

WeiserMazars LLP

**National Down
Syndrome Society**
Financial Statements
March 31, 2015 and 2014



National Down Syndrome Society

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March 31, 2015 and 2014

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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 of the statement of financial position as of March 31, 2015, 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 March 31, 2015 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 2014 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated October 23, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Weiser Mazars LLP

August 10, 2015

National Down Syndrome Society
Statements of Financial Position
March 31, 2015 and 2014
(With Summarized Comparative Information for 2014)

	<u>2015</u>	<u>2014</u>
Assets		
Cash and cash equivalents	\$ 275,644	\$ 228,437
Contributions receivable, net	79,350	54,880
Investments, at fair value	3,346,652	3,520,701
Accrued interest receivable	2,513	2,313
Prepaid expenses and other assets	67,760	48,870
Property and equipment, net	<u>279,975</u>	<u>336,443</u>
 Total assets	 <u><u>\$ 4,051,894</u></u>	 <u><u>\$ 4,191,644</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 157,686	\$ 170,134
Other liabilities	<u>19,964</u>	<u>27,908</u>
 Total liabilities	 <u>177,650</u>	 <u>198,042</u>
 Net Assets		
Unrestricted	2,298,828	2,532,714
Temporarily restricted	501,975	387,447
Permanently restricted	<u>1,073,441</u>	<u>1,073,441</u>
 Total net assets	 <u>3,874,244</u>	 <u>3,993,602</u>
 Total liabilities and net assets	 <u><u>\$ 4,051,894</u></u>	 <u><u>\$ 4,191,644</u></u>

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

National Down Syndrome Society
Statements of Activities
Years Ended March 31, 2015 and 2014
(With Summarized Comparative Information for 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				<u>2015</u>	<u>2014</u>
Revenue and Other Support					
Contributions	\$ 890,979	\$ 86,188	\$ -	\$ 977,167	\$ 869,710
National Buddy Walk	-	475,979	-	475,979	472,554
In-kind contributions	104,649	13,186	-	117,835	171,223
Special events	\$ 871,248	-	-	-	-
Less: direct benefit costs	<u>(469,931)</u>	249,976	151,341	401,317	503,706
Rental income	85,049	-	-	-	-
Less: related occupancy expenses	<u>(22,634)</u>	62,415	-	62,415	60,848
Booklets, films and educational materials	9,686	-	-	9,686	7,724
Conference income	-	-	-	-	17,060
Miscellaneous income	9,906	-	-	9,906	3,620
Net assets released from restrictions	<u>691,616</u>	<u>(691,616)</u>	-	-	-
Total revenues and other support	<u>2,019,227</u>	<u>35,078</u>	<u>-</u>	<u>2,054,305</u>	<u>2,106,445</u>
Expenses					
Program services					
Public policy	447,513	-	-	447,513	528,446
Public awareness	409,406	-	-	409,406	297,577
Buddy Walks	426,143	-	-	426,143	447,527
Community relations	516,217	-	-	516,217	563,203
Total program services	<u>1,799,279</u>	<u>-</u>	<u>-</u>	<u>1,799,279</u>	<u>1,836,753</u>
Support services					
Management and general	224,234	-	-	224,234	273,325
Fund raising	<u>346,519</u>	<u>-</u>	<u>-</u>	<u>346,519</u>	<u>293,810</u>
Total supporting services	<u>570,753</u>	<u>-</u>	<u>-</u>	<u>570,753</u>	<u>567,135</u>
Total expenses	<u>2,370,032</u>	<u>-</u>	<u>-</u>	<u>2,370,032</u>	<u>2,403,888</u>
Change in net assets before investment income	(350,805)	35,078	-	(315,727)	(297,443)
Investment income	<u>116,919</u>	<u>79,450</u>	<u>-</u>	<u>196,369</u>	<u>364,493</u>
Change in net assets	<u>(233,886)</u>	<u>114,528</u>	<u>-</u>	<u>(119,358)</u>	<u>67,050</u>
Net assets, beginning of year	<u>2,532,714</u>	<u>387,447</u>	<u>1,073,441</u>	<u>3,993,602</u>	<u>3,926,552</u>
Net assets, end of year	<u>\$ 2,298,828</u>	<u>\$ 501,975</u>	<u>\$ 1,073,441</u>	<u>\$ 3,874,244</u>	<u>\$ 3,993,602</u>

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

National Down Syndrome Society

Statements of Functional Expenses

Years Ended March 31, 2015 and 2014

(With Summarized Comparative Information for 2014)

