



Gorfine Schiller Gardyn

Certified Public Accountants and Consultants

NATIONAL DOWN SYNDROME SOCIETY

FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NATIONAL DOWN SYNDROME SOCIETY
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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors
National Down Syndrome Society
Washington, DC**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of National Down Syndrome Society, which comprise the statement of financial position as of June 30, 2023, 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 accompanying financial statements present fairly, in all material respects, the financial position of National Down Syndrome Society as of June 30, 2023, 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.

Basis for Opinion

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

Other Matter

The financial statements of National Down Syndrome Society for the year ended June 30, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on December 12, 2022.

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 for one year after the date that the financial statements are 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

In our opinion, the summarized information presented on the statement of functional expenses for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Martino, Schiller + Gaudyn, P.A.

December 12, 2023
Owings Mills, Maryland

FINANCIAL STATEMENTS

NATIONAL DOWN SYNDROME SOCIETY
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	2023	2022
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 417,641	\$ 372,315
Contributions receivable	14,901	41,296
Investments, at fair value	12,003,147	12,485,685
Prepaid expenses and other assets	298,681	158,650
Total current assets	12,734,370	13,057,946
PROPERTY AND EQUIPMENT		
Property and equipment, net	17,981	18,764
OTHER ASSETS		
Operating lease ROU, net of accumulated amortization	751,511	-
TOTAL ASSETS	\$ 13,503,862	\$ 13,076,710
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 134,833	\$ 426,769
Deferred rent	-	75,089
Contract advances	100,095	37,419
Operating lease - current portion	176,232	-
Total current liabilities	411,160	539,277
NONCURRENT LIABILITIES		
Operating lease ROU liability, net	672,850	-
Total liabilities	1,084,010	539,277
NET ASSETS		
Without donor restrictions:		
Undesignated	2,606,076	3,192,168
Designated by the board for endowment	8,197,458	7,842,897
	10,803,534	11,035,065
With donor restrictions:		
Time and purpose restrictions	542,877	428,927
Endowment fund	1,073,441	1,073,441
	1,616,318	1,502,368
Total net assets	12,419,852	12,537,433
TOTAL LIABILITIES AND NET ASSETS	\$ 13,503,862	\$ 13,076,710

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

NATIONAL DOWN SYNDROME SOCIETY
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2023 and 2022

	2023				2022			
	Without Donor Restrictions	With Donor Restrictions		Total	Without Donor Restrictions	With Donor Restrictions		Total
		Program and Time Restrictions	Endowment Funds			Program and Time Restrictions	Endowment Funds	
REVENUE AND OTHER SUPPORT								
Contributions	\$ 1,726,361	\$ 317,183	\$ -	\$ 2,043,544	\$ 2,222,829	\$ 214,442	\$ -	\$ 2,437,271
National Buddy Walk	182,431	-	-	182,431	169,793	-	-	169,793
In-kind contributions	377,946	-	-	377,946	245,206	-	-	245,206
Special events, net of costs of \$447,320 and \$262,379, respectively	372,932	-	-	372,932	389,033	-	-	389,033
Note payable forgiveness	-	-	-	-	212,805	-	-	212,805
Registrations	64,318	-	-	64,318	-	-	-	-
Miscellaneous income	48,382	-	-	48,382	18,629	-	-	18,629
Net assets released from restrictions	335,141	(335,141)	-	-	275,991	(275,991)	-	-
Total revenue and other support	3,107,511	(17,958)	-	3,089,553	3,534,286	(61,549)	-	3,472,737
EXPENSES								
Program services								
Policy and advocacy	964,409	-	-	964,409	678,784	-	-	678,784
Resources and support	906,983	-	-	906,983	784,583	-	-	784,583
Community engagement	1,609,715	-	-	1,609,715	1,172,413	-	-	1,172,413
Total program services	3,481,107	-	-	3,481,107	2,635,780	-	-	2,635,780
Supporting services								
Management and general	461,657	-	-	461,657	455,278	-	-	455,278
Fundraising	468,544	-	-	468,544	428,745	-	-	428,745
Total supporting services	930,201	-	-	930,201	884,023	-	-	884,023
Total expenses	4,411,308	-	-	4,411,308	3,519,803	-	-	3,519,803
Change in net assets before investment income	(1,303,797)	(17,958)	-	(1,321,755)	14,483	(61,549)	-	(47,066)
Investment income (loss), net	1,072,266	131,908	-	1,204,174	(1,898,374)	(235,608)	-	(2,133,982)
CHANGES IN NET ASSETS	(231,531)	113,950	-	(117,581)	(1,883,891)	(297,157)	-	(2,181,048)
NET ASSETS - Beginning of year	11,035,065	428,927	1,073,441	12,537,433	12,918,956	726,084	1,073,441	14,718,481
NET ASSETS - End of year	\$ 10,803,534	\$ 542,877	\$ 1,073,441	\$ 12,419,852	\$ 11,035,065	\$ 428,927	\$ 1,073,441	\$ 12,537,433

