

**National Down  
Syndrome Society**  
Financial Statements  
June 30, 2020



# National Down Syndrome Society

---

## *Table of Contents*

*June 30, 2020*

	<b>Page(s)</b>
<i>Independent Auditors' Report</i> .....	<i>1</i>
<i>Statement of Financial Position</i> .....	<i>2</i>
<i>Statement of Activities</i> .....	<i>3</i>
<i>Statement of Functional Expenses</i> .....	<i>4</i>
<i>Statement of Cash Flows</i> .....	<i>5</i>
<i>Notes to Financial Statements</i> .....	<i>6-16</i>



## *Independent Auditors' Report*

Board of Directors  
National Down Syndrome Society

We have audited the accompanying financial statements of National Down Syndrome Society, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Down Syndrome Society as of June 30, 2020 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.

*Mazars USA LLP*

November 11, 2020

MAZARS USA LLP  
135 WEST 50TH STREET – NEW YORK, NEW YORK – 10020  
TEL: 212.812.7000 – FAX: 212.375.6888 – WWW.MAZARSUSA.COM

MAZARS USA LLP IS AN INDEPENDENT MEMBER FIRM OF MAZARS GROUP.



# National Down Syndrome Society

---

## *Statement of Financial Position*

*June 30, 2020*

### **Assets**

Cash and cash equivalents	\$ 1,109,813
Contributions receivable	47,715
Investments, at fair value	11,077,616
Prepaid expenses and other assets	146,797
Property and equipment, net	<u>15,262</u>

Total assets \$ 12,397,203

### **Liabilities and Net Assets**

#### Liabilities

Accounts payable and accrued expenses	\$ 172,028
Note payable	219,087
Deferred rent	94,245
Deferred revenue	<u>168,283</u>

Total liabilities 653,643

#### Net Assets

##### Without donor restrictions:

Undesignated	2,960,664
Designated by the Board for endowment	<u>7,359,839</u>
	10,320,503

##### With donor restrictions:

Time and purpose restrictions	349,616
Endowment fund	<u>1,073,441</u>

Total net assets 11,743,560

Total liabilities and net assets \$ 12,397,203

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

# National Down Syndrome Society

## Statement of Activities Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions		Total
		Program and Time Restrictions	Endowment Funds	
Revenue and Other Support				
Contributions	\$ 1,766,952	\$ 156,606	\$ -	\$ 1,923,558
National Buddy Walk	-	377,793	-	377,793
In-kind contributions	227,318	-	-	227,318
Special events	\$ 713,523			
Less: direct benefit costs	<u>(343,091)</u>	370,432	-	370,432
Miscellaneous income	16,097	-	-	16,097
Net assets released from restrictions	695,783	<u>(695,783)</u>	-	-
Total revenue and other support	<u>3,076,582</u>	<u>(161,384)</u>	-	<u>2,915,198</u>
Expenses				
Program services				
Public policy	633,717	-	-	633,717
Public awareness	451,321	-	-	451,321
Buddy Walks	265,245	-	-	265,245
Community relations	788,820	-	-	788,820
Total program services	<u>2,139,103</u>	-	-	<u>2,139,103</u>
Support services				
Management and general	250,207	-	-	250,207
Fundraising	458,314	-	-	458,314
Total supporting services	<u>708,521</u>	-	-	<u>708,521</u>
Total expenses	<u>2,847,624</u>	-	-	<u>2,847,624</u>
Change in net assets before investment income	228,958	(161,384)	-	67,574
Investment income	429,699	72,480	-	502,179
Change in net assets	<u>658,657</u>	<u>(88,904)</u>	-	<u>569,753</u>
Net assets, beginning of year	<u>9,661,846</u>	<u>438,520</u>	<u>1,073,441</u>	<u>11,173,807</u>
Net assets, end of year	<u>\$ 10,320,503</u>	<u>\$ 349,616</u>	<u>\$ 1,073,441</u>	<u>\$ 11,743,560</u>

