057)</u> |
| Amounts unavailable to management without Boards approval: | | |
| Board designated for capital reserves | <u>(9,192,680)</u> | <u>(7,359,839)</u> |
| Total financial assets available to management general expenditures within one year | <u>\$ 4,180,791</u> | <u>\$ 3,452,248</u> |

Liquidity Management

Endowment funds consist of donor-restricted endowments and board-designated endowments. Income from donor-restricted endowments that is restricted for specific purposes is not available for general expenditure. As described in Note 6, NDSS's board-designated endowment can be made available, if needed, an annual appropriation of 4%. Although NDSS does not intend to spend from this board-designated endowment (other than the amounts appropriated per the board's annual appropriation), these amounts could be made available if necessary.

As part of NDSS's liquidity management, it maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

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6. Net Assets Without Donor Restrictions- Board Designated

Board designated endowment – NDSS Board of Directors and Leadership designated funds with the goal of investing significant resources into NDSS’s mission and programs and allowing local Down syndrome affiliates and Buddy Walks to maintain additional local resources and expand their programs in advocacy and employment for all people with Down syndrome. Net Assets without donor restrictions designated by the Board for endowment amounted to \$9,192,680 and \$7,359,839 as of as of June 30, 2021 and 2020, respectively.

7. Net Assets With Donor Restrictions – Time and Purpose

Net assets with donor restrictions at June 30, 2021 and 2020 are available for the following purposes or periods:

| | <u>2021</u> | <u>2020</u> |
|--------------------------------------|-------------------|-------------------|
| Endowment Funds: | | |
| Hamilton Testamentary Trust | \$ 541,053 | \$ 270,111 |
| Weaver Fund | 20,935 | 12,642 |
| Total Endowment Funds | <u>561,988</u> | <u>282,753</u> |
| O'Neill - Tabani Scholarship Program | 107,291 | 66,185 |
| Entrepreneurship Fund | 30,000 | - |
| Vaccine Access Fund | 23,888 | - |
| DS Works Program | 2,239 | - |
| Ethan Saylor Memorial Fund | 678 | 678 |
| | <u>\$ 726,084</u> | <u>\$ 349,616</u> |

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the following restricted purposes specified by the donor during the years ended June 30,:

| | <u>2021</u> | <u>2020</u> |
|--|-------------------|-------------------|
| National Buddy Walks | \$ 15,267 | \$ 377,793 |
| O'Neill - Tabani Scholarship Program | 21,500 | 25,000 |
| Research Innovation and Discovery Fund | 50,000 | 50,000 |
| Hamilton Testamentary Trust | 50,817 | 48,384 |
| DS Works Program | 1,205 | 3,000 |
| Brandon Gruber Scholarship Fund | - | 3,000 |
| Inclusive Education | - | 3,606 |
| Entrepreneurship Fund | 5,000 | - |
| Vaccine Access Fund | 11,112 | - |
| Time restrictions | - | 185,000 |
| | <u>\$ 154,901</u> | <u>\$ 695,783</u> |

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8. Endowment Funds

Donor restricted endowment net assets are restricted to investments in perpetuity, the income from which is available for the following purposes at June 30,:

| | 2021 | 2020 |
|--|---------------------|---------------------|
| Hamilton Testamentary Trust (1) | \$ 1,052,625 | \$ 1,052,625 |
| William B. Weaver Conference Scholarship Fund | 20,816 | 20,816 |
| | <u>\$ 1,073,441</u> | <u>\$ 1,073,441</u> |

- (1) Restricted bequest, from the estate of Jane Hamilton Warriner, whose income is to be used exclusively to support research into the behavior, cognitive development and related treatment for children and adults with Down syndrome.

NDSS's endowment consists of two donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported on the existence or absence of donor-imposed restrictions.

The Board of Directors of NDSS has interpreted the New York Prudent Management of Institutional Funds Act ("NYPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, NDSS classifies endowment funds as (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment 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 permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by NDSS in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, NDSS considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purpose of NDSS and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation or deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of NDSS
- (7) Where appropriate and circumstances would otherwise warrant, alternative to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have had on NDSS
- (8) The investment policy of NDSS

Endowment Net Assets by Type of Fund as of June 30, 2021:

| | Without Donor Restrictions | With Donor Restriction | | Total |
|----------------------------------|-------------------------------|------------------------|---------------------|----------------------|
| | | Purpose | Endowment | |
| Donor-restricted endowment funds | <u>\$ 9,192,680</u> | <u>\$ 561,988</u> | <u>\$ 1,073,441</u> | <u>\$ 10,828,109</u> |

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8. Endowment Funds – (Continued)

Endowment Net Assets by Type of Fund as of June 30, 2020:

| | Without Donor Restrictions | With Donor Restriction | | Total |
|----------------------------------|-------------------------------|------------------------|---------------------|---------------------|
| | | Purpose | Endowment | |
| Donor-restricted endowment funds | <u>\$ 7,359,839</u> | <u>\$ 282,753</u> | <u>\$ 1,073,441</u> | <u>\$ 8,716,033</u> |

Changes in Endowment Net Assets for the Year Ended June 30, 2021:

| | Without Donor Restrictions | With Donor Restrictions | |
|--|-------------------------------|-------------------------|---------------------|
| | | Purpose | Endowment |
| Endowment net assets, beginning of year | <u>\$ 7,359,839</u> | <u>\$ 282,753</u> | <u>\$ 1,073,441</u> |
| Investment return: | | | |
| Interest and dividends | 181,490 | 33,132 | - |
| Net appreciation (realized and unrealized) | 1,666,849 | 299,681 | - |
| Investment fees | (15,498) | (2,762) | - |
| Total investments return | <u>1,832,841</u> | <u>330,051</u> | <u>-</u> |
| Appropriation of endowment expenditure | - | (50,816) | - |
| Net appropriations | <u>-</u> | <u>(50,816)</u> | <u>-</u> |
| Endowment net assets, end of year | <u>\$ 9,192,680</u> | <u>\$ 561,988</u> | <u>\$ 1,073,441</u> |

