

LUMIND IDSC FOUNDATION

FINANCIAL STATEMENTS

For the Year Ended

September 30, 2023

(with summarized comparative totals for 2022)

LUMIND IDSC FOUNDATION

Annual Financial Report

Table of Contents

Independent Auditor's Report.....	1 - 2
Financial Statements	
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements.....	7 - 14

Independent Auditor's Report

To the Board of Directors of
LuMind IDSC Foundation
Burlington, MA

We have audited the accompanying financial statements of LuMind IDSC Foundation (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LuMind IDSC Foundation as of September 30, 2023, 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.

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 LuMind IDSC Foundation 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; 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.

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 LuMind IDSC Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility 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 LuMind IDSC Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LuMind IDSC Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited LuMind IDSC Foundation's 2022 financial statements, and we expressed a modified audit opinion on those audited financial statements in our report dated August 11, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Deloitte & Aher, Ltd

July 9, 2024
Chicago, IL

LUMIND IDSC FOUNDATION
STATEMENT OF FINANCIAL POSITION
September 30, 2023 and 2022

	2023	2022
<u>Assets</u>		
Current Assets		
Cash and equivalents	\$ 707,582	\$ 943,622
Contributions receivable, current portion	110,312	722,516
Prepaid expenses	22,408	21,586
Other current assets	-	13,726
Total current assets	840,302	1,701,450
Property and Equipment		
Equipment	46,858	40,748
Website	114,120	114,120
Software	487,505	422,123
Less accumulated depreciation	(318,318)	(156,001)
Net property and equipment	330,165	420,990
Other Assets		
Contributions receivable, net of current portion	28,857	32,375
Operating lease, right-of-use asset	44,091	-
Security deposit	15,360	11,760
Total other assets	88,308	44,135
Total Assets	\$ 1,258,775	\$ 2,166,575
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts payable	\$ 275,159	\$ 217,962
Accrued payroll and related	7,003	15,147
Accrued expenses	80,864	114,257
Grants payable	94,000	334,611
Deferred event revenue	30,518	38,130
Unearned contract revenue	100,651	-
Operating lease liability, current	23,557	-
Total current liabilities	611,752	720,107
Operating lease liability, net of current portion	20,534	-
Total liabilities	632,286	720,107
Net Assets		
Without donor restrictions	(116,676)	(424,371)
With donor restrictions	743,165	1,870,839
Total net assets	626,489	1,446,468
Total Liabilities and Net Assets	\$ 1,258,775	\$ 2,166,575

See independent auditor's report and notes to financial statements.

**LUMIND IDSC FOUNDATION
STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2023 (with summarized comparative totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
<u>Public Support and Revenue</u>				
Grants and Contributions				
Major donors	\$ 2,290,320	\$ 75,000	\$ 2,365,320	\$ 2,348,034
Grassroots and general contributions	242,868	-	242,868	224,382
Total grants and contributions	<u>2,533,188</u>	<u>75,000</u>	<u>2,608,188</u>	<u>2,572,416</u>
Special Events				
Contributions	284,636	-	284,636	251,136
Less cost of direct benefits to donors	(95,355)	-	(95,355)	(88,004)
Net revenues from special events	<u>189,281</u>	<u>-</u>	<u>189,281</u>	<u>163,132</u>
Other Income				
Other revenue	792	-	792	22,740
Donated legal services	77,300	-	77,300	-
Employee retention credit	346,974	-	346,974	-
Investment income	14,309	-	14,309	2,466
Total other income	<u>439,375</u>	<u>-</u>	<u>439,375</u>	<u>25,206</u>
Net assets released from restrictions	<u>1,202,674</u>	<u>(1,202,674)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>4,364,518</u>	<u>(1,127,674)</u>	<u>3,236,844</u>	<u>2,760,754</u>
<u>Expenses</u>				
Program services	3,093,194	-	3,093,194	3,598,544
Management and general	437,738	-	437,738	557,381
Fundraising	525,891	-	525,891	589,322
Total expenses	<u>4,056,823</u>	<u>-</u>	<u>4,056,823</u>	<u>4,745,247</u>
Change in net assets	307,695	(1,127,674)	(819,979)	(1,984,493)
Net assets, beginning of year	(424,371)	1,870,839	1,446,468	3,430,961
Net assets, end of year	<u>\$ (116,676)</u>	<u>\$ 743,165</u>	<u>\$ 626,489</u>	<u>\$ 1,446,468</u>

See independent auditor's report and notes to financial statements.

