

**National Down
Syndrome Society**
Financial Statements
Three Month Period Ended June 30, 2019



National Down Syndrome Society

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Three Month Period Ended June 30, 2019

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Independent Accountants' Review Report

Board of Directors
National Down Syndrome Society

We have reviewed the accompanying financial statements of National Down Syndrome Society, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the three month period then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Mazars USA LLP

December 18, 2019

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National Down Syndrome Society
(See Independent Accountants' Review Report)

Statement of Financial Position
June 30, 2019

Assets

Cash and cash equivalents	\$ 600,866
Contributions receivable	97,241
Investments, at fair value	10,648,819
Prepaid expenses and other assets	161,026
Property and equipment, net	<u>36,384</u>
Total assets	<u><u>\$ 11,544,336</u></u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 168,704
Deferred rent	104,085
Deferred revenue	<u>97,740</u>
Total liabilities	<u>370,529</u>

Net Assets

Without donor restrictions:	
Undesignated	2,630,701
Designated by the Board for endowment	<u>7,031,145</u>
	9,661,846
With donor restrictions:	
Time and purpose restrictions	438,520
Endowment fund	<u>1,073,441</u>
Total net assets	<u>11,173,807</u>
Total liabilities and net assets	<u><u>\$ 11,544,336</u></u>

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

National Down Syndrome Society
(See Independent Accountants' Review Report)

Statement of Activities

Three Month Period Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions		Total
		Program and Time Restrictions	Endowment Funds	
Revenue and Other Support				
Contributions	\$ 346,179	\$ 3,000	\$ -	\$ 349,179
National Buddy Walk	-	36,233	-	36,233
In-kind contributions	8,758	-	-	8,758
Miscellaneous income	4,661	-	-	4,661
Net assets released from restrictions	64,233	(64,233)	-	-
Total revenue and other support	423,831	(25,000)	-	398,831
Expenses				
Program services				
Public policy	135,782	-	-	135,782
Public awareness	107,801	-	-	107,801
Buddy Walks	50,783	-	-	50,783
Community relations	450,562	-	-	450,562
Total program services	744,928	-	-	744,928
Support services				
Management and general	59,930	-	-	59,930
Fundraising	109,949	-	-	109,949
Total supporting services	169,879	-	-	169,879
Total expenses	914,807	-	-	914,807
Change in net assets before investment income	(490,976)	(25,000)	-	(515,976)
Investment income	294,131	45,457	-	339,588
Change in net assets	(196,845)	20,457	-	(176,388)
Net assets, beginning of year	9,858,691	418,063	1,073,441	11,350,195
Net assets, end of year	\$ 9,661,846	\$ 438,520	\$ 1,073,441	\$ 11,173,807

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

National Down Syndrome Society
(See Independent Accountants' Review Report)

Statement of Functional Expenses
Three Month Period Ended June 30, 2019

	Program Services					Supporting Services		Total
	Public Policy	Public Awareness	Buddy Walks	Community Relations	Total	Management and General	Fundraising	June 30, 2019
Salaries	\$ 51,293	\$ 62,530	\$ 27,319	\$ 71,870	\$ 213,012	\$ 13,860	\$ 22,849	\$ 249,721
Payroll taxes and employee benefits	9,032	11,009	4,810	12,654	37,505	2,441	4,025	43,971
Total personnel costs	60,325	73,539	32,129	84,524	250,517	16,301	26,874	293,692
Printing publication and films	684	172	601	60,130	61,587	717	7,664	69,968
Website	328	327	327	377	1,359	2,075	1,824	5,258
Grants and awards	-	-	-	5,621	5,621	-	-	5,621
Consultants	34,917	6,250	2,100	11,500	54,767	5,464	30,850	91,081
Professional fees	5,179	5,179	5,179	5,179	20,716	26,233	5,179	52,128
Travel and meetings	17,004	1,559	685	30,962	50,210	1,818	11,922	63,950
Conferences	-	-	-	182,358	182,358	-	171	182,529
Equipment leasing	518	632	276	726	2,152	140	231	2,523
Supplies	689	821	359	3,203	5,072	181	598	5,851
Computer and technology	-	-	-	-	-	765	9,515	10,280
Postage and delivery	396	420	730	5,444	6,990	92	1,646	8,728
Telephone and internet	2,183	2,374	1,176	3,278	9,011	526	1,229	10,766
Occupancy charges	9,711	11,839	5,172	13,607	40,329	2,624	4,326	47,279
Repairs and service contracts	210	256	112	294	872	56	94	1,022
Insurance	191	233	102	268	794	1,016	85	1,895
Bank and credit card fees	-	-	-	220	220	879	4,052	5,151
Dues and subscriptions	1,428	1,740	760	2,000	5,928	386	636	6,950
Miscellaneous	594	723	316	38,875	40,508	272	2,418	43,198
Depreciation and amortization	1,425	1,737	759	1,996	5,917	385	635	6,937
Total expenses	\$ 135,782	\$ 107,801	\$ 50,783	\$ 450,562	\$ 744,928	\$ 59,930	\$ 109,949	\$ 914,807