	Program Services				Supporting Services		Total	
	Public Policy	Public Awareness	Buddy Walks	Community Relations	Management and General	Fund Raising	2015	2014
Salaries	\$ 177,501	\$ 207,181	\$ 242,141	\$ 209,009	\$ 127,609	\$ 135,800	\$ 1,099,241	\$ 1,106,846
Payroll taxes and employee benefits	25,525	40,533	41,136	35,534	18,159	19,122	180,009	169,948
Total personnel costs	203,026	247,714	283,277	244,543	145,768	154,922	1,279,250	1,276,794
Printing publication and films, media space	2,592	11,511	15,320	53,943	379	26,696	110,441	127,156
Website	-	33,799	390	-	-	17,698	51,887	36,740
Grants and awards	19,064	-	-	32,500	-	-	51,564	116,495
Affiliate support	-	-	90	14,304	-	-	14,394	35,160
Consultants	105,133	17,778	37,662	8,538	4,233	14,137	187,481	104,471
Professional fees	5,393	6,451	7,540	6,508	33,327	3,647	62,866	63,813
Travel, meetings and related expenses	46,516	15,026	24,572	75,397	5,662	26,985	194,158	104,687
Conferences	7,229	837	978	7,532	513	473	17,562	74,128
Equipment leasing	901	1,826	1,668	1,441	619	748	7,203	8,535
Supplies	1,080	2,782	1,107	2,530	883	1,708	10,090	22,432
Computer and technology	6,628	8,591	4,537	6,519	3,608	6,333	36,216	62,919
Direct mail	-	-	-	-	-	12,208	12,208	11,670
Postage and delivery	652	1,815	9,255	10,181	906	14,365	37,174	39,592
Telephone and internet	3,434	8,080	5,606	5,496	2,192	2,362	27,170	25,965
Occupancy charges	15,846	23,484	9,844	17,698	23,710	8,193	98,775	95,782
Repairs and service contracts	694	3,872	2,115	3,210	6,464	2,045	18,400	25,246
Insurance	601	1,217	2,611	960	2,744	2,699	10,832	10,648
Bank and credit card fees	-	-	-	-	7,204	32,589	39,793	40,948
Dues and subscriptions	8,611	985	686	2,628	255	2,308	15,473	10,010
Employee recruitment	-	-	-	-	105	-	105	32,678
Miscellaneous	12,312	7,831	4,450	9,811	2,940	9,924	47,268	29,258
Depreciation and amortization	7,801	15,807	14,435	12,478	5,356	6,479	62,356	72,265
Total	447,513	409,406	426,143	516,217	246,868	346,519	2,392,666	2,427,392
Less: related occupancy expenses	-	-	-	-	(22,634)	-	(22,634)	(23,504)
Total expenses	\$ 447,513	\$ 409,406	\$ 426,143	\$ 516,217	\$ 224,234	\$ 346,519	\$ 2,370,032	\$ 2,403,888

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

National Down Syndrome Society
Statements of Cash Flows
Years Ended March 31, 2015 and 2014
(With Summarized Comparative Information for 2014)

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets	\$ (119,358)	\$ 67,050
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	62,356	72,265
Net realized and unrealized gain on investments	(73,318)	(266,246)
(Decrease) increase in cash resulting from changes in operating assets and liabilities:		
Contributions receivable	(24,470)	18,048
Accrued interest receivable	(200)	857
Prepaid expenses and other assets	(18,890)	25,375
Accounts payable and accrued expenses	(12,448)	(91,617)
Other liabilities	(7,944)	(4,000)
Net cash used in operating activities	<u>(194,272)</u>	<u>(178,268)</u>
Cash flows from investing activities		
Purchases of investments	(1,562,756)	(1,824,680)
Proceeds from sales of investments	1,810,123	1,890,353
Purchases of property and equipment	(5,888)	(6,306)
Net cash provided by investing activities	<u>241,479</u>	<u>59,367</u>
Net increase (decrease) in cash and cash equivalents	47,207	(118,901)
Cash and cash equivalents		
Beginning	228,437	347,338
Ending	<u>\$ 275,644</u>	<u>\$ 228,437</u>

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

National Down Syndrome Society

Notes to Financial Statements

Years Ended March 31, 2015 and 2014

1. Nature of Organization

Business Description

The National Down Syndrome Society (“NDSS”) was incorporated as a Delaware non-profit corporation in June 1979. The mission of the National Down Syndrome Society is to be the national advocate for the value, acceptance and inclusion of people with Down syndrome.

The National Down Syndrome Society 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.

To fulfill this mission and further this vision, NDSS focuses on four areas of programming:

- The National Policy Center creates systemic change through legislative advocacy
- The National Buddy Walk® Program honors and celebrates individuals in their communities
- Public awareness initiatives bring new and positive presentations of Down syndrome to the public
- Community support programs provide comprehensive and accurate information and resources on Down syndrome

The Internal Revenue Service has determined that NDSS is exempt from Federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code and is classified as a publicly-supported organization as described in Section 509 (a)(1) of the Internal Revenue Code.

