

# Turner Syndrome Society of the United States

Independent Auditors' Report and  
Financial Statements for the Year Ended December 31, 2021  
(with comparative totals for 2020)



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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, 2021, 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, 2021, 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.

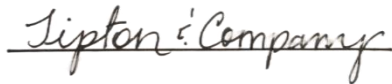
In performing an audit in accordance with generally accepted auditing standards, we:

- 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.

### **Report on Summarized Comparative Information**

We have previously audited Turner Syndrome Society of the United States' 2020 financial statements, and we expressed a qualified audit opinion on those audited financial statements in our report dated August 4, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Tipton & Company  
Certified Public Accountants  
Houston, Texas

May 3, 2022

# Turner Syndrome Society of the United States

## Statement of Financial Position

| <b><i>As of December 31, (with comparative totals for 2020)</i></b> | <b>2021</b>       | <b>2020</b>       |
|---|-------------------|-------------------|
| <b>Assets</b>   |                   |                   |
| Cash and cash equivalents   | \$ 546,941        | \$ 455,368        |
| Accounts receivable   | -                 | 90                |
| Prepaid expenses  | 1,661             | 5,547             |
| Deposits  | 1,000             | 1,000             |
| <b>Total Assets</b>   | <b>\$ 549,602</b> | <b>\$ 462,005</b> |
| <b>Liabilities and Net Assets</b>                                   |                   |                   |
| Liabilities   |                   |                   |
| Accounts payable and accrued expenses                               | \$ 17,629         | \$ 16,875         |
| Payroll Protection Program (PPP)<br>refundable advance              | -                 | 50,800            |
| <b>Total Liabilities</b>  | <b>17,629</b>     | <b>67,675</b>     |
| Net Assets  |                   |                   |
| Without donor restrictions  | 531,973           | 392,700           |
| With donor restrictions   | -                 | 1,630             |
| <b>Total Net Assets</b>   | <b>531,973</b>    | <b>394,330</b>    |
| <b>Total Liabilities and Net Assets</b>                             | <b>\$ 549,602</b> | <b>\$ 462,005</b> |

# Turner Syndrome Society of the United States

## Statement of Activities

| <b>Year ended December 31,</b><br><i>(with comparative totals for 2020)</i> | Without Donor<br>Restrictions | With Donor<br>Restrictions | <b>2021<br/>Total</b> | 2020<br>Total     |
|---|-------------------------------|----------------------------|-----------------------|-------------------|
| <b>Revenue and Support</b>  |                               |                            |                       |                   |
| Contributions   | \$ 437,803                    | \$ -                       | \$ <b>437,803</b>     | \$ 319,086        |
| In-kind   | 36,175                        | -                          | <b>36,175</b>         | 7,914             |
| Membership dues   | 33,980                        | -                          | <b>33,980</b>         | 38,075            |
| Publication sales and other revenue,<br>net of discounts given              | 18,252                        | -                          | <b>18,252</b>         | 9,474             |
| Virtual event income  | 5,045                         | -                          | <b>5,045</b>          | 5,318             |
| Other income  | 368                           | -                          | <b>368</b>            | 814               |
| Conference income   | -                             | -                          | -                     | 354               |
| Service income  | -                             | -                          | -                     | 23,760            |
| Net assets released from restriction  | 1,630                         | (1,630)                    | -                     | -                 |
| <b>Total Revenue and Support</b>  | <b>533,253</b>                | <b>(1,630)</b>             | <b>531,623</b>        | <b>404,795</b>    |
| <b>Expenses</b>   |                               |                            |                       |                   |
| Program Services  | 274,903                       | -                          | <b>274,903</b>        | 237,028           |
| Supporting Services   |                               |                            |                       |                   |
| Management and general expenses   | 51,164                        | -                          | <b>51,164</b>         | 69,991            |
| Fundraising   | 67,913                        | -                          | <b>67,913</b>         | 75,908            |
| <b>Total Expenses</b>   | <b>393,980</b>                | <b>-</b>                   | <b>393,980</b>        | <b>382,927</b>    |
| <b>Change in Net Assets</b>   | <b>139,273</b>                | <b>(1,630)</b>             | <b>137,643</b>        | <b>21,868</b>     |
| Net Assets, Beginning of Year   | 392,700                       | 1,630                      | <b>394,330</b>        | 372,462           |
| <b>Net Assets, End of Year</b>  | <b>\$ 531,973</b>             | <b>\$ -</b>                | <b>\$ 531,973</b>     | <b>\$ 394,330</b> |