LUMIND IDSC FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2023 (with summarized comparative totals for 2022)

	Program Services	Management and General	Fundraising	2023 Total	2022 Total
Functional Expenses					
Salaries and wages	\$ 991,630	\$ 81,059	\$ 345,755	\$ 1,418,444	\$ 1,819,390
Payroll taxes and fringe benefits	203,569	16,639	70,980	291,188	348,435
Grants and scholarships	-	-	-	-	447,000
Professional fees	289,915	281,676	13,059	584,650	467,500
Sites expenses and research contract services	1,253,479	-	-	1,253,479	1,187,819
Occupancy	40,249	3,291	14,033	57,573	54,685
Office expense	19,008	1,535	6,547	27,090	2,659
Supplies	-	-	-	-	23,965
Insurance	-	19,387	-	19,387	33,674
Conferences and meetings	73,189	-	-	73,189	24,289
Marketing	7,450	7,430	2,510	17,390	17,412
Equipment and maintenance	1,437	117	501	2,055	3,102
Dues and subscriptions	1,000	-	-	1,000	11,367
Information technology	42,601	3,482	14,854	60,937	103,340
Postage and shipping	4,872	215	916	6,003	9,020
Printing and copying	5,225	152	647	6,024	20,215
Telephone	1,827	149	637	2,613	2,608
Taxes, fees, and licenses	-	13,120	-	13,120	15,955
Travel	30,441	-	15,493	45,934	77,074
Interest	-	-	-	-	3,698
Miscellaneous	13,827	210	393	14,430	4,712
Depreciation	113,475	9,276	39,566	162,317	67,328
Total Expenses	\$ 3,093,194	\$ 437,738	\$ 525,891	\$ 4,056,823	\$ 4,745,247

See independent auditor's report and notes to financial statements.

LUMIND IDSC FOUNDATION
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>Cash Flows from Operating Activities</u>		
Change in net assets	\$ (819,979)	\$ (1,984,493)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	162,317	67,328
Decrease (increase) in:		
Contributions receivable	615,722	1,744,423
Prepaid expenses	(822)	12,736
Other current assets	13,726	3,934
Security deposits	(3,600)	-
Increase (decrease) in:		
Accounts payable	57,197	76,549
Accrued payroll and related	(8,144)	(78,856)
Accrued expenses	(33,393)	84,004
Grants payable	(240,611)	(287,199)
Deferred event revenue	(7,612)	25,575
Unearned contract revenue	100,651	-
Net cash used in operating activities	<u>(164,548)</u>	<u>(335,999)</u>
<u>Cash Flows from Investing Activities</u>		
Purchase of property and equipment	<u>(71,492)</u>	<u>(272,265)</u>
Net cash used in investing activities	<u>(71,492)</u>	<u>(272,265)</u>
Net decrease in cash and equivalents	(236,040)	(608,264)
Cash and equivalents, beginning of year	<u>943,622</u>	<u>1,551,886</u>
Cash and equivalents, end of year	<u>\$ 707,582</u>	<u>943,622</u>
Supplemental disclosure of cash information:		
Cash paid for interest	<u>\$ -</u>	<u>\$ 3,698</u>

See independent auditor's report and notes to financial statements.

LUMIND IDSC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

Note 1 – Nature of Operations and Summary of Significant Accounting Policies

Organization

LuMind IDSC Foundation, (“LuMind”, the “Foundation” or the “Organization”), is a California public benefit corporation, founded on November 21, 2003. LuMind envisions a world where every person with Down syndrome thrives with improved health, independence, and opportunities to reach their fullest potential. LuMind accelerates research to increase availability of therapeutic, diagnostic, and medical care options and empowers families through education. The Foundation receives its funding primarily from public contributions.

Basis of Accounting

The accounts and financial statements are maintained on the accrual basis of accounting and accordingly, reflect all significant accounts receivable, payable, and other liabilities in conformity with accounting principles generally accepted in the U.S. and applicable to non-profit Organizations.

Basis of Presentation

The Organization reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions, as required by Generally Accepted Accounting Principles. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Items that affect this net asset category principally consist of gifts without restrictions, including those designated by the Board, fees for service and related expenses associated with the core activities of the Organization.

With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met, endowment gifts, pledges, and investment returns on endowment funds. Expirations of restrictions on net assets with donor restrictions, including reclassification of restricted gifts and grants for buildings and equipment when the associated long-lived asset is placed in service, are reported as net assets released from restrictions.

Income Tax Status

LuMind IDSC Foundation was granted an exemption from federal income tax by the Internal Revenue Service pursuant to the provisions of Internal Revenue Code Section 501(c)(3). The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an Organization that is not a private Organization under Section 509(a)(1). The tax-exempt purpose of the Organization and the nature in which it operates is described above. Management believes the Organization operates in compliance with its tax-exempt purpose. Thus, no provision for income tax has been provided for in the financial statements.

LUMIND IDSC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

The Organization has adopted the requirements for accounting for uncertain tax positions and management has determined that the Organization was not required to record a liability related to uncertain tax positions as of September 30, 2023.

The Organization's annual information and income tax returns filed with the federal and state governments are subject to examination generally for three years after they are filed. All filings are current.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues, expenses, gains, losses and other changes in net assets during the year. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of bank deposits in federally insured accounts. At times, the balances may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit. For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments, if any, purchased with an original maturity of three months or less to be cash equivalents. No cash was paid for taxes or interest for the years ending September 30, 2023.

Contributions Receivable

Contributions receivable represent amounts promised by sponsor benefactors reflecting unconditional promises to give, net of allowance for doubtful accounts. The allowance is evaluated by management based on existing economic conditions and the historical relationships with the sponsors. Management closely reviews its outstanding receivables and follows up on a timely basis for all delinquent amounts. Accounts are written off when management deems contributions uncollectible. For the year ending September 30, 2023 an allowance for doubtful accounts was not deemed necessary.

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Amortization of the discounts is included in contribution revenue. Conditional