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

NATIONAL DOWN SYNDROME SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023 (with Comparative Totals for 2022)

	Program Services				Supporting Services			Total	
	Policy and Advocacy	Resources and Support	Community Engagement	Total	Management and General	Fundraising	Direct Expenses of Special Events	2023	2022
PERSONNEL COSTS									
Salaries	\$ 355,999	\$ 381,967	\$ 465,382	\$ 1,203,348	\$ 118,231	\$ 129,111	\$ -	\$ 1,450,690	\$ 1,330,802
Payroll taxes and employee benefits	58,629	62,907	76,645	198,181	19,471	21,262	-	238,914	216,320
Total personnel costs	<u>414,628</u>	<u>444,874</u>	<u>542,027</u>	<u>1,401,529</u>	<u>137,702</u>	<u>150,373</u>	<u>-</u>	<u>1,689,604</u>	<u>1,547,122</u>
OTHER EXPENSES									
Printing publication and films	34,891	53,098	180,650	268,639	19,288	51,475	-	339,402	329,334
Website	8,927	10,739	15,406	35,072	3,494	2,951	-	41,517	67,007
Grants and awards	7,702	23,187	8,666	39,555	1,391	288	-	41,234	62,965
Affiliate support	13,599	18,222	155,919	187,740	1,999	2,250	-	191,989	28,168
Consultants	165,497	125,758	274,716	565,971	104,027	70,203	-	740,201	299,714
Professional fees	34,448	31,351	32,065	97,864	113,508	32,506	-	243,878	377,000
Travel and meetings	58,425	49,547	124,202	232,174	22,923	53,208	-	308,305	181,699
Conferences	107,223	30,098	54,179	191,500	181	3,272	-	194,953	138,996
Team NDSS Race entrees and food	-	-	51,910	51,910	-	10,325	-	62,235	59,708
Facilities and food costs	-	-	-	-	-	-	383,876	383,876	213,758
Donated goods, supplies and services	-	-	-	-	-	-	63,444	63,444	48,621
Equipment leasing	927	996	1,213	3,136	308	337	-	3,781	4,414
Supplies	2,631	1,981	3,262	7,874	9,580	2,153	-	19,607	24,086
Computer and technology	16,941	18,177	22,146	57,264	5,626	6,144	-	69,034	21,645
Postage and delivery	723	5,789	5,789	12,301	1,447	724	-	14,472	18,496
Telephone and internet	3,693	3,691	3,691	11,075	3,691	3,691	-	18,457	23,405
Occupancy charges	44,767	48,031	58,521	151,319	14,867	16,235	-	182,421	126,039
Repairs and service contracts	1,673	1,795	2,188	5,656	556	607	-	6,819	28,557
Insurance	1,082	1,082	1,082	3,246	2,885	1,082	-	7,213	8,386
Bank and credit card fees	5,415	5,414	10,551	21,380	1,664	31,099	-	54,143	50,648
Dues and subscriptions	17,523	5,643	12,164	35,330	6,827	13,929	-	56,086	42,849
Miscellaneous	21,575	25,237	46,599	93,411	8,989	14,924	-	117,324	72,563
Depreciation and amortization	2,119	2,273	2,769	7,161	704	768	-	8,633	7,002
Total other expenses	<u>549,781</u>	<u>462,109</u>	<u>1,067,688</u>	<u>2,079,578</u>	<u>323,955</u>	<u>318,171</u>	<u>447,320</u>	<u>3,169,024</u>	<u>2,235,060</u>
Total expenses, including special events	964,409	906,983	1,609,715	3,481,107	461,657	468,544	447,320	4,858,628	3,782,182
Less: Special events	-	-	-	-	-	-	(447,320)	(447,320)	(262,379)
TOTAL EXPENSES	<u>\$ 964,409</u>	<u>\$ 906,983</u>	<u>\$ 1,609,715</u>	<u>\$ 3,481,107</u>	<u>\$ 461,657</u>	<u>\$ 468,544</u>	<u>\$ -</u>	<u>\$ 4,411,308</u>	<u>\$ 3,519,803</u>

