

National Down Syndrome Society

Financial Statements
June 30, 2022 and 2021

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Independent Auditors' Report

**Board of Directors
National Down Syndrome Society**

Opinion

We have audited the accompanying financial statements of National Down Syndrome Society, which comprise the statement of financial position as of June 30, 2022 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Down Syndrome Society, as of June 30, 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of National Down Syndrome Society and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about National Down Syndrome Society's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of National Down Syndrome Society's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about National Down Syndrome Society's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited National Down Syndrome Society's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 18, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mazars USA LLP

December 12, 2022

National Down Syndrome Society

Statements of Financial Position

June 30, 2022

(With Summarized Comparative Information for 2021)

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 372,315	\$ 1,331,021
Contributions receivable	41,296	46,490
Investments, at fair value	12,485,685	13,795,485
Prepaid expenses and other assets	158,650	75,052
Property and equipment, net	<u>18,764</u>	<u>16,117</u>
Total assets	<u>\$ 13,076,710</u>	<u>\$ 15,264,165</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 426,769	\$ 179,446
Notes payable - SBA	-	212,805
Deferred rent	75,089	86,264
Contract advances	<u>37,419</u>	<u>67,169</u>
Total liabilities	<u>539,277</u>	<u>545,684</u>
Net Assets		
Without donor restrictions:		
Undesignated	3,192,168	3,726,276
Designated by the Board for endowment	<u>7,842,897</u>	<u>9,192,680</u>
	11,035,065	12,918,956
With donor restrictions:		
Time and purpose restrictions	428,927	726,084
Endowment fund	<u>1,073,441</u>	<u>1,073,441</u>
	1,502,368	1,799,525
Total net assets	<u>12,537,433</u>	<u>14,718,481</u>
Total liabilities and net assets	<u>\$ 13,076,710</u>	<u>\$ 15,264,165</u>

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

National Down Syndrome Society

Statements of Activities

Year Ended June 30, 2022

(With Summarized Comparative Information for 2021)

	Without Donor Restrictions	With Donor Restrictions		Total	
		Program and Time Restrictions	Endowment Funds	2022	2021
Revenue and Other Support					
Contributions	\$ 2,222,829	\$ 214,442	\$ -	\$ 2,437,271	\$ 2,119,722
National Buddy Walk	169,793	-	-	169,793	15,267
In-kind contributions	245,206	-	-	245,206	210,118
Special events	\$ 651,412				
Less: direct benefit costs	<u>(262,379)</u>				
Note payable forgiveness	212,805	-	-	212,805	219,087
Miscellaneous income	18,629	-	-	18,629	15,470
Net assets released from restrictions	275,991	<u>(275,991)</u>	-	-	-
Total revenue and other support	<u>3,534,286</u>	<u>(61,549)</u>	<u>-</u>	<u>3,472,737</u>	<u>2,995,595</u>
Expenses					
Program services					
Policy and advocacy	678,784	-	-	678,784	683,442
Resources and support	784,583	-	-	784,583	521,986
Community engagement	<u>1,172,413</u>	<u>-</u>	<u>-</u>	<u>1,172,413</u>	<u>959,854</u>
Total program services	<u>2,635,780</u>	<u>-</u>	<u>-</u>	<u>2,635,780</u>	<u>2,165,282</u>
Support services					
Management and general	455,278	-	-	455,278	285,622
Fundraising	<u>428,745</u>	<u>-</u>	<u>-</u>	<u>428,745</u>	<u>309,460</u>
Total supporting services	<u>884,023</u>	<u>-</u>	<u>-</u>	<u>884,023</u>	<u>595,082</u>
Total expenses	<u>3,519,803</u>	<u>-</u>	<u>-</u>	<u>3,519,803</u>	<u>2,760,364</u>
Change in net assets before investment income	14,483	(61,549)		(47,066)	235,231
Investment (loss) income, net	<u>(1,898,374)</u>	<u>(235,608)</u>	<u>-</u>	<u>(2,133,982)</u>	<u>2,739,690</u>
Change in net assets	<u>(1,883,891)</u>	<u>(297,157)</u>	<u>-</u>	<u>(2,181,048)</u>	<u>2,974,921</u>
Net assets, beginning of year	<u>12,918,956</u>	<u>726,084</u>	<u>1,073,441</u>	<u>14,718,481</u>	<u>11,743,560</u>
Net assets, end of year	<u>\$ 11,035,065</u>	<u>\$ 428,927</u>	<u>\$ 1,073,441</u>	<u>\$ 12,537,433</u>	<u>\$ 14,718,481</u>

