

# **Turner Syndrome Society of the United States**

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*Financial Statements*

**For the Years Ended  
December 31, 2017 and 2016**

**Turner Syndrome Society of the United States**  
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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Turner Syndrome Society of the United States (the Society) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Turner Syndrome Society of the United States as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Seefeld Lawson Moeller LLP*

Seefeld Lawson Moeller LLP  
Certified Public Accountants

The Woodlands, Texas  
May 25, 2018

**Turner Syndrome Society of the United States**  
**Statements of Financial Position**  
**December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and Cash Equivalents	\$ 375,375	\$ 409,590
Investments	59,861	-
Accounts Receivable	-	415
Lease Deposit	1,000	1,000
Prepaid Expenses	3,011	6,947
Furniture and Equipment	6,029	4,394
Accumulated Depreciation	<u>(4,394)</u>	<u>(4,394)</u>
 TOTAL ASSETS	 <u>\$ 440,882</u>	 <u>\$ 417,952</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 24,910	\$ 10,631
Due to Others	<u>768</u>	<u>768</u>
 TOTAL LIABILITIES	 25,678	 11,399
 NET ASSETS		
Unrestricted	407,054	394,503
Temporarily Restricted	<u>8,150</u>	<u>12,050</u>
 TOTAL NET ASSETS	 <u>415,204</u>	 <u>406,553</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 440,882</u>	 <u>\$ 417,952</u>

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

**Turner Syndrome Society of the United States**  
**Statement of Activities**  
**For the Year Ended December 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 427,776	\$ 27,395	\$ 455,171
Membership Dues	39,440	-	39,440
Conference Income	187,566	-	187,566
Publication Sales and Other Revenue	19,105	-	19,105
Interest Income	659	-	659
	<u>674,546</u>	<u>27,395</u>	<u>701,941</u>
<b>TOTAL REVENUES</b>	<b>674,546</b>	<b>27,395</b>	<b>701,941</b>
Net Assets Released from Restrictions	<u>31,295</u>	<u>(31,295)</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<b>705,841</b>	<b>(3,900)</b>	<b>701,941</b>
<b>EXPENSES</b>			
Program Services	592,450	-	592,450
Supporting Services			
Management and General	69,095	-	69,095
Fundraising	31,745	-	31,745
	<u>693,290</u>	<u>-</u>	<u>693,290</u>
<b>TOTAL EXPENSES</b>	<b>693,290</b>	<b>-</b>	<b>693,290</b>
<b>CHANGE IN NET ASSETS</b>	<b>12,551</b>	<b>(3,900)</b>	<b>8,651</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>394,503</u>	<u>12,050</u>	<u>406,553</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 407,054</u>	<u>\$ 8,150</u>	<u>\$ 415,204</u>

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

**Turner Syndrome Society of the United States**  
**Statement of Activities**  
**For the Year Ended December 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 443,909	\$ 1,500	\$ 445,409
Membership Dues	37,230	-	37,230
Conference Income	161,355	-	161,355
Publication Sales and Other Revenue	15,842	-	15,842
Interest Income	167	-	167
	<u>658,503</u>	<u>1,500</u>	<u>660,003</u>
TOTAL REVENUES			
Net Assets Released from Restrictions	<u>10,285</u>	<u>(10,285)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	668,788	(8,785)	660,003
<b>EXPENSES</b>			
Program Services	669,720	-	669,720
Supporting Services			
Management and General	47,261	-	47,261
Fundraising	9,575	-	9,575
	<u>726,556</u>	<u>-</u>	<u>726,556</u>
TOTAL EXPENSES			
CHANGE IN NET ASSETS	(57,768)	(8,785)	(66,553)
NET ASSETS, BEGINNING OF YEAR	<u>452,271</u>	<u>20,835</u>	<u>473,106</u>
NET ASSETS, END OF YEAR	<u>\$ 394,503</u>	<u>\$ 12,050</u>	<u>\$ 406,553</u>

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

**Turner Syndrome Society of the United States**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 8,651	\$ (66,553)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Donated Stock	(58,012)	-
(Gain) Loss on Donated Stock	(1,849)	-
(Increase) Decrease in:		
Accounts Receivable	415	(240)
Prepaid Expenses	3,936	(5,511)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	14,279	219
Due to Others	-	768
Net Cash Used by Operating Activities	<u>(32,580)</u>	<u>(71,317)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Furniture and Equipment	<u>(1,635)</u>	<u>-</u>
Net Cash Used by Investing Activities	<u>(1,635)</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(34,215)	(71,317)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>409,590</u>	<u>480,907</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 375,375</u>	<u>\$ 409,590</u>

There were no cash flows from financing activities for the years ended December 31, 2017 and 2016.

**Turner Syndrome Society of the United States**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

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**NOTE 1 – Organization and Nature of Activities**

Turner Syndrome Society of the United States (the Society) is a non-profit, tax-exempt corporation that provides assistance and information to individuals affected by Turner Syndrome, a chromosomal condition. The Society's headquarters are located in Houston, Texas. Affiliated chapters are located throughout the United States. These financial statements do not reflect the financial position or results of affiliated chapters.

**NOTE 2 – Summary of Significant Accounting Policies**

***Basis of Accounting***

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when they are earned. Expenses are recognized when they are incurred.

***Basis of Presentation***

Financial reporting standards for not-for-profit organizations require that resources be classified for reporting purposes into three net asset categories according to donor-imposed restrictions or by law. A description of the Society's three net asset categories is as follows:

- *Unrestricted net assets:* Assets are not restricted by donors, or the donor-imposed restrictions have expired or have been satisfied.
- *Temporarily restricted net assets:* Donor-imposed restrictions that permit the Society to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the Society.
- *Permanently restricted net assets:* Donor-imposed restrictions that stipulate the resources be maintained permanently, but permit the income derived from the donated assets to be expended for temporarily restricted or unrestricted purposes. (The Society has no permanently restricted net assets.)