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

# National Down Syndrome Society

## Statement of Functional Expenses Year Ended June 30, 2020

	Program Services					Supporting Services			Total
	Public Policy	Public Awareness	Buddy Walks	Community Relations	Total	Management and General	Fundraising	Direct Expenses of Special Events	June 30, 2020
Salaries	\$ 223,999	\$ 230,132	\$ 103,696	\$ 243,060	\$ 800,887	\$ 58,217	\$ 84,448	\$ -	\$ 943,552
Payroll taxes and employee benefits	32,975	33,878	15,267	35,783	117,903	8,570	12,432	-	138,905
Total personnel costs	256,974	264,010	118,963	278,843	918,790	66,787	96,880	-	1,082,457
Printing publication and films	13,609	30,413	28,771	141,226	214,019	954	51,624	-	266,597
Website	7,325	7,397	3,333	23,405	41,460	1,871	2,813	-	46,144
Grants and awards	701	-	-	23,475	24,176	1,360	511	-	26,047
Affiliate support	-	-	-	14,740	14,740	-	-	-	14,740
Consultants	196,695	17,000	11,650	59,011	284,356	39,360	102,000	-	425,716
Professional fees	15,924	31,911	22,634	24,084	94,553	108,384	22,434	-	225,371
Travel and meetings	26,799	18,839	15,469	36,387	97,494	6,315	49,537	-	153,346
Conferences	5,685	-	25,000	91,652	122,337	-	-	-	122,337
Team NDSS race entrees and food	-	-	-	-	-	-	36,828	-	36,828
Facilities and food costs	-	-	-	-	-	-	-	210,468	210,468
Donated goods, supplies and services	-	-	-	-	-	-	-	132,623	132,623
Equipment leasing	2,493	2,561	1,154	2,704	8,912	648	940	-	10,500
Supplies	1,567	1,459	713	1,613	5,352	369	1,508	-	7,229
Computer and technology	9,077	9,325	4,201	9,849	32,452	2,359	3,422	-	38,233
Postage and delivery	1,893	1,390	2,030	3,069	8,382	475	8,410	-	17,267
Telephone and internet	9,408	9,169	4,132	9,814	32,523	2,320	3,690	-	38,533
Occupancy charges	40,799	41,915	18,886	44,270	145,870	10,603	15,381	-	171,854
Repairs and service contracts	1,202	1,236	556	1,306	4,300	312	453	-	5,065
Insurance	1,045	1,073	484	1,133	3,735	3,071	857	-	7,663
Bank and credit card fees	-	-	12	5	17	1,589	40,067	-	41,673
Dues and subscriptions	32,045	2,861	2,388	2,868	40,162	218	14,693	-	55,073
Miscellaneous	4,594	4,719	2,146	12,984	24,443	1,683	4,048	-	30,174
Depreciation and amortization	5,882	6,043	2,723	6,382	21,030	1,529	2,218	-	24,777
Total	633,717	451,321	265,245	788,820	2,139,103	250,207	458,314	343,091	3,190,715
Less: Special events	-	-	-	-	-	-	-	(343,091)	(343,091)
Total expenses	\$ 633,717	\$ 451,321	\$ 265,245	\$ 788,820	\$ 2,139,103	\$ 250,207	\$ 458,314	\$ -	\$ 2,847,624

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

# National Down Syndrome Society

---

## *Statement of Cash Flows*

*Year Ended June 30, 2020*

Cash flows from operating activities	
Change in net assets	\$ 569,753
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:	
Depreciation and amortization	24,777
Net realized and unrealized gain on investments	(244,045)
(Decrease) increase in cash resulting from changes in operating assets and liabilities:	
Contributions receivable	49,526
Prepaid expenses and other assets	14,229
Accounts payable and accrued expenses	3,324
Deferred revenue	70,543
Deferred rent	(9,840)
Net cash provided by operating activities	<u>478,267</u>
Cash flows from investing activities	
Purchases of investments	(258,135)
Proceeds from sales of investments	73,383
Purchases of property and equipment	<u>(3,655)</u>
Net cash used in investing activities	<u>(188,407)</u>
Cash flows provided by financing activities	
Proceeds from note payable	<u>219,087</u>
Net increase in cash and cash equivalents	508,947
Cash and cash equivalents	
Beginning	<u>600,866</u>
Ending	<u>\$ 1,109,813</u>

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

# National Down Syndrome Society

---

## *Notes to Financial Statements*

*Year Ended June 30, 2020*

### 1. Nature of Organization

#### **Business Description**

The National Down Syndrome Society (“NDSS”) was established as an incorporated Delaware-based nonprofit organization in June 1979. 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.