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

# Turner Syndrome Society of the United States

## Statement of Functional Expenses

| <b>Year ended December 31,</b><br><i>(with comparative totals for 2020)</i> | Program<br>Services | Supporting Services       |                  | <b>2021</b><br><b>Total</b> | 2020<br>Total     |
|---|---------------------|---------------------------|------------------|-----------------------------|-------------------|
|   |                     | Management<br>and General | Fundraising      |                             |                   |
| <b>Salaries and Related Expenses</b>  |                     |                           |                  |                             |                   |
| Salaries and wages  | \$ 157,776          | \$ 16,678                 | \$ 19,354        | <b>\$ 193,808</b>           | \$ 215,332        |
| Payroll fees and benefits   | 12,076              | 949                       | 1,431            | <b>14,456</b>               | 17,392            |
| Payroll taxes   | 13,576              | 1,381                     | 1,643            | <b>16,600</b>               | 17,957            |
| <b>Total Salaries and Related Expenses</b>                                  | <b>183,428</b>      | <b>19,008</b>             | <b>22,428</b>    | <b>224,864</b>              | <b>250,681</b>    |
| <b>Other Expenses</b>   |                     |                           |                  |                             |                   |
| Advertising   | 32,707              | -                         | -                | <b>32,707</b>               | 417               |
| Bank fees   | 675                 | 1,007                     | 6,976            | <b>8,658</b>                | 9,579             |
| Contract services   | -                   | -                         | -                | -                           | 940               |
| Depreciation  | -                   | -                         | -                | -                           | 500               |
| Donated services  | -                   | -                         | -                | -                           | 554               |
| Dues and subscriptions  | 7,475               | 4,498                     | 10,561           | <b>22,534</b>               | 29,664            |
| Facility and equipment  | 1,732               | 102                       | 204              | <b>2,038</b>                | 2,161             |
| Grants and direct assistance  | 1,500               | -                         | -                | <b>1,500</b>                | 50                |
| Insurance   | 1,759               | 1,710                     | -                | <b>3,469</b>                | 4,368             |
| Postage   | 3,466               | 734                       | 4,845            | <b>9,045</b>                | 8,872             |
| Printing  | 2,064               | -                         | 12,368           | <b>14,432</b>               | 14,889            |
| Product costs   | 9,612               | -                         | 3,095            | <b>12,707</b>               | 3,758             |
| Professional fees   | 14,180              | 19,170                    | -                | <b>33,350</b>               | 19,675            |
| Rent  | 10,710              | 630                       | 1,260            | <b>12,600</b>               | 13,382            |
| Repairs and maintenance   | 765                 | 115                       | 90               | <b>970</b>                  | 563               |
| Supplies  | 950                 | 70                        | 986              | <b>2,006</b>                | 706               |
| Telephone   | 3,449               | 431                       | 431              | <b>4,311</b>                | 4,571             |
| Travel  | -                   | 24                        | 54               | <b>78</b>                   | 11,389            |
| Other   | 431                 | 3,665                     | 4,615            | <b>8,711</b>                | 6,208             |
| <b>Total Other Expenses</b>   | <b>91,475</b>       | <b>32,156</b>             | <b>45,485</b>    | <b>169,116</b>              | <b>132,246</b>    |
| <b>Total Expenses</b>   | <b>\$ 274,903</b>   | <b>\$ 51,164</b>          | <b>\$ 67,913</b> | <b>\$ 393,980</b>           | <b>\$ 382,927</b> |