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

National Down Syndrome Society

Statements of Functional Expenses Year Ended June 30, 2022

(With Summarized Comparative Information for 2021)

	Program Services			Supporting Services			Total
	Policy and Advocacy	Resources and Support	Community Engagement	Management and General	Fundraising	Direct Expenses of Special Events	
Salaries	\$ 349,087	\$ 353,955	\$ 423,431	\$ 84,132	\$ 120,197	\$ -	\$ 1,330,802
Payroll taxes and employee benefits	57,390	58,189	69,614	13,432	17,695	-	216,320
Total personnel costs	406,477	412,144	493,045	97,564	137,892	-	1,547,122
Printing publication and films	32,374	57,860	161,302	15,462	62,336	-	329,334
Website	11,497	17,164	30,372	5,543	2,431	-	67,007
Grants and awards	6,873	40,688	12,824	1,642	938	-	62,965
Affiliate support	5,642	6,992	13,967	767	800	-	28,168
Consultants	55,037	41,448	110,105	21,254	71,870	-	299,714
Professional fees	32,732	29,994	30,665	253,212	30,397	-	377,000
Travel and meetings	24,673	38,429	73,298	19,094	26,205	-	181,699
Conferences	18,494	50,051	60,046	5,769	4,636	-	138,996
Team NDSS Race entrees and food	-	-	50,298	-	9,410	-	59,708
Facilities and food costs	-	-	-	-	-	213,758	213,758
Donated goods, supplies and services	-	-	-	-	-	48,621	48,621
Equipment leasing	1,171	1,187	1,421	274	361	-	4,414
Supplies	972	1,381	10,747	1,979	9,007	-	24,086
Computer and technology	5,742	5,823	6,965	1,344	1,771	-	21,645
Postage and delivery	906	7,245	7,245	2,194	906	-	18,496
Telephone and internet	4,681	4,681	4,681	4,681	4,681	-	23,405
Occupancy charges	33,438	33,904	40,559	7,828	10,310	-	126,039
Repairs and service contracts	7,576	7,682	9,189	1,774	2,336	-	28,557
Insurance	1,258	1,258	1,258	3,354	1,258	-	8,386
Bank and credit card fees	4,880	4,880	9,761	1,845	29,282	-	50,648
Dues and subscriptions	15,650	3,912	9,191	4,661	9,435	-	42,849
Miscellaneous	6,853	15,976	33,222	4,602	11,910	-	72,563
Depreciation and amortization	1,858	1,884	2,252	435	573	-	7,002
Total	678,784	784,583	1,172,413	455,278	428,745	262,379	3,782,182
Less: Special events	-	-	-	-	-	(262,379)	(262,379)
Total expenses	\$ 678,784	\$ 784,583	\$ 1,172,413	\$ 455,278	\$ 428,745	\$ -	\$ 3,519,803
							\$ 1,100,413
							161,336
							1,261,749
							162,328
							51,730
							92,618
							3,500
							500,669
							264,495
							21,352
							16,466
							17,840
							78,473
							62,472
							7,793
							22,248
							33,212
							13,618
							24,675
							123,126
							4,507
							7,833
							36,381
							50,211
							35,280
							8,733

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

National Down Syndrome Society

Statements of Cash Flows

Year Ended June 30, 2022

(With Summarized Comparative Information for 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ (2,181,048)	\$ 2,974,921
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Note payable - SBA forgiveness	(212,805)	(219,087)
Depreciation and amortization	7,002	8,733
Net realized and unrealized loss (gain) on investments	2,440,325	(2,490,631)
Deferred rent	(11,175)	(7,981)
Increase (decrease) in cash resulting from changes in operating assets and liabilities:		
Contributions receivable	5,194	1,225
Prepaid expenses and other assets	(83,598)	71,745
Accounts payable and accrued expenses	247,323	7,418
Deferred revenue	<u>(29,750)</u>	<u>(101,114)</u>
Net cash provided by operating activities	<u>181,468</u>	<u>245,229</u>
Cash flows from investing activities		
Purchases of investments	(30,525)	(299,564)
Proceeds from sales of investments	(1,100,000)	72,326
Purchases of property and equipment	<u>(9,649)</u>	<u>(9,588)</u>
Net cash used in investing activities	<u>(1,140,174)</u>	<u>(236,826)</u>
Cash flows provided by financing activities		
Proceeds from notes payable - SBA	<u>-</u>	<u>212,805</u>
Net (decrease) increase in cash and cash equivalents	(958,706)	221,208
Cash and cash equivalents		
Beginning	<u>1,331,021</u>	<u>1,109,813</u>
Ending	<u>\$ 372,315</u>	<u>\$ 1,331,021</u>

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

National Down Syndrome Society

Notes to Financial Statements Years Ended June 30, 2022 and 2021

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.