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 information, resources and support. We are proud to work with a network of more than 300 local Down syndrome organizations across the country to support the community. Through our helpline and info email, NDSS answers more than 5,000 requests for information each year, responding to questions from parents, professionals, self-advocates and other interested individuals. NDSS provides information on a variety of topics related to Down syndrome through our resources and website and 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.

- **Advocacy & Policy**

NDSS’ National Advocacy & Public Policy Center (NAPPC) advocates for federal, state and local policies that positively impact all people with Down syndrome across the country. Through our grassroots advocacy programs, the NAPPC works with Congress and other federal agencies, as well as state and local officials, to develop and improve laws, regulations and policies supporting people with Down syndrome and their families. NDSS also trains parents, self-advocates and others to advocate on local, state and national levels. Our comprehensive legislative agenda is centered on five important areas across the lifespan: healthcare & research, education, economic self-sufficiency, community integration and employment. These priorities have been shaped by self-advocates, families, affiliate leaders and other stakeholders under the direction of the NDSS Board of Directors.

- **Community Engagement**

The Down syndrome community is the heart of NDSS. Our community engagement events and activities serve to connect individuals and families, celebrate our loved ones with Down syndrome and raise awareness and acceptance among the general public. 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 people with Down syndrome and their families. Each year, hundreds of Buddy Walk® events take place across the U.S. and in several countries around the world. Additionally, NDSS hosts an annual gala, golf outing, virtual Racing for 3.21 for World Down Syndrome Day event and Run for 3.21 relay. We also support participants in marathons and other sport and wellness events through our Athlete Ambassador Program.

The organization is funded primarily by contributions and special events.



# National Down Syndrome Society

---

## 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 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.

# National Down Syndrome Society

---

## 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, 2020, 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 year ended June 30, 2020:

Consultation and personnel fees	\$	94,695
Golf outing		9,195
NYC Buddy Walk advertising		38,258
Annual benefit auction items		77,820
Other		7,350
Total in-kind contributions	\$	<u>227,318</u>

## Functional Allocation of Expenses

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

## 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

	Fair Value Measurements at June 30, 2020			
	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	\$ 4,101,059	\$ 4,101,059	\$ -	\$ -
Mutual Funds - Equities (a)	<u>6,976,557</u>	<u>6,976,557</u>	<u>-</u>	<u>-</u>
	<u>\$ 11,077,616</u>	<u>\$ 11,077,616</u>	<u>\$ -</u>	<u>\$ -</u>

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

## Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. The ASU became effective for NDSS for the year ended June 30, 2020, and includes specific criteria to consider when determining whether a contract or agreement should be accounted for as a contribution (nonreciprocal transaction) or as an exchange transaction (reciprocal transaction). It also provides a framework for determining whether a contribution is conditional or unconditional which will impact the timing of revenue recognition. The adoption did not result in any change to the way NDSS recognizes revenue from contributions, grants and contracts.

NDSS has adopted Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers" (Topic 606), as amended as management believes the standard improves the usefulness and understandability of the NDSS's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way NDSS recognizes revenue, and therefore no changes to previously issued financial statements were required on retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Exchange of revenue derived from the National Buddy Walk, or special events such as the New York Buddy Walk, Caring for Congress, or the Gala are recognized at a point in time when the events or gala takes place.