In addition, the Society is required to present a statement of cash flows.

***Cash and Cash Equivalents***

For purposes of the statement of cash flows, cash and cash equivalents include demand deposits, and savings accounts. The Society considers all highly liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents.



# Turner Syndrome Society of the United States

## Notes to Financial Statements

December 31, 2017 and 2016

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### ***Investments***

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

### ***Fair Value of Financial Instruments***

The carrying amounts reported in the statement of financial position for cash and cash equivalents, investments, and receivables approximate their fair value.

### ***Furniture and Equipment***

Furniture and equipment acquisitions greater than \$2,000 are recorded at cost if purchased or, if donated, at fair value at the date of the gift. Furniture and Equipment are depreciated using the straight-line method over the estimated useful lives of the assets. Routine repairs and maintenance are expensed as incurred.

### ***Support and Revenue***

Support and revenue are comprised primarily of contributions from donors, membership dues, conference income, and sales from Society publications. Contributions are recorded as unrestricted net assets unless they are received with donor stipulations that limit their use either through their purpose or time restrictions. If received with such stipulations, the support and revenue are recorded as temporarily restricted net assets. When donor time restrictions expire, or when contributed funds are expended for donor stipulated purposes, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

### ***Contributed Services and Goods***

Contributed services are recognized as revenue if the services received created or enhanced non-financial assets, or require specialized skills provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. Many individuals volunteer their time and perform a variety of tasks that assist in providing the Society's services. Contributed services for the years ending December 31, 2017 and 2016 were \$12,091 and \$4,500, respectively.

Contributed goods are recorded as unrestricted support at their estimated fair values unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire furniture and equipment are reported as restricted support. Absent of donor stipulations regarding how long those donated

# Turner Syndrome Society of the United States

## Notes to Financial Statements

December 31, 2017 and 2016

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assets must be maintained, the Society reports expirations of donor restrictions by reclassifying temporarily restricted net assets to unrestricted net assets when the donated or acquired assets are placed in service as instructed by the donor. Contributed goods for the years ending December 31, 2017 and 2016 were \$65,234 and \$33,964, respectively. The goods contributed for the year ended December 31, 2017 include donated stock.

### ***Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### ***Functional Expense Allocation***

The costs of providing program and support services have been summarized on a functional basis in the statements of activities. Some of the expenses can generally be directly identified with the program or supporting services to which they relate and are charged accordingly. Other expenses, by function, have been allocated among program and supporting services classifications on the basis of salaries.

### ***Federal Income Taxes***

The Society is a nonprofit, charitable corporation as described in Internal Revenue Code Section 501(c)(3) and is exempt from federal income taxes on related income. The Society is not a private foundation. Gifts to the Society are tax deductible to the extent allowed by law.

### ***Management's Review***

The Society has evaluated subsequent events through May 25, 2018, the date which the financial statements were available to be issued.

### **NOTE 3 – Investments and Fair Value Measurements**

Investments consist of shares of stock that was donated to the Society in December 2017. Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. 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. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

# Turner Syndrome Society of the United States

## Notes to Financial Statements

December 31, 2017 and 2016

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The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Society has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Society's own data.).

The following sets forth by level, within the fair value hierarchy, the Society's assets at fair value as of December 31, 2017 and 2016:

Assets at Fair Value as of December 31, 2017				
	Level 1	Level 2	Level 3	Total
Stock	\$ 59,861	\$ -	\$ -	\$ 59,861
Total	\$ 59,861	\$ -	\$ -	\$ 59,861

Assets at Fair Value as of December 31, 2016				
	Level 1	Level 2	Level 3	Total
Stock	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -

### NOTE 4 – Temporarily Restricted Net Assets

Temporarily restricted net assets of \$8,150 and \$12,050 for the years ended December 31, 2017 and 2016, respectively are restricted for program activities.

### NOTE 5 – Reclassification of Net Assets

Net assets totaling \$31,295 and \$10,285 for the years ended December 31, 2017 and 2016, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purposes.

# Turner Syndrome Society of the United States

## Notes to Financial Statements

December 31, 2017 and 2016

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### NOTE 6 – Lease Agreement

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 following is a schedule of the future minimum lease payments under the operating lease as of December 31, 2017:

<u>Year Ending December 31</u>	<u>Amount</u>
2018	\$ 12,600
2019	11,550
2020	-
2021	-
2022	-
Total Minimum Lease Payments	<u>\$ 24,150</u>

Lease expense was \$12,000 for each of the years ended December 31, 2017 and 2016.

### NOTE 7 – Concentration of Credit Risks

The Society places its cash and cash equivalents within the financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). At times such cash and cash equivalents may be in excess of the FDIC insurance limits. The Society has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

### NOTE 8 – Commitments and Contingencies

During the year the Society entered into two contracts with two different conference center facilities for arrangements associated with the Society's annual conference, scheduled for July 2018 and July 2019. Both contracts have tiered cancellation liabilities. For the year ended December 31, 2017, cancellation of the events would obligate the Society to a maximum liability in the amount of \$86,868, (\$45,165 for the 2018 conference and \$41,703 for the 2019 conference).

### NOTE 9 – New Accounting Pronouncement

On August 18, 2016, the FASB issued an Accounting Standard Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU, which becomes effective for the Society's year ending December 31, 2018, focuses on improving the current net asset classification requirements and information presented in the financial statements and related footnotes all for assessing a not-for-profit's liquidity, financial performance, and cash flows.

The Society is in the process of evaluating the impact the standard will have on future financial statements.