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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.

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.

National Down Syndrome Society

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.

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, 2022 and 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.

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.

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.

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	Total	Fair Value Measurements at June 30, 2022		
		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	\$ 4,271,496	\$ 4,271,496	\$ -	\$ -
Mutual Funds - Equities (a)	8,214,189	8,214,189	-	-
	<u>\$ 12,485,685</u>	<u>\$ 12,485,685</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, 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

3. Investments

Investments consist of the following at June 30, 2022 and 2021:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Mutual funds - equities	\$ 6,874,268	\$ 8,214,189	\$ 6,223,586	\$ 9,360,972
Mutual funds - fixed income	4,850,929	4,271,496	4,369,780	4,434,513
	<u>\$ 11,725,197</u>	<u>\$ 12,485,685</u>	<u>\$ 10,593,366</u>	<u>\$ 13,795,485</u>

As of June 30, 2022, 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	40%
Vanguard Total International Stock Index Fund Admiral Shares	25%
Vanguard Total Bond Market Index Fund Admiral Shares	12%

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

	2022	2021
Interest and dividends	\$ 334,952	\$ 272,256
Unrealized gains	(2,441,631)	2,177,525
Realized gain	1,306	313,106
Investment fees	(28,609)	(23,197)
	<u>\$ (2,133,982)</u>	<u>\$ 2,739,690</u>

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4. Property and Equipment, Net

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

	<u>2022</u>	<u>2021</u>	<u>Depreciation/ Amortization Period</u>
Furniture, fixtures and equipment	\$ 8,934	\$ 9,820	3-5 years
Computer software/website	<u>20,308</u>	<u>72,917</u>	3-5 years
	29,242	82,737	
Less: accumulated depreciation and amortization	<u>(10,478)</u>	<u>(66,620)</u>	
	<u>\$ 18,764</u>	<u>\$ 16,117</u>	

Depreciation and amortization amounted to approximately \$7,000 and \$9,000 for the years ended June 30, 2022 and 2021, 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,	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 372,315	\$ 1,331,021
Contributions receivable	41,296	46,490
Investments	<u>12,485,685</u>	<u>13,795,485</u>
Total Financial assets available within one year	<u>12,899,296</u>	<u>15,172,996</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>(428,927)</u>	<u>(726,084)</u>
Total amounts unavailable for general expenditures within one year	<u>(1,502,368)</u>	<u>(1,799,525)</u>
Amounts unavailable to management without Boards approval:		
Board designated for capital reserves	<u>(7,842,897)</u>	<u>(9,192,680)</u>
Total financial assets available to management general expenditures within one year	<u>\$ 3,554,031</u>	<u>\$ 4,180,791</u>

National Down Syndrome Society

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 \$7,842,897 and \$9,192,680 as of as of June 30, 2022 and 2021, respectively.

7. Net Assets With Donor Restrictions – Time and Purpose

Net assets with donor restrictions at June 30, 2022 and 2021 are available for the following purposes or periods:

	<u>2022</u>	<u>2021</u>
Endowment Funds:		
Hamilton Testamentary Trust	\$ 268,325	\$ 541,053
Weaver Fund	15,708	20,935
Total Endowment Funds	<u>284,033</u>	<u>561,988</u>
O'Neill - Tabani Scholarship Program	73,939	107,291
Entrepreneurship Fund	20,000	30,000
CEO Commission	50,777	-
Vaccine Access Fund	-	23,888
DS Works Program	-	2,239
Ethan Saylor Memorial Fund	178	678
	<u>\$ 428,927</u>	<u>\$ 726,084</u>

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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>2022</u>	<u>2021</u>
CEO Commission	\$ 95,473	\$ -
National Buddy Walks	-	15,267
O'Neill - Tabani Scholarship Program	21,500	21,500
Research Innovation and Discovery Fund	50,000	50,000
Hamilton Testamentary Trust	54,199	50,817
DS Works Program	14,455	1,205
Entrepreneurship Fund	10,000	5,000
Vaccine Access Fund	29,864	11,112
Ethan Saylor Memorial Fund	500	-
	<u>\$ 275,991</u>	<u>\$ 154,901</u>

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,:

	<u>2022</u>	<u>2021</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.