# Turner Syndrome Society of the United States

## Statement of Cash Flows

| <i>Year Ended December 31, (with comparative totals for 2020)</i>                    | <b>2021</b>       | <b>2020</b> |
|--|-------------------|-------------|
| <b>Cash Flows From Operating Activities</b>  |                   |             |
| Change in net assets   | \$ 137,643        | \$ 21,868   |
| Adjustments to reconcile change in net assets to net change in operating activities: |                   |             |
| Forgiveness of PPP refundable advance  | (102,329)         | -           |
| Depreciation expense   | -                 | 500         |
| Changes in assets and liabilities:   |                   |             |
| Accounts receivable  | 90                | (90)        |
| Prepaid expenses   | 3,886             | 23          |
| Accounts payable and accrued expenses  | 754               | (7,584)     |
| Total Adjustments  | (97,599)          | (7,151)     |
| Net Change in Operating Activities   | <b>40,044</b>     | 14,717      |
| <b>Cash Flows From Financing Activities</b>  |                   |             |
| Proceeds from PPP refundable advance   | <b>51,529</b>     | 50,800      |
| Net Change in Financing Activities   | <b>51,529</b>     | 50,800      |
| <b>Net Change in Cash and Cash Equivalents</b>                                       | <b>91,573</b>     | 65,517      |
| Cash and Cash Equivalents, Beginning of Year   | <b>455,368</b>    | 389,851     |
| <b>Cash and Cash Equivalents, End of Year</b>  | <b>\$ 546,941</b> | \$ 455,368  |



# Turner Syndrome Society of the United States

## Notes to Financial Statements

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### 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, 2021 and 2020. Depreciation expense charged to operations for the years ended December 31, 2021 and 2020 was \$- and \$500, respectively.

# Turner Syndrome Society of the United States

## Notes to Financial Statements

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### 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 years ended December 31, 2021 and 2020 were \$32,675 and \$7,360, respectively.

### 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 years ended December 31, 2021 and 2020 were \$3,500 and \$554, respectively.

### 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, 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. Topic 740 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

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### Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2021 and 2020 was \$32,707 and \$417, respectively.

### **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, 2021, are comprised of cash and cash equivalents totaling \$546,941. 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.

### **NOTE 3 – FEDERAL COVID RELIEF**

In May 2020, the Society received financial relief of \$46,800 under the Small Business Administration's Paycheck Protection Program (PPP). The Society applied for forgiveness and in February 2021, was notified that \$46,800 in eligible expenditures for payroll and other eligible costs as described in the CARES Act had been forgiven. In addition, the Society received a \$4,000 advance under the Economic Injury Disaster Loan (EIDL) program, which does not have to be repaid. The proceeds of the advance have been recognized as contribution revenue in fiscal year 2021.

In March 2021, the Society received a second PPP refundable advance in the amount of \$51,529. The Society applied for forgiveness and in September 2021, was notified that \$51,529 in eligible expenditures for payroll and other eligible costs as described in the CARES Act had been forgiven. The proceeds of the advance has been recognized as contribution revenue in fiscal year 2021.

### **NOTE 4 – 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, 2021 and 2020 the excess above the FDIC insured limit was \$148,529 and \$3,275, respectively. 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.

# Turner Syndrome Society of the United States

## Notes to Financial Statements

### NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2021 and 2020 are restricted for the following purposes:

|   | 2021 | 2020    |
|---|------|---------|
| Subject to expenditure for specified purpose: |      |         |
| Conference                                    | \$-  | \$1,150 |
| Research                                      | -    | 230     |
| Hearing aids                                  | -    | 250     |
| Total net assets with donor restrictions      | \$-  | \$1,630 |

### NOTE 6 – 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 years ended December 31, 2021 and 2020:

|   | 2021    | 2020    |
|---|---------|---------|
| Satisfaction of purpose restrictions:       |         |         |
| Houston chapter                             | \$-     | \$7,254 |
| Research                                    | 230     | -       |
| Conference                                  | 1,150   | -       |
| Hearing aids                                | 250     | 500     |
| Total net assets released from restrictions | \$1,630 | \$7,754 |

### NOTE 7 – 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 agreement. The lease was extended until January 2022 with monthly rental payments of \$1,050, and then subsequent to year end, was extended again until January 2023 with monthly rental payments of \$1,000. Lease expense was \$12,600 and \$13,382 for the years ended December 31, 2021 and 2020. Future minimum lease payments under the operating lease as of December 31, 2021 are as follows:

For the years ending December 31,

|            |         |
|------------|---------|
| 2022       | \$1,050 |
| Thereafter | -       |
| Total      | \$1,050 |

### NOTE 8 –SUBSEQUENT EVENTS

Due to the ongoing COVID-19 pandemic, the Society continues to evaluate current economic conditions and the impact on the Society's operations for the year ended December 31, 2021 as the long-term effects of the pandemic are uncertain.

The Society has evaluated subsequent events through May 3, 2022, the date the financial statements were available to be issued.