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

National Down Syndrome Society
(See Independent Accountants' Review Report)

Statement of Cash Flows

Three Month Period Ended June 30, 2019

Cash flows from operating activities	
Change in net assets	\$ (176,388)
Adjustments to reconcile change in net assets to net cash and cash equivalents used in operating activities:	
Depreciation and amortization	6,937
Net realized and unrealized gain on investments	(274,471)
(Decrease) increase in cash resulting from changes in operating assets and liabilities:	
Contributions receivable	101,355
Prepaid expenses and other assets	(27,785)
Accounts payable and accrued expenses	(227,800)
Deferred revenue	35,093
Deferred rent	(1,544)
Net cash used in operating activities	<u>(564,603)</u>
Cash flows from investing activities	
Purchases of investments	(7,089,153)
Proceeds from sales of investments	<u>7,674,036</u>
Net cash provided by investing activities	<u>584,883</u>
Net increase in cash and cash equivalents	20,280
Cash and cash equivalents	
Beginning	<u>580,586</u>
Ending	<u>\$ 600,866</u>

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

Notes to Financial Statements
Three Month Period Ended June 30, 2019

1. Nature of Organization

Business Description

The National Down Syndrome Society ("NDSS") was established as an incorporated Delaware-based nonprofit organization in June 1979. The mission of NDSS is to be 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.

To fulfill their mission and further this vision, NDSS provides the following state-of-the-art programming areas:

- **THE NDSS NATIONAL HEALTH PROMOTION AND RESOURCES PROGRAM**
The NDSS National Health Promotion and Resources Program promotes health and wellness throughout the Down syndrome community and features the National Buddy Walk® Program, Athlete Ambassador Team, Premier Charity Racing Teams and Our Healthy Community initiative. The National Buddy Walk® Program is the world's most widely recognized public awareness program for the Down syndrome community and includes more than 230 walks across the US and internationally.
- **INCLUSIVE EDUCATION PROGRAM**
NDSS' Inclusive Education Program works alongside families, school districts, and policy makers to ensure that every student with Down syndrome is educated in an inclusive environment. While no two students are alike in skills and talents, each and every student has the right to be a fully accepted and active member of their school participating along with their peers without disabilities in all the activities, instructional and non-instructional, matching their talents with appropriate supports to help them reach their full potential.
- **#DSWORKS® EMPLOYMENT PROGRAM**
#DSWORKS® encourages businesses, from Main Street to Wall Street, to invest in hiring individuals with Down syndrome. In addition to employment, NDSS works with our #DSWORKS® Corporate & Strategic partners to create meaningful employment pathways for the Down syndrome community, increasing their bottom line and creating a culture of awareness and inclusion.
- **NDSS NATIONAL BUDDY WALK® PROGRAM**
Since 1995, the Buddy Walk® has been the premier Down syndrome awareness and advocacy peer-to-peer fundraising program in the world. The Buddy Walk® was created by NDSS to promote acceptance and inclusion of people with Down syndrome and to raise funds for local and national initiatives that support people with Down syndrome and their families. The National Buddy Walk® Program will celebrate its 25th Anniversary in 2019 and introduce a rebrand of the entire program.
- **NDSS ATHLETE AMBASSADOR PROGRAM**
Since launching the NDSS Athlete Ambassador Program in 2017, the team has attracted nearly 200 dedicated Athletes. The 2018-2019 Athlete Ambassador team featured individuals who are active in a variety of sports such as running, swimming, cycling, powerlifting, yoga, climbing, and triathlons. Our athletes push themselves in training and competition to be the best they can be while representing and advocating for the Down syndrome community. Whether it's a local 5k or an international Ironman race, our athletes can be found across the globe competing for NDSS.

