

Turner Syndrome Society of the United States

Independent Auditors' Report and
Financial Statements for the Year Ended December 31, 2022
(with comparative totals for 2021)



Tipton & Company
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2022, 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, 2022, 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' 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 3, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tipton & Company LLC

Tipton & Company LLC
Certified Public Accountants
Houston, Texas

May 24, 2023

Turner Syndrome Society of the United States

Statement of Financial Position

<i>As of December 31, (with comparative totals for 2021)</i>	2022	2021
Assets		
Cash and cash equivalents	\$ 652,722	\$ 546,941
Accounts receivable	66,690	-
Prepaid expenses	3,458	1,661
Deposits	1,000	1,000
Total Assets	\$ 723,870	\$ 549,602
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 19,294	\$ 17,629
Deferred Revenue	1,265	-
Total Liabilities	20,559	17,629
Net Assets		
Without donor restrictions	678,034	531,973
With donor restrictions	25,277	-
Total Net Assets	703,311	531,973
Total Liabilities and Net Assets	\$ 723,870	\$ 549,602

Turner Syndrome Society of the United States

Statement of Activities

Year ended December 31, <i>(with comparative totals for 2021)</i>	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Revenue and Support				
Contributions	\$ 379,144	25,277	\$ 404,421	\$ 386,274
Federal COVID relief	66,000	-	66,000	51,529
Donated advertising and professional services	31,188	-	31,188	36,175
Membership dues	31,625	-	31,625	33,980
Publication sales and other revenue, net of discounts given	12,375	-	12,375	18,252
Virtual event income	10,440	-	10,440	5,045
Other income	4,344	-	4,344	368
Net assets released from restriction	-	-	-	-
Total Revenue and Support	535,116	25,277	560,393	531,623
Expenses				
Program Services	302,923	-	302,923	274,903
Supporting Services				
Management and general expenses	35,035	-	35,035	51,164
Fundraising	51,097	-	51,097	67,913
Total Expenses	389,055	-	389,055	393,980
Change in Net Assets	146,061	25,277	171,338	137,643
Net Assets, Beginning of Year	531,973	-	531,973	394,330
Net Assets, End of Year	\$ 678,034	\$ 25,277	\$ 703,311	\$ 531,973

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

Turner Syndrome Society of the United States

Statement of Functional Expenses

Year ended December 31, <i>(with comparative totals for 2021)</i>	Program Services	Supporting Services		2022 Total	2021 Total
		Management and General	Fundraising		
Salaries and Related Expenses					
Salaries and wages	\$ 169,910	\$ 4,261	\$ 23,065	\$ 197,236	\$ 193,808
Payroll fees and benefits	12,480	240	1,680	14,400	14,456
Payroll taxes	14,262	354	1,963	16,579	16,600
Total Salaries and Related Expenses	196,652	4,855	26,708	228,215	224,864
Other Expenses					
Advertising	28,541	-	-	28,541	32,707
Bank fees	684	8,393	-	9,077	8,658
Dues and subscriptions	11,867	2,068	6,153	20,088	22,534
Facility and equipment	2,459	25	-	2,484	2,038
Grants and direct assistance	1,750	-	-	1,750	1,500
Insurance	1,974	987	-	2,961	3,469
Postage	931	13	3,469	4,413	9,045
Printing	7,590	-	11,257	18,847	14,432
Product costs	7,192	-	-	7,192	12,707
Professional fees	21,713	17,186	-	38,899	33,350
Rent	11,930	120	-	12,050	12,600
Repairs and maintenance	182	-	-	182	970
Supplies	1,955	603	516	3,074	2,006
Telephone	4,544	-	-	4,544	4,311
Travel	1,934	387	-	2,321	78
Other	1,025	398	2,994	4,417	8,711
Total Other Expenses	106,271	30,180	24,389	160,840	169,116
Total Expenses	\$ 302,923	\$ 35,035	\$ 51,097	\$ 389,055	\$ 393,980

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

Turner Syndrome Society of the United States

Statement of Cash Flows

<i>Year Ended December 31, (with comparative totals for 2021)</i>	2022	2021
Cash Flows From Operating Activities		
Change in net assets	\$ 171,338	\$ 137,643
Adjustments to reconcile change in net assets to net change in operating activities:		
Forgiveness of PPP refundable advance	-	(102,329)
Changes in assets and liabilities:		
Accounts receivable	(66,690)	90
Prepaid expenses	(1,797)	3,886
Accounts payable and accrued expenses	1,665	754
Deferred revenue	1,265	-
Total Adjustments	(65,557)	(97,599)
Net Change in Operating Activities	105,781	40,044
Cash Flows From Financing Activities		
Proceeds from PPP refundable advance	-	51,529
Net Change in Financing Activities	-	51,529
Net Change in Cash and Cash Equivalents	105,781	91,573
Cash and Cash Equivalents, Beginning of Year	546,941	455,368
Cash and Cash Equivalents, End of Year	\$ 652,722	\$ 546,941

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 and provides assistance and information to those diagnose with Turner syndrome and their family members. Turner Syndrome is a rare chromosomal condition. The Society is located in Houston, Texas and cancelled its affiliated chapter program in 2022.

