

Turner Syndrome Society of the United States

Financial Statements for the Year Ended December 31, 2020
Along with Independent Auditors' Report



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Turner Syndrome Society of the United States
Houston, Texas

Opinion

We have audited the accompanying financial statements of Turner Syndrome Society of the United States (a nonprofit organization), which comprise the statement of financial position as of December 31, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Turner Syndrome Society of the United States as of December 31, 2020, and the changes in 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Turner Syndrome Society of the United States 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 these 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 Turner Syndrome Society of the United States' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

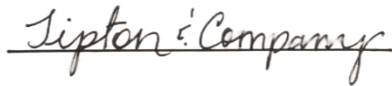
Auditors' Responsibilities for the Audit of the Financial Statements

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 auditor's 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Turner Syndrome Society of the United States' 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 Turner Syndrome Society of the United States' 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.

A handwritten signature in cursive script that reads "Tipton & Company". The signature is written in dark ink and is positioned above the printed name of the firm.

Tipton & Company
Certified Public Accountants
Houston, Texas

August 4, 2021

Turner Syndrome Society of the United States

Statement of Financial Position

As of December 31, 2020

Assets

Cash and cash equivalents	\$	455,368
Accounts receivable		90
Prepaid expenses		5,547
Deposits		1,000

Total Assets	\$	462,005
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Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$	16,875
Payroll Protection Program (PPP) refundable advance		50,800

Total Liabilities		67,675
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Net Assets

Without donor restrictions		392,700
With donor restrictions		1,630

Total Net Assets		394,330
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Total Liabilities and Net Assets	\$	462,005
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Turner Syndrome Society of the United States

Statement of Activities

Year ended December 31, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Conference income	\$ 354	\$ -	\$ 354
Virtual event income	5,318	-	5,318
Contributions	326,770	230	327,000
Membership dues	38,075	-	38,075
Publication sales and other revenue, net of discounts given	9,474	-	9,474
Service income	23,760	-	23,760
Other income	814	-	814
Net assets released from restriction	7,754	(7,754)	-
Total Revenue and Support	412,319	(7,524)	404,795
Expenses			
Program Services	237,028	-	237,028
Supporting Services			
Management and general expenses	69,991	-	69,991
Fundraising	75,908	-	75,908
Total Expenses	382,927	-	382,927
Change in Net Assets	29,392	(7,524)	21,868
Net Assets, Beginning of Year	363,308	9,154	372,462
Net Assets, End of Year	\$ 392,700	\$ 1,630	\$ 394,330

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

Turner Syndrome Society of the United States

Statement of Functional Expenses

<i>Year ended December 31, 2020</i>	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and Related Expenses				
Salaries and wages	\$ 139,449	\$ 37,628	\$ 38,255	\$ 215,332
Payroll fees and benefits	11,263	3,039	3,090	17,392
Payroll taxes	11,629	3,138	3,190	17,957
Total Salaries and Related Expenses	162,341	43,805	44,535	250,681
Other Expenses				
Bank fees	1,119	40	8,420	9,579
Contract services	940	-	-	940
Depreciation	-	500	-	500
Donated services	7,914	-	-	554
Dues and subscriptions	24,789	1,506	3,369	29,664
Facility and equipment	1,837	108	216	2,161
Grants and direct assistance	50	-	-	50
Insurance	2,184	2,184	-	4,368
Postage	3,797	-	5,075	8,872
Printing	6,818	-	8,071	14,889
Product costs	3,758	-	-	3,758
Professional fees	-	19,675	-	19,675
Rent	11,492	630	1,260	13,382
Repairs and maintenance	479	28	56	563
Supplies	220	378	108	706
Telephone	3,656	458	457	4,571
Travel	3,702	327	-	11,389
Website	417	-	-	417
Other	1,515	352	4,341	6,208
Total Other Expenses	74,687	26,186	31,373	132,246
Total Expenses	\$ 237,028	\$ 69,991	\$ 75,908	\$ 382,927