National Down Syndrome Society **(See Independent Accountants' Review Report)**

This program has allowed NDSS to secure incredible sports-focused partnerships, including Newton Running, Honeystinger, Zensah, Flipbelt, Headsweats, Bombas, Nuun, RunLites, NoxGear, Foxelli Headlamps, Defunkify Detergent, Running Warehouse and Road ID, that have helped make all #TeamNDSS events possible over the past year.

Our Athlete Ambassador Program is growing, and offers various opportunities to foster new partnerships and highlight the success of athletes representing NDSS globally through various sports and activities.

- **NDSS DOWN SYNDROME COMMUNITY OUTREACH & SUPPORT**

NDSS is proud to work with a network of more than 380 local Down syndrome affiliates across the country to provide an array of benefits to help better service the Down syndrome community.

Through our Information and Referral Center, NDSS receives more than 10,000 requests a year for information on Down syndrome. NDSS responds to questions from parents, professionals, self-advocates and other interested individuals. Our toll-free helpline and email service is supported by a translation service that can be accessed in more than 150 languages.

NDSS continues to provide the most up to date information on Down syndrome. NDSS publishes guides and information brochures in both English and Spanish. Our publications provide comprehensive information across the lifespan of individuals with Down syndrome, from birth to end of life.

- **NDSS NATIONAL ADVOCACY & PUBLIC POLICY CENTER**

NDSS' National Advocacy & Public Policy Center, located in Washington, D.C., advocates for Federal, state and local policies that positively impact all people with Down syndrome across the country. Our comprehensive legislative agenda is centered on five important areas across the lifespan: healthcare & research, education, economic self-sufficiency, community integration, and employment. We focus on legislation that would improve the lives of people with Down syndrome. These priorities have been shaped by self-advocates, families, affiliate leaders and others under the direction of the NDSS Board of Directors.

- **NDSS DS-AMBASSADOR® PROGRAM**

Participants in the NDSS DS-AMBASSADOR® Program are volunteer advocates of all abilities committed to taking part in the democratic process and serving as liaisons between NDSS and their congressional delegates. The overarching goal of the NDSS DS-AMBASSADOR® Program is to build long-lasting relationships with U.S. Senators and Representatives to continually raise awareness, educate and advocate for public policy solutions that benefit the Down syndrome community at the federal level. Participants in the program are crucial to the success of NDSS.

The program was revamped at the beginning of 2019 to include a two-year contract and commitment from each NDSS DS-AMBASSADOR® and the program has grown to about 200 participants.

The organization is funded primarily by contributions and special events.

2. Summary of Significant Accounting Policies

Fiscal Year Change

Effective July 1, 2019, NDSS changed from a fiscal year end of March 31 to June 30. A three-month fiscal transition period from April 1, 2019 through June 30, 2019, precedes the start of the new fiscal-year cycle.

National Down Syndrome Society

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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.

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 permanently (perpetual in nature) 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 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. Unrealized gains and losses are included with investment income in the statements of activities.

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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.

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, 2019, 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.

The amount applicable to in-kind contributions is reflected in the financial statements as both support and expenses as follows for the three month period ended June 30, 2019:

	<u>2019</u>
Use of facility	\$ 2,500
Meals	3,000
Academic testing materials	2,758
Other	<u>500</u>
Total in-kind contributions	<u><u>\$ 8,758</u></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.

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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.

	Fair Value Measurements at June 30, 2019			
	Total	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	\$ 4,261,138	\$ 4,261,138	\$ -	\$ -
Mutual Funds - Equities (a)	6,387,681	6,387,681	-	-
	<u>\$ 10,648,819</u>	<u>\$ 10,648,819</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, 2019:

	Cost	Fair Value
Equities - common stocks and mutual funds	\$ 5,960,864	\$ 6,387,681
Mutual funds - fixed income	4,234,575	4,261,138
	<u>\$ 10,195,439</u>	<u>\$ 10,648,819</u>

As of June 30, 2019, 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	36%
Vanguard Total International Stock Index Fund Admiral Shares	24%
Vanguard Total Bond Market Index Fund Admiral Shares	14%
Vanguard Total International Bond Index Fund Admiral Shares	12%