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

NATIONAL DOWN SYNDROME SOCIETY
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (117,581)	\$ (2,181,048)
Adjustments to reconcile changes in net assets to net cash and cash equivalents (used in) provided by operating activities:		
Note payable forgiveness	-	(212,805)
Depreciation and amortization	8,633	7,002
Net realized and unrealized (gain) loss on investments	(950,144)	2,440,325
Increase (decrease) in cash resulting from changes in operating assets and liabilities:		
Contributions receivable	26,395	5,194
Prepaid expenses	(140,031)	(83,598)
Accounts payable and accrued expenses	(291,936)	247,323
Operating lease ROU, net	22,482	-
Deferred rent	-	(11,175)
Deferred revenue	62,676	(29,750)
	<u>(1,379,506)</u>	<u>181,468</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(566,441)	(1,406,224)
Proceeds from sales of investments	1,999,123	275,699
Purchases of property and equipment	(7,850)	(9,649)
	<u>1,424,832</u>	<u>(1,140,174)</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	45,326	(958,706)
CASH AND CASH EQUIVALENTS - Beginning of year	<u>372,315</u>	<u>1,331,021</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 417,641</u>	<u>\$ 372,315</u>

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

NATIONAL DOWN SYNDROME SOCIETY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Operations

Founded in 1979, the National Down Syndrome Society (NDSS), a Delaware-based nonprofit, empowers individuals with Down syndrome and their families by driving policy change, providing resources, engaging with local communities, and shifting public perceptions. NDSS engages grassroots advocates at the federal, state, and local levels and creates resources to support individuals with Down syndrome, their families, and caregivers across the lifespan on topics including education, employment, health and wellness, and aging. NDSS founded the National Buddy Walk® Program in 1995 and hosts community engagement events throughout the country including the New York City Buddy Walk® and Times Square Video, the NDSS Adult Summit, and the Down Syndrome Advocacy Conference. Visit www.ndss.org to learn more

- **Resources & Support**

NDSS is committed to providing individuals with Down syndrome, their families, caregivers, and the public with information to support them from birth to end of life. Through events, videos, publications, and our website, NDSS provides free resources on a variety of topics including health, wellness, education, employment, adulthood and aging, financial wellness, and information for new and expectant parents. Our Adult Summit conference addresses the needs of teens and adults with practical resources and educational opportunities for individuals with Down syndrome, families, caregivers, and professionals. Through our helpline and info email, our staff responds to questions and connects individuals with Down syndrome, family members, professionals, and others with referrals to our network of more than 300 local Down syndrome organizations.

- **Advocacy & Policy**

NDSS advocates for federal, state, and local policies and regulations that positively impact people with Down syndrome across the country and affirm their human rights. Through grassroots advocacy, NDSS empowers community advocates to work with Congress and federal agencies, as well as state and local officials, to develop and improve policies and regulations for the benefit of the Down syndrome community. NDSS further empowers individuals with Down syndrome, their families, and other community members to influence policy at the NDSS Down Syndrome Advocacy Conference in Washington, D.C. The NDSS legislative agenda spans the life of individuals with Down syndrome from birth to adulthood including healthcare, education, employment, and economic self-sufficiency.

- **Community Engagement**

NDSS community engagement events and activities celebrate our loved ones with Down syndrome, raise awareness among the public, and connect individuals and families within the community. Through our scholarships, grants, and awards program, NDSS supports individuals with Down syndrome in pursuing their dreams. Since 1995, the National Buddy Walk® Program has promoted awareness and inclusion of people with Down syndrome and raised funds for local and national organizations that support the community. NDSS hosts awareness and engagement events throughout the country including our New York City Buddy Walk® and Times Square Video presentation, Racing for 3.21 on World Down Syndrome Day, Run for 3.21, gala and golf events, and more.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

2. Basis of Accounting and Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting, in accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958, *Not-for-Profit Entities* (FASB ASC 958). Under FASB ASC 958, NDSS is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with 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 E for more information on the composition of board-designated net assets.

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 statements 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 or a Board approved spending policy.

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

3. Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of 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 the estimates that were used.

4. Cash and Cash Equivalents

For purposes of financial statement presentation, NDSS considers all highly liquid investments with original maturities of three months or less when acquired to be cash equivalents.