Changes in Endowment Net Assets for the Year Ended June 30, 2020:

| | Without Donor Restrictions | With Donor Restrictions | |
|--|-------------------------------|-------------------------|---------------------|
| | | Purpose | Endowment |
| Endowment net assets, beginning of year | <u>\$ 7,031,145</u> | <u>\$ 261,334</u> | <u>\$ 1,073,441</u> |
| Investment return: | | | |
| Interest and dividends | 182,618 | 33,175 | - |
| Net appreciation (realized and unrealized) | 156,431 | 38,529 | - |
| Investment fees | (10,355) | (1,901) | - |
| Total investments return | <u>328,694</u> | <u>69,803</u> | <u>-</u> |
| Appropriation of endowment expenditure | - | (48,384) | - |
| Net appropriations | <u>-</u> | <u>(48,384)</u> | <u>-</u> |
| Endowment net assets, end of year | <u>\$ 7,359,839</u> | <u>\$ 282,753</u> | <u>\$ 1,073,441</u> |

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8. Endowment Funds – (Continued)

NDSS has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include assets of donor-restricted funds that NDSS must hold in perpetuity. NDSS expects its endowment funds, over time, to provide an average rate of return of approximately 7.5% annually. Actual returns in a given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, NDSS relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). NDSS targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

NDSS has a policy of appropriating for distribution each year 4% of its permanently restricted assets' average fair value based on a rolling 20 quarter average, plus investment custodial fees, through the calendar year end preceding the year in which the distribution is planned. In establishing this policy, NDSS considered the long-term expected return on its endowment. Accordingly, over the long-term, NDSS expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with the NDSS's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

9. Pension

NDSS established a non-contributory defined contribution profit sharing plan covering all eligible employees. There was no contributions to the pension plan for the years ended June 30, 2021 and 2020.

10. Deferred Revenue

Deferred revenue represents conditional contributions and sponsorships for future events that will occur after June 30, 2021. These conditional contributions and sponsorships will have to be refunded if the events do not occur. Deferred revenue as of June 30, 2021 and 2020 was \$67,169 and \$168,283, respectively.

11. Notes Payable - SBA

On April 19, 2020, NDSS secured a loan from TD Bank, N.A. for \$219,087 through the U.S. Small Business Administration's Paycheck Protection Program (or "The First PPP Loan"). The First PPP Loan had an interest rate of 1% and was set to mature on April 19, 2022. On June 3, 2021, NDSS received a Notice of Paycheck Protection Program Forgiveness Payment from the Small Business Administration. The notice confirmed forgiveness of The First PPP Loan in the amount of \$219,087, which is recognized as revenue in the statement of activities for the year ended June 30, 2021.

On April 19, 2021, NDSS secured another loan from TD Bank, N.A. for \$212,805 through the U.S. Small Business Administration's Paycheck Protection Program (or "The Second PPP Loan"). The Second PPP Loan has an interest rate of 1% and matures on April 19, 2026. NDSS expects the full amount of The Second PPP Loan to be forgiven in accordance with the provision of the paycheck protection program.

NDSS is following the provisions of ASC 405-20-1 which states a debtor shall derecognize a liability if and only if it has been extinguished. A liability has been extinguished if either of the following conditions is met:

- The debtor pays the creditor and is relieved of its obligation for the liability.
- The debtor is legally released from being the primary obligor under the liability, either judicially or by the creditor.

Accordingly, NDSS will record forgiveness of debt for amounts forgiven under the Paycheck Protection Program when such amounts are formally forgiven.

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12. Operating Leases

NDSS is under non-cancellable operating leases for office spaces in New York and Washington D.C. The office space lease for Washington D.C. expired on June 30, 2020. On April 1, 2021 NDSS entered into a new lease for office space in Washington D.C. for a term of 12-months. The New York office space lease expires on April 15, 2026. Rent expenses under the New York lease is subject to escalation for increases in electricity and real estate taxes. The New York lease contains rent abatements for twelve months of the first year. Future minimum rental payments under these leases, exclusive of the required payments for increases in electricity and real estate taxes for the next five years are as follows:

| <u>Years Ending June 30,</u> | |
|------------------------------|-------------------|
| 2022 | \$ 115,983 |
| 2023 | 112,973 |
| 2024 | 116,362 |
| 2025 | 119,853 |
| 2026 | <u>107,613</u> |
| | <u>\$ 572,784</u> |

Rent expense is incurred on a straight-line basis over the terms of the lease, including the free rent period. Rent expense for the years ended June 30, 2021 and 2020 was approximately \$110,000 and \$164,000, respectively.

13. Contingencies

NDSS may be involved from time to time in litigation arising in the normal course of business, none of which is expected to have a material adverse effect on NDSS’s financial position or results of their operations.

14. COVID-19

In early 2020, the emergence of the COVID-19 Coronavirus pandemic has led to significant disruption in the not-for-profit industry. For the year ended June 30, 2021 and 2020, NDSS has had to change in-person events to virtual events. NDSS is monitoring this evolving situation closely and evaluating its potential implications. As of the date of this report, it is uncertain what impact, if any, the disruption may have on the future operations of NDSS.

15. Subsequent Events

NDSS has evaluated subsequent events through November 18, 2021, the date the financial statements were available to be issued. All subsequent events requiring recognition or disclosure have been included in these financial statements.

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