Investment income includes the following for the three month period ended June 30, 2019:

Interest and dividends	\$ 70,462
Unrealized loss	(669,595)
Realized gain	944,066
Investment fees	(5,345)
	<u>\$ 339,588</u>

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4. Property and Equipment, Net

Property and equipment, at cost, consists of the following at June 30, 2019:

		<u>Depreciation/ Amortization Period</u>
Furniture, fixtures and equipment	\$ 28,567	3-5 years
Computer software/website	92,834	3-5 years
	<u>121,401</u>	
Less: accumulated depreciation and amortization	<u>(85,017)</u>	
	<u>\$ 36,384</u>	

Depreciation and amortization amounted to approximately \$7,000 for the three month period ended June 30, 2019.

5. Liquidity and Availability of Resources

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

June 30,	<u>2019</u>
Cash and cash equivalents	\$ 600,866
Contributions receivable	97,241
Investments	<u>10,648,819</u>
Total financial assets available within one year	<u>11,346,926</u>
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Donor-imposed restrictions:	
Endowment funds	(1,073,441)
Restricted by donors with purpose restrictions	<u>(438,520)</u>
Total amounts unavailable for general expenditures within one year	<u>(1,511,961)</u>
Amounts unavailable to management without Board's approval:	
Board designated for capital reserves	<u>(7,031,145)</u>
Total financial assets available to management general expenditures within one year	<u>\$ 2,803,820</u>

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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.

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 \$7,031,145 as of June 30, 2019.

7. Net Assets With Donor Restrictions - Purpose

Net assets with donor restrictions at June 30, 2019 are available for the following purposes or periods:

Endowment Funds:

Hamilton Testamentary Trust	\$ 251,240
Weaver Fund	10,095
Total Endowment Funds	<u>261,335</u>

Time Restrictions	85,000
O'Neill-Tabani Scholarship Program	88,507
Brandon Gruber Scholarship Fund	3,000
Ethan Saylor Memorial Fund	678
	<u>\$ 438,520</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 three month period ended June 30, 2019:

National Buddy Walks	\$ 36,233
Brandon Gruber Scholarship Fund	3,000
Time restrictions	25,000
	<u>\$ 64,233</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, 2019:

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

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Endowment Net Assets by Type of Fund as of June 30, 2019:

	Without Donor Restrictions	With Donor Restriction		Total
		Purpose	Endowment	
Donor-restricted endowment funds	<u>\$ 7,031,145</u>	<u>\$ 261,335</u>	<u>\$ 1,073,441</u>	<u>\$ 8,365,921</u>

Changes in Endowment Net Assets for the Three Month Period Ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	
		Purpose	Endowment
Endowment net assets, beginning of year	<u>\$ 7,019,350</u>	<u>\$ 218,782</u>	<u>\$ 1,073,441</u>
Investment return:			
Interest and dividends	1,928	8,386	-
Net appreciation (realized and unrealized)	9,867	34,784	-
Investment fees	<u>-</u>	<u>(618)</u>	<u>-</u>
Total investments return	<u>11,795</u>	<u>42,552</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 7,031,145</u>	<u>\$ 261,334</u>	<u>\$ 1,073,441</u>

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.

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9. Pension

NDSS established a non-contributory defined contribution profit sharing plan covering all eligible employees. The pension expense for the three month period ended June 30, 2019 was \$6,000.

10. Deferred Revenue

Deferred revenue represents conditional contributions and sponsorships for future events that will occur after June 30, 2019. These conditional contributions and sponsorships will have to be refunded if the events do not occur. Deferred revenue as of June 30, 2019 was \$97,740.

11. Operating Leases

NDSS is under non-cancellable operating leases for office space in Washington D.C. and New York, expiring on June 30, 2020 and April 15, 2026, respectively. Rent expenses under the leases are subject to escalations for increases in electricity and real estate taxes. The Washington D.C. and New York leases contain rent abatements for two months of the first year, and twelve months of the first year, respectively. 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 and in the aggregate are as follows:

<u>Years Ending June 30,</u>	
2020	\$ 164,490
2021	106,488
2022	109,382
2023	112,973
2024	116,362
Thereafter	<u>227,467</u>
	<u>\$ 837,162</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 three month period ended June 30, 2019 was approximately \$41,000.

12. Subsequent Events

NDSS has evaluated subsequent events through December 18, 2019, 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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