NDSS maintains cash balances in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC). NDSS has not experienced any losses and believes it is not exposed to any significant credit risk as a result of these deposits.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

5. Investments Valuation and Income Recognition

Investments are stated at fair value. Fair value 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. See Note B for discussion of the fair value measurements.

6. Property and Equipment

Property and equipment with a cost in excess of \$500 is capitalized and depreciated over its estimated useful life. Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the useful lives of the assets.

7. Deferred Rent

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

As of July 1, 2022, NDSS adopted ASU 2016-02, *Accounting for Leases* (Topic 842) and netted the deferred rent balance as of June 30, 2022 against the right of use asset balance.

8. Contributions Revenue and Receivable

Contributions revenue is recognized when received, or unconditional promise to give is received. Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Contributions with donor-imposed restrictions are reported as increases in net assets with donor restrictions. Expirations of donor-imposed restrictions are reported as releases of restrictions between the applicable classes of net assets.

Contributions receivable are unconditional promises to give that are expected to be collected within one year and are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at 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.

At June 30, 2023 and 2022, all contributions receivable are expected to be collected, therefore, an allowance for doubtful contributions has not been provided.

9. 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 foods and materials are recorded at their fair value when they are promised.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

10. Functional Allocation of Expenses

The statement 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 program 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.

11. Recent Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, *Accounting for Leases* (Topic 842), which requires lessees to recognize the assets and liabilities that arise from certain leasing arrangements and present these assets and liabilities in the statements of financial position. NDSS adopted *Topic 842* effective July 1, 2022, using the optional transition method under which the new standard is applied only to the most current period presented and the cumulative effect of applying the new standard to existing lease agreements is recognized at the date of the initial application. Under this adoption method, reporting periods beginning after July 1, 2022 are presented under the new standard, while the prior period amounts are not adjusted.

NDSS has elected a package of practical expedients permitted in *Topic 842* and has accounted for its existing operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC 842, (b) whether classifications of the operating lease would be different in accordance with ASC 842, or (c) whether the unamortized initial direct cost before transition adjustments (as of July 1, 2022) would have met the definition of initial direct costs in ASC 842 at lease commencement. NDSS also elected to use a risk free discount rate for the calculation of the right of use asset and liability. As a result of the adoption of the new lease accounting guidance, the NDSS recognized on July 1, 2022 a lease liability of \$1,005,569 which represents the present value of the remaining lease payments of \$1,140,978, discounting using weighted rate of 5.12%, and a right-of-use asset of \$930,480.

12. Income Tax Status

NDSS is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization has been classified as a publicly-supported organization, which is not a private foundation under Section 509(a) of the Code.

FASB ASC 740, *Accounting for Income Taxes*, requires the Organization to recognize or disclose any tax positions that would result in unrecognized tax benefits. The Organization has no positions that would require disclosure or recognition under the topic.

13. Subsequent Events

NDSS has evaluated subsequent events through December 12, 2023, which is the date the financial statements were available to be issued. During this period, NDSS did not have any material recognizable subsequent events.

NOTE B – FAIR VALUE MEASUREMENTS

FASB ASC 820 requires financial assets and liabilities to be valued and disclosed based on the following structure:

Level I – Investments included in this designation are valued based on quoted prices for identical assets in active markets as of the reporting date.

Level II – Investments included in this designation are valued based on observable market based inputs for the same asset in an inactive market or a similar asset in an active market.

Level III – Investments included in this designation are valued based on unobservable inputs that are significant to the valuation of a particular investment. The inputs into the determination of fair value in this level require significant management judgment or estimates.

The asset or liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

Mutual Funds: Valued at the daily closing price as reported on the active market in which the individual securities are traded.

The following table summarizes NDSS' investments by level within the fair value hierarchy, as of June 30, 2023:

Description	Fair Market Value			Total
	Level 1	Level 2	Level 3	
Mutual funds - equities	\$ 8,107,295	\$ -	\$ -	\$ 8,107,295
Mutual funds - fixed income	3,864,072	-	-	3,864,072
Mutual funds - balanced fund	31,780	-	-	31,780
Total investments at fair value hierarchy	<u>\$ 12,003,147</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,003,147</u>

The following table summarizes NDSS' investments by level within the fair value hierarchy as of June 30, 2022:

Description	Fair Market Value			Total
	Level 1	Level 2	Level 3	
Mutual funds - equities	\$ 4,271,496	\$ -	\$ -	\$ 4,271,496
Mutual funds - fixed income	8,214,189	-	-	8,214,189
Total investments at fair value hierarchy	<u>\$ 12,485,685</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,485,685</u>