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

Turner Syndrome Society of the United States

Statement of Cash Flows

Year Ended December 31, 2020

Cash Flows From Operating Activities	
Change in net assets	\$ 21,868
Adjustments to reconcile change in net assets to net change in operating activities:	
Depreciation expense	500
Changes in assets and liabilities:	
Accounts receivable	(90)
Prepaid expenses	23
Accounts payable and accrued expenses	(7,584)
Total Adjustments	(7,151)
Net Change in Operating Activities	14,717
Cash Flows From Financing Activities	
Proceeds from PPP refundable advance	50,800
Net Change in Financing Activities	50,800
Net Change in Cash and Cash Equivalents	65,517
Cash and Cash Equivalents, Beginning of Year	389,851
Cash and Cash Equivalents, End of Year	\$ 455,368

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

Turner Syndrome Society of the United States

Notes to Financial Statements

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Turner Syndrome Society of the United States (the “Society”) is a nonprofit organization that facilitates research on Turner Syndrome, a chromosomal condition, and provides assistance and information to individuals affected. The Society’s headquarters are located in Houston, Texas. An affiliated chapter is located in the United States of America. These financial statements do not reflect the financial position or results of the affiliated chapter.

Basis of Accounting

The financial statements of the Society have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Society reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

- *Net assets without donor restrictions* are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Society, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. Assets restricted solely through the actions of the Board of Directors are reported as net assets without donor restrictions, board-designated.
- *Net assets with donor restrictions* are resources that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-restricted endowment earnings are released when those earnings are appropriated with spending policies and are used for the specified purpose.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months.

Property and Equipment

Property and equipment are stated at cost or fair value at date of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from three to five years. Additions and betterments of \$1,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Property and equipment are reviewed for impairment if the use of the asset significantly changes, or another indicator of possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value.

The Society's property and equipment were fully depreciated as of December 31, 2020. Depreciation expense charged to operations for the year ended December 31, 2020 was \$500.

Turner Syndrome Society of the United States

Notes to Financial Statements

Donated Non-Financial Assets

Donations of non-financial assets are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Non-financial assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated non-financial assets must be maintained, the Society reports expirations of donor restrictions when the donated or acquired non-financial assets are placed in service. The Society reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Donated non-financial assets for the year ended December 31, 2020 were \$7,360.

Contributed Services

The Society receives a substantial amount of services donated by volunteers in carrying out the Society's programs. Contributions of services are recognized as support at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. Contributed services recognized comprise services from professional providing trainings on Turner Syndrome related medical issues. Contributed services for the year ended December 31, 2020 were \$554.

Grants and Contributions

Grants and contributions are recognized at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as restricted support. Conditional contributions are recognized in the same manner when the conditions are substantially met.

Estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. All expenses, by function, have been directly allocated among the programs and supporting services benefited.

Income Taxes

The Society is a nonprofit corporation that is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code ("Code") and comparable State law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Society did not conduct any unrelated business activities in the current fiscal year. Therefore, the Society has made no provision for federal income taxes in the accompanying financial statements.

The Society applies the provisions of FASB ASC Topic 740, Income Taxes, (formerly FASB Interpretation No. 48 (FIN 48), Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109), which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures and transition. The Society believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Turner Syndrome Society of the United States

Notes to Financial Statements

Advertising

Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2020 was \$417.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2020, comprise the following.

Financial assets:	
Cash and cash equivalents	\$455,368
Accounts receivable	90
Financial assets available to meet cash needs for general expenditures within one year	\$455,458

The Society's financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the balance sheet date. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Society considers all expenditures related to its ongoing program activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

The Society is primarily funded by contributions from donors and a small number of these are restricted. Those restrictions require that the donation be used for certain programs. A separate budget is kept for those programs so that the funds and their use can be tracked. As part of its liquidity management plan, the Board of Directors has set a minimum cash level of \$200,000. Funds are held in a money market account or in certificates of deposit with six to twelve month durations, and cash flow is monitored on a monthly basis to ensure that liquidity does not fall below the directed limit. Each year the Society sets an annual budget with the objective to only spend funding that has been received in the current fiscal year.