## 3. Investments

Investments consist of the following at June 30, 2020:

	Cost	Fair Value
Mutual funds - equities	\$ 6,124,292	\$ 6,976,557
Mutual funds - fixed income	3,928,730	4,101,059
	<u>\$ 10,053,022</u>	<u>\$ 11,077,616</u>

## National Down Syndrome Society

---

As of June 30, 2020, 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	38%
Vanguard Total International Stock Index Fund Admiral Shares	25%
Vanguard Total Bond Market Index Fund Admiral Shares	13%
Vanguard Total International Bond Index Fund Admiral Shares	11%

Investment income includes the following for the year ended June 30, 2020:

Unrealized gain	207,631
Realized gain	36,413
Investment fees	(15,579)
	<u>\$ 502,179</u>

#### 4. Property and Equipment, Net

Property and equipment, at cost, consists of the following at June 30, 2020:

		<u>Depreciation/ Amortization Period</u>
Furniture, fixtures and equipment	\$ 9,820	3-5 years
Computer software/website	<u>89,636</u>	3-5 years
	99,456	
Less: accumulated depreciation and amortization	<u>(84,194)</u>	
	<u>\$ 15,262</u>	

Depreciation and amortization amounted to approximately \$25,000 for the year ended June 30, 2020.

## National Down Syndrome Society

---

### 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>2020</u>
Cash and cash equivalents	\$ 1,109,813
Contributions receivable	47,715
Investments	<u>11,077,616</u>
Total financial assets available within one year	<u>12,235,144</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>(349,616)</u>
Total amounts unavailable for general expenditures within one year	<u>(1,423,057)</u>
Amounts unavailable to management without Board's approval:	
Board designated for capital reserves	<u>(7,359,839)</u>
Total financial assets available to management general expenditures within one year	<u><u>\$ 3,452,248</u></u>

#### *Liquidity Management*

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

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

### 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 \$7,359,839 as of June 30, 2020.

## National Down Syndrome Society

---

### 7. Net Assets With Donor Restrictions – Time And Purpose

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

Endowment Funds:

Hamilton Testamentary Trust	\$ 270,111
Weaver Fund	12,642
Total Endowment Funds	<u>282,753</u>

O'Neill-Tabani Scholarship Program	66,185
Ethan Saylor Memorial Fund	678
	<u>\$ 349,616</u>

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the following restricted purposes specified by the donor during the year ended June 30, 2020:

National Buddy Walks	\$ 377,793
O'Neill - Tabani Scholarship Program	25,000
Research Innovation and Discovery Fund	50,000
Hamilton Testamentary Trust	48,384
DS Works Program	3,000
Brandon Gruber Scholarship Fund	3,000
Inclusive Education	3,606
Time restrictions	185,000
	<u>\$ 695,783</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, 2020:

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

---

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 June 30, 2020:

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

## National Down Syndrome Society

---

Changes in Endowment Net Assets for the year ended June 30, 2020:

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

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 year ended June 30, 2020. The pension expense for the year ended June 30, 2020 was \$9,188, which represents fees for the pension plan.

### 10. Deferred Revenue

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



# National Down Syndrome Society

---

## 11. Note 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 "PPP Loan"). The PPP Loan has an interest rate of 1% and matures at April 19, 2022. NDSS expects that all of the PPP Loan will be forgiven in accordance with the provision of the paycheck protection program.

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

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

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

## 12. Operating Leases

NDSS is under a non-cancellable operating lease for office space in New York (the office space lease for Washington D.C. expired on June 30, 2020 and was not renewed). The New York office space lease expires on April 15, 2026. Rent expenses under the lease is subject to escalation for increases in electricity and real estate taxes. The lease contains rent abatements for twelve months of the first year. Future minimum rental payments under the lease, 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>	
2021	\$ 106,489
2022	109,683
2023	112,973
2024	116,362
2025	119,853
Thereafter	<u>107,613</u>
	<u>\$ 672,973</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 year ended June 30, 2020 was approximately \$164,000.

## 13. Contingencies

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

### **14. COVID-19**

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

### **15. Subsequent Events**

NDSS has evaluated subsequent events through November 11, 2020, the date the financial statements were available to be issued. All subsequent events requiring recognition or disclosure have been included in these financial statements.

WWW.MAZARSUSA.COM



MAZARS

ACCOUNTING | TAX | CONSULTING