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.

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. NDSS is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Contributions

NDSS reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from 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.

National Down Syndrome Society

Notes to Financial Statements

Years Ended March 31, 2015 and 2014

Investments

Investments are valued at fair value, which is the prevailing market value; unrealized gains and losses are included 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 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. NDSS did not capitalize any website development costs during 2015 and 2014.

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. Amortization of the discounts is included in contribution revenue. 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 March 31, 2015, all contributions receivable are expected to be collected within one year.

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.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services.

Income Taxes

NDSS is no longer subject to federal and state tax examinations by the respective taxing authorities for years prior to 2012.

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
Notes to Financial Statements
Years Ended March 31, 2015 and 2014

	Fair Value Measurements at March 31, 2015			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Money Markets	\$ 136,313	\$ 136,313	\$ -	\$ -
Mutual Funds - Fixed Income	1,125,086	1,125,086		
Common Stocks (a)	671,210	671,210	-	-
Mutual Funds - Equities (b)	1,247,247	1,247,247	-	-
Mutual Funds - REITs	109,819	109,819		
Public REIT's	9,340	9,340	-	-
Mutual Funds - commodities	47,637	47,637	-	-
	<u>\$ 3,346,652</u>	<u>\$ 3,346,652</u>	<u>\$ -</u>	<u>\$ -</u>

- (a) Common Stocks are comprised mainly in the following sectors: Consumer Discretionary, Health Care and Information Technology
- (b) Mutual Funds - Equities are primarily comprised of U.S. Large Cap, Mid Cap and International Developed Funds

	Fair Value Measurements at March 31, 2014			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Money Markets	\$ 106,207	\$ 106,207	\$ -	\$ -
Mutual Funds - Fixed Income	1,158,153	1,158,153		
Common Stocks (a)	705,850	705,850	-	-
Mutual Funds - Equities (b)	1,375,947	1,375,947	-	-
Mutual Funds - REITs	96,944	96,944		
Public REIT's	4,486	4,486	-	-
Mutual Funds - commodities	73,114	73,114	-	-
	<u>\$ 3,520,701</u>	<u>\$ 3,520,701</u>	<u>\$ -</u>	<u>\$ -</u>

- (a) Common Stocks are comprised mainly in the following sectors: Consumer Discretionary, Health Care and Information Technology
- (b) Mutual Funds - Equities are primarily comprised of U.S. Large Cap and Mid Cap Funds

National Down Syndrome Society

Notes to Financial Statements

Years Ended March 31, 2015 and 2014

Comparative Financial Information

The 2014 financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the NDSS's financial statements for the year ended March 31, 2014, from which the information was derived.

3. Investments

Investments consist of the following:

	2015		2014	
	Cost	Fair Value	Cost	Fair Value
Cash equivalents	\$ 136,313	\$ 136,313	\$ 106,207	\$ 106,207
Equities - common stocks and mutual funds	1,600,934	1,918,457	1,601,916	2,081,797
Mutual funds - fixed income	1,127,768	1,125,086	1,174,242	1,158,153
Mutual Funds - REITs	98,174	109,819	96,845	96,944
Public REIT's	7,865	9,340	3,990	4,486
Mutual funds - commodities	65,138	47,637	81,310	73,114
	<u>\$ 3,036,192</u>	<u>\$ 3,346,652</u>	<u>\$ 3,064,510</u>	<u>\$ 3,520,701</u>

As of March 31, 2015 and 2014, there were no concentrations of NDSS's investments in excess of 10% of the fair value of its portfolio.

Investment income includes the following:

	2015	2014
Interest and dividends	\$ 144,948	\$ 116,638
Unrealized gain	(145,734)	97,068
Realized gain	219,052	169,178
Investment fees	(21,897)	(18,391)
	<u>\$ 196,369</u>	<u>\$ 364,493</u>

National Down Syndrome Society
Notes to Financial Statements
Years Ended March 31, 2015 and 2014

4. Property and Equipment, Net

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

	<u>2015</u>	<u>2014</u>	<u>Depreciation/ Amortization Period</u>
Office condominium	\$ 350,796	\$ 350,796	10 years
Office condominium improvements	277,892	276,704	10 years
Furniture, fixtures and equipment	25,657	24,656	5 years
Computer software/website	<u>327,896</u>	<u>338,137</u>	3-5 years
	982,241	990,293	
Less: accumulated depreciation and amortization	<u>(702,266)</u>	<u>(653,850)</u>	
	<u><u>\$ 279,975</u></u>	<u><u>\$ 336,443</u></u>	

Depreciation and amortization amounted to approximately \$62,000 and \$72,000 for the years ended March 31, 2015 and 2014, respectively.