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8. Endowment Funds – (Continued)

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, 2022:

	Without Donor Restrictions	With Donor Restriction		Total
		Purpose	Endowment	
Endowment funds	<u>\$ 7,842,897</u>	<u>\$ 284,033</u>	<u>\$ 1,073,441</u>	<u>\$ 9,200,371</u>

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

	Without Donor Restrictions	With Donor Restriction		Total
		Purpose	Endowment	
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)

Changes in Endowment Net Assets for the Year Ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	
		Purpose	Endowment
Endowment net assets, beginning of year	\$ 9,192,680	\$ 561,988	\$ 1,073,441
Investment return:			
Interest and dividends	209,556	38,714	-
Net depreciation (realized and unrealized)	(1,540,851)	(259,305)	-
Investment fees	(18,488)	(3,165)	-
Total investments return	(1,349,783)	(223,756)	-
Appropriation of endowment expenditure	-	(54,199)	-
Net appropriations	-	(54,199)	-
Endowment net assets, end of year	\$ 7,842,897	\$ 284,033	\$ 1,073,441

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	\$ 7,359,839	\$ 282,753	\$ 1,073,441
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	1,832,841	330,051	-
Appropriation of endowment expenditure	-	(50,816)	-
Net appropriations	-	(50,816)	-
Endowment net assets, end of year	\$ 9,192,680	\$ 561,988	\$ 1,073,441

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.

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8. Endowment Funds – (Continued)

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 were no contributions to the pension plan for the years ended June 30, 2022 and 2021.

10. Gifts-in-Kind

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, 2022 and 2021:

	2022	2021
Consultation and personnel fees	\$ 64,363	\$ 128,038
Advertising	92,717	-
NYC Times Square video	25,000	17,600
Annual benefit auction items	48,581	44,972
Run for 3.21 gear and supplies	-	16,678
Office supplies	11,963	-
Other	2,582	2,830
Total in-kind contributions	<u>\$ 245,206</u>	<u>\$ 210,118</u>

In-kind services, including consultations and personnel fees, advertising and video production are recognized based on actual charges that would have been incurred had these services not been granted to NDSS. In-kind goods, including auction items, office supplies and other items are valued based on the fair market value of the items at the time of the donation.

11. Contract Advances

Contract advances represent conditional contributions and sponsorships for future events that will occur after June 30, 2022. These conditional contributions and sponsorships will have to be refunded if the events do not occur. Contract advances as of June 30, 2022 and 2021 amounted to \$37,419 and \$67,169, respectively.

12. 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.

13. 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, 2022 and 2021, 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.

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14. Notes Payable

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 notification from the Small Business Administration of their loan forgiveness. The notice confirmed forgiveness of The First PPP Loan in the amount of \$219,087, which is recognized as revenue in the accompanying statement of activities for the year ended June 30, 2021.

On April 19, 2021, NDSS secured a second 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. On December 15, 2021, NDSS received notification from the Small Business Administration of their loan forgiveness. The notice confirmed forgiveness of their second PPP Loan in the amount of \$212,805, which is recognized as revenue in the accompanying statement of activities for the year ended June 30, 2022.

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 has recorded forgiveness of debt for amounts forgiven under the Paycheck Protection Program at the time when such amounts are formally forgiven.

15. Operating Leases

NDSS leases office space under non-cancellable operating leases in New York and Washington D.C., expiring at various dates through 2028. Effective May 16, 2022, NDSS subleased the New York office space for a four-year term expiring May 31, 2026. Rent expenses under the Washington D.C. and New York leases are subject to escalation for increases in electricity and real estate taxes. The New York lease contained rent abatements for twelve months of the first lease year. Future minimum rental payments under these leases net of sublease income, 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>	<u>Minimal Rental Payments</u>	<u>Sublease Income</u>	<u>Net Commitment</u>
2023	\$ 198,014	\$ (51,240)	\$ 146,774
2024	214,425	(75,130)	139,295
2025	253,872	(78,140)	175,732
2026	244,983	(74,250)	170,733
2027	140,804	-	140,804
Thereafter	84,189	-	84,189
	<u>\$ 1,136,287</u>	<u>\$ (278,760)</u>	<u>\$ 857,527</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, 2022 and 2021 was approximately \$118,000 and \$110,000, respectively.

16. Subsequent Events

NDSS has evaluated subsequent events through December 12, 2022, 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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