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.

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 comprise donated advertising and were valued based on actual campaign reports received from the donor. Donated advertising was \$28,366 and \$32,675, respectively, for the years ended December 31, 2022 and 2021 and was fully expended on the Society’s program services during each of these fiscal years.

Turner Syndrome Society of the United States

Notes to Financial Statements

Donated 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. Donated services are valued using the average hourly wage for the respective service in the Society's metropolitan area. Contributed services for the years ended December 31, 2022 and 2021 were \$2,822 and \$3,500, respectively, and were fully expended on the Society's program services during each of these fiscal years

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.

Accounts Receivable

Accounts receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in more than one year are discounted, if material, to estimate the present value of future cash flows. As of December 31, 2022 and 2021, management has determined, based on historical experience that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

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.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2022 and 2021 was \$28,541 and \$32,707, respectively.

Turner Syndrome Society of the United States

Notes to Financial Statements

Leases

From time to time the Society enters into contracts to lease facilities. At contract inception, the Society determines if an arrangement contains a lease and recognizes right-of-use (ROU) assets and lease liabilities for leases with terms greater than twelve months. Leases with an initial term of twelve months or less and immaterial leases with obligations of less than \$15,000 are not recognized in the statement of financial position.

Newly Adopted Accounting Pronouncements

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities and changes in net assets, apart from contributions of cash or other financial assets. It also requires a not-for-profit organization to disclose contributed nonfinancial assets recognized within the statement of activities and changes in net assets disaggregated by category that depicts the type of contributed nonfinancial assets and includes additional disclosure requirements for each category of contributed nonfinancial assets recognized. The Society adopted the new guidance effective January 1, 2022. There was no significant impact as a result of the implementation.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The ASU requires most leases to be recognized on the statement of financial position as lease assets and lease liabilities and requires both quantitative and qualitative disclosures regarding key information about leasing arrangements. The Society adopted the new guidance effective January 1, 2022. There was no significant impact as a result of the implementation.

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, 2022, are comprise the following:

Financial assets:	
Cash and cash equivalents	\$652,722
Accounts receivable	66,690
Financial assets available to meet cash needs for general expenditure within one year	\$719,412

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

Paycheck Protection Program – In March 2021, the Society received a refundable advance of \$51,529 under the Small Business Administration’s Paycheck Protection Program (PPP) as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. 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 have been recognized as federal COVID relief revenue in fiscal year 2021.

Turner Syndrome Society of the United States

Notes to Financial Statements

Employee Retention Tax Credit – The Employee Retention Credit (ERC) is a refundable tax credit under the CARES Act for businesses that continued to pay employees while shut down due to the COVID-19 pandemic or had significant declines in gross receipts from March 13, 2020 to December 31, 2021. Eligible employers can claim the ERC on an original or adjusted employment tax return for a period within those dates. The Society has determined that it is due \$66,000, which has been recognized as federal COVID relief revenue in fiscal year 2022.

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, 2022 and 2021 the excess above the FDIC insured limit was \$160,758 and \$148,529, 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.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2022 and 2021 are restricted for the following purposes:

	2022	2021
Subject to expenditure for specified purpose:		
Minnesota chapter	\$22,377	\$ -
Other chapters	2,900	-
Total net assets with donor restrictions	\$25,277	\$ -

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, 2022 and 2021:

	2022	2021
Satisfaction of purpose restrictions:		
Houston chapter	\$ -	\$ -
Research	-	230
Conference	-	1,150
Hearing aids	-	250
Total net assets released from restrictions	\$ -	\$1,630

Turner Syndrome Society of the United States

Notes to Financial Statements

NOTE 7 – LEASES

In January 2020, the Society entered into a lease agreement to rent its administrative office space from an unrelated party until January 2022 with monthly rental payments of \$1,050. The Society entered into a new lease agreement with the same unrelated party until January 2023 with monthly rental payments of \$1,000.

Lease expense was \$12,050 and \$12,600 for the years ended December 31, 2022 and 2021, respectively.

The Society's lease arrangement is not recognized in the statement of financial position as the total obligation is less than \$15,000. Future minimum lease payments under the lease agreement as of December 31, 2022 are as follows:

For the years ending December 31,

2023	\$1,000
Thereafter	-
Total	\$1,000

Subsequent to year end, effective April 1, 2023, the Society entered into a new lease agreement, which extended the lease through March 2024 with monthly rental payments of \$1,000.

NOTE 8 –SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 24, 2023, the date the financial statements were available to be issued. No events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.