NOTE C – PROPPERTY AND EQUIPMENT

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

	<u>2023</u>	<u>2022</u>	<u>Depreciation Period</u>
Computers and equipment	\$ 27,264	\$ 22,503	3-5 years
Furniture and fixtures	<u>7,634</u>	<u>6,739</u>	3-5 years
Less: accumulated depreciation	<u>16,917</u>	<u>10,478</u>	
Net property and equipment	<u><u>\$ 17,981</u></u>	<u><u>\$ 18,764</u></u>	

NOTE D – LEASES

NDSS leased office spaces in New York and Washington D.C. with various termination 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. Payments under the operating lease were approximately \$197,873 and \$118,061 for the years ending June 30, 2023 and 2022, respectively.

The future minimum lease payments required under the leases and the present value of the net minimum lease payments for the following five years are as follows:

	<u>New York</u>	<u>Washington D.C.</u>	<u>Total</u>
2024 \$	116,217	\$ 98,063	\$ 214,280
2025	119,704	134,019	253,723
2026	112,739	137,370	250,109
2027	-	140,804	140,804
2028	<u>-</u>	<u>84,189</u>	<u>84,189</u>
Total	348,660	594,445	943,105
Less: Amount representing interest	<u>(19,113)</u>	<u>(74,910)</u>	<u>(94,023)</u>
Present value of minimum lease payments	329,547	519,535	849,082
Less: Current portion	<u>(105,658)</u>	<u>(70,574)</u>	<u>(176,232)</u>
Operating lease ROU liability, net	<u><u>\$ 223,889</u></u>	<u><u>\$ 448,961</u></u>	<u><u>\$ 672,850</u></u>

Other relevant information related to the leases are as follows:

Weighted-average remaining lease terms in years	3.86 years
Weighted-average discount rate	4.85%

NDSS received \$54,000 for the New York sublease office space during the year ended June 30, 2023. NDSS will receive \$74,880, \$77,880 and \$81,000 for the sublease during the years ended June 30, 2024, 2025 and 2026, respectively.

NOTE E – NET ASSETS WITH AND WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions includes assets both undesignated and designated by the Board for endowment. NDSS Board of Directors (the Board) and Leadership designated funds with the goal of investing significant resources into NDSS’ 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 was \$8,197,458 and \$7,842,897 as of June 30, 2023 and 2022, respectively.

At June 30, 2023 and 2022, net assets with donor restrictions consisted of amounts relating to revenues restricted for time and purpose restrictions and endowment fund. Net assets with donor restrictions as of June 30, 2023 and 2022 were \$1,616,318 and \$1,502,368, respectively.

The following consist of net assets restricted for time and purposes as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Endowment Funds:		
Hamilton Testamentary Trust	\$ 335,362	\$ 268,325
Weaver Fund	<u>10,964</u>	<u>15,708</u>
Total Endowment Funds	346,326	284,033
O'Neill-Tabani Scholarship Program	73,731	73,939
Entrepreneurship Fund	20,000	20,000
CEO Commission	82,465	50,777
Ethan Saylor Memorial Fund	751	178
The Employment Program (formerly DS Works)	18,604	-
Adams Giannou Fund	<u>1,000</u>	<u>-</u>
	<u>\$ 542,877</u>	<u>\$ 428,927</u>

NOTE F – ENDOWMENT FUNDS

NDSS’ endowment consists of two donor-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The following donor restricted endowment net assets are restricted to investments in perpetuity;

	<u>2023</u>	<u>2022</u>
Hamilton Testamentary Trust	\$ 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>

NOTE F – ENDOWMENT FUNDS – Continued

Hamilton Testamentary Trust – this is a 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.