5. Temporarily Restricted Net Assets

Temporarily restricted net assets at March 31, 2015 and 2014 are available for the following purposes or periods:

	<u>2015</u>	<u>2014</u>
Endowment Funds:		
Hamilton Testamentary Trust	\$ 148,755	\$ 127,989
Weaver Fund	4,104	3,109
Total Endowment Funds	<u>152,859</u>	<u>131,098</u>
O'Neil - Tabani Scholarship Program	154,362	167,964
Research - Innovation and Discovery Fund	122,106	85,385
Research - General	3,000	3,000
Stephen Beck Memorial Fund	19,585	
Government Affairs Committee	15,563	
Time Restrictions	<u>34,500</u>	
	<u><u>\$ 501,975</u></u>	<u><u>\$ 387,447</u></u>

National Down Syndrome Society
Notes to Financial Statements
Years Ended March 31, 2015 and 2014

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the following temporarily restricted purposes:

	<u>2015</u>	<u>2014</u>
National Policy Center	\$ 333,781	\$ 323,345
National Buddy Walks	157,256	156,173
Post Secondary Education	-	7,035
Research Innovation and Discovery Fund	52,165	-
Research	50,000	51,000
O'Neil - Tabani Scholarship Program	22,791	24,828
NYC Buddy Walk	13,686	14,488
Printed Materials	-	1,000
Hamilton Testamentary Trust	48,500	57,410
Weaver Fund - Conference Scholarships	-	1,050
Government Affairs Committee	13,437	-
	<u>\$ 691,616</u>	<u>\$ 636,329</u>

6. Permanently Restricted Net Assets

Permanently restricted net assets are restricted to investments in perpetuity, the income from which is available for the following purposes at March 31:

	<u>2015</u>	<u>2014</u>
Hamilton Testamentary Trust (1)	\$ 1,052,625	\$ 1,052,625
William B. Weaver Conference Scholarship Fund	<u>20,816</u>	<u>20,816</u>
	<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.

National Down Syndrome Society

Notes to Financial Statements

Years Ended March 31, 2015 and 2014

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 as permanently restricted net assets (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 March 31, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 152,859	\$ 1,073,441	\$ 1,226,300

National Down Syndrome Society
Notes to Financial Statements
Years Ended March 31, 2015 and 2014

Changes in Endowment Net Assets for the Year Ended March 31, 2015:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Endowment net assets, beginning of year	\$ 131,098	\$ 1,073,441
Investment return:		
Interest and dividends	74,289	-
Net appreciation (realized and unrealized)	1,743	-
Investment fees	(5,771)	-
Total investments return	<u>70,261</u>	<u>-</u>
Appropriation in 2014 expended in 2015	-	
Appropriation of endowment expenditure	(49,550)	-
Appropriated amounts not expended during 2015	<u>1,050</u>	<u>-</u>
Net appropriations	<u>(48,500)</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 152,859</u>	<u>\$ 1,073,441</u>

Changes in Endowment Net Assets for the Year Ended March 31, 2014:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Endowment net assets, beginning of year	\$ 47,756	\$ 1,073,441
Investment return:		
Interest and dividends	40,243	-
Net appreciation (realized and unrealized)	106,780	-
Investment fees	(5,220)	-
Total investments return	<u>141,803</u>	<u>-</u>
Appropriation in 2013 expended in 2014	(9,411)	-
Appropriation of endowment expenditure	(49,050)	-
Net appropriations	<u>(58,461)</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 131,098</u>	<u>\$ 1,073,441</u>

National Down Syndrome Society

Notes to Financial Statements

Years Ended March 31, 2015 and 2014

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 percent 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 4.5% 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' 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.

7. Pension

NDSS established a non-contributory defined contribution profit sharing plan covering all eligible employees. The pension expense for the years ended March 31, 2015 and 2014 was \$11,075 and \$0-, respectively.

8. Rental Revenue

NDSS owns the condominium unit that its office occupies and rents unused office space in the condominium to two other not-for-profit organizations.

NDSS has two leases expiring through September 30, 2017. The following is a schedule, by year, of total approximate minimum lease payments receivable from its tenants as of March 31, 2015:

Years Ending March 31,

2016	\$	81,142
2017		54,575
2018		8,100
		<hr/>
	\$	143,817
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9. Subsequent Events

NDSS has evaluated subsequent events through August 10, 2015, the date the financial statements were available to be issued.

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