In May 2020, the Society received financial relief of \$46,800 under the Small Business Administration's Paycheck Protection Program (PPP). The PPP refundable advance is to be forgiven as the Society meets the eligibility requirements and uses the loan to fund qualified payroll and other eligible costs. In addition, the Society received a \$4,000 advance under the Economic Injury Disaster Loan (EIDL) program. The Society has been approved for forgiveness in full of the PPP refundable advance, while the EIDL advance does not have to be repaid. As such both advances will be recognized as contribution revenue in fiscal year 2021.

NOTE 3 – CONCENTRATION OF CREDIT RISKS

Financial instruments that potentially subject the Society to credit risk consist primarily of cash and cash equivalents. All of a depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the Federal Deposit Insurance Corporation (FDIC) up to the standard maximum deposit insurance amount (\$250,000), for each deposit insurance ownership category.

The Society maintains its cash balances in various banks. At December 31, 2020 the excess above the FDIC insured limit was \$3,275. The Society has not experienced any losses in such accounts and believes the risk of future loss is mitigated by monitoring the balances and the financial institutions where the cash is deposited.

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Notes to Financial Statements

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2020 are restricted for the following purposes or periods:

Subject to expenditure for specified purpose:	
Conference	\$1,150
Research	230
Hearing aids	250
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Total net assets with donor restrictions	\$1,630

NOTE 5 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

The following amounts were released from restrictions for the year ended December 31, 2020:

Satisfaction of purpose restrictions:	
Houston chapter	\$7,254
Hearing aids	500
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Total net assets released from restrictions	\$7,754

NOTE 6 – OPERATING LEASES

In December 2017, the Society entered into a two-year lease agreement to rent its administrative office space from an unrelated party under an operating lease agreements. The lease was extended until January 2022. Lease expense was \$13,382 for the year ended December 31, 2020. Future minimum lease payments under the operating lease as of December 31, 2020 are as follows:

2021	\$12,600
2022	1,050
Thereafter	-
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Total	\$13,650

NOTE 7 – NEW ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued new lease accounting requirements in ASU 2016-02, *Leases (Topic 842)*. In June 2020, the FASB issued an amendment to the pronouncement extending the effective date from reporting periods after December 15, 2019 to reporting periods after December 15, 2021 due to the adverse effects of the COVID-19 pandemic. A lessee will be required to recognize on the balance sheet the assets and liabilities for leases with lease terms of more than twelve months. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

NOTE 8 – EVALUATION OF SUBSEQUENT EVENTS

In preparing these financial statements, the Society has evaluated events and transactions for potential recognition or disclosure through August 4, 2021, the date the financial statements were available to be issued. In early 2020, an outbreak of the novel strain of coronavirus (COVID-19) emerged globally. The spread of COVID-19 and related

Turner Syndrome Society of the United States

Notes to Financial Statements

global responses have caused material disruptions to many economies around the world, resulting in an economic slowdown. Global equity markets have also experienced significant volatility and weakness. Although governments and central banks have reacted with interventions designed to stabilize economic conditions, the duration and extent of the impact of the COVID-19 outbreak remains unclear.

In March 2021, the Society received a second draw of loan proceeds in the amount of \$51,529 under the Paycheck Protection Program (“PPP”) as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). The PPP provides loans to qualifying businesses and are forgivable if the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains average payroll levels. Any unforgiven portion of the PPP loan will be payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. While the Society believes its use of the PPP loan proceeds meet the conditions of forgiveness, it is possible the Society may be ineligible for forgiveness of the loan, in whole or in part.

The Society has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and statement of activities as of and for the year ended December 31, 2020 have not been adjusted to reflect their impact. As of August 4, 2021, the virus and related responses have not significantly impacted the Society’s ability to continue to operate and provide services. While it is possible that the virus and related responses could have a negative effect on the Society’s activities and financial position (such as the fair value of the Society’s investments and contributions from grantors), the ultimate impact of COVID-19 is not reasonably estimable at this time.