The Board 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 the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, NDSS classifies those assets not subject to appropriation or expenditure as (a) the original value of gifts donated to the endowment fund, (b) the original value of subsequent gifts to the endowment fund, and (c) accumulations to the endowment fund 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 is classified as net assets with donor restrictions until amounts are appropriated for expenditure by the Organization 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:

- The duration and preservation of the fund
- The purpose of NDSS and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of NDSS
- 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
- The investment policy of NDSS

Changes in Endowment Net Assets for the Year Ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	
		Purpose	Endowment
Endowment net assets, beginning of year	<u>\$ 7,842,897</u>	<u>\$ 284,033</u>	<u>\$ 1,073,441</u>
Investment return:			
Interest and dividends	184,491	32,906	-
Net appreciation (realized and unrealized)	644,065	95,654	-
Investment fees	<u>(19,694)</u>	<u>(3,345)</u>	<u>-</u>
Total investments return	<u>808,862</u>	<u>125,215</u>	<u>-</u>
Appropriation of endowment expenditure	<u>(454,301)</u>	<u>(62,922)</u>	<u>-</u>
Net appropriations	<u>(454,301)</u>	<u>(62,922)</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 8,197,458</u>	<u>\$ 346,326</u>	<u>\$ 1,073,441</u>

NOTE F – 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	<u>\$ 9,192,680</u>	<u>\$ 561,988</u>	<u>\$ 1,073,441</u>
Investment return:			
Interest and dividends	209,556	38,714	-
Net appreciation (realized and unrealized)	(1,540,851)	(259,305)	-
Investment fees	<u>(18,488)</u>	<u>(3,165)</u>	-
Total investments return	<u>(1,349,783)</u>	<u>(223,756)</u>	-
Appropriation of endowment expenditure	<u>-</u>	<u>(54,199)</u>	-
Net appropriations	<u>-</u>	<u>(54,199)</u>	-
Endowment net assets, end of year	<u>\$ 7,842,897</u>	<u>\$ 284,033</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 expect its endowment funds, overtime, 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 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 expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with the NDSS' objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

NOTE G – GIFTS-IN-KIND

NDSS received in-kind contributions in forms of services and goods. 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.

In-kind contributions for the years ended June 30, 2023 and 2022 are as follows;

	<u>2023</u>	<u>2022</u>
Consultation and personnel fees	\$ 8,413	\$ 64,363
Advertising	272,394	92,717
NYC Time Square video	30,000	25,000
Annual benefit auction items	62,515	48,581
Run for 3.21 gear and supplies	3,695	-
Office supplies	-	11,963
Other	929	2,582
Total in-kind contributions	<u>\$ 377,946</u>	<u>\$ 245,206</u>

NOTE H – RETIREMENT PLAN

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. The Plan was transitioned to a 403(b) plan as of July 1, 2022.

NDSS established a 403(b) plan on July 1, 2022. NDSS matches 100% of employee deferrals on up to 3% of the employee's compensation plus 50% of employee deferrals between 3% and 5%. The safe harbor matching contribution is 100% vested. During the year ended June 30, 2023 matching contributions were \$48,228.

NOTE I – CONTRACT ADVANCES

Contract advances represent conditional contributions and sponsorships for future events that will occur after June 30, 2023. These conditional contributions and sponsorships will have to be refunded if the events not occur. Contract advances as of June 30, 2023 and 2022 were \$100,095 and \$37,419, respectively.

NOTE J – LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflect NDSS' financial assets as of the statements of financial position date, reduced by amounts not available for general use because of contractual, time, or donor-imposed restrictions within one year of the financial position date.

NDSS' financial assets available within one year of the statements of financial position date for general expenditures are as follows as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 417,641	\$ 372,315
Contributions receivable	14,901	41,296
Investments	<u>12,003,147</u>	<u>12,485,685</u>
Total financial assets available within one year	<u>\$12,435,689</u>	<u>\$12,899,296</u>
Less:		
Amounts unavailable for general expenditure within one year, due to:		
Donor-imposed restrictions:		
Endowment funds	(1,073,441)	(1,073,441)
Restricted by donors with purpose restrictions	<u>(542,877)</u>	<u>(428,927)</u>
Total amounts unavailable for general expenditures within one year	<u>(1,616,318)</u>	<u>(1,502,368)</u>
Amounts unavailable to management without Board's approval:		
Board designated for endowment	<u>(8,197,458)</u>	<u>(7,842,897)</u>
Total financial assets available to management general expenditures within one year	<u>\$ 2,621,913</u>	<u>\$ 3,554,031</u>

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

NOTE K – NOTE PAYABLE FORGIVENESS

On April 19, 2021, NDSS secured a loan from TD Bank, N.A. for \$212,805 through the U.S. Small Business Administration's Paycheck Protection Program (the PPP Loan). On December 15, 2021, NDSS received notification from the Small Business Administration of their loan forgiveness. The notice confirmed forgiveness of their PPP loan in the amount of \$212,805, which was recognized as revenue in the accompanying statements of activities during the year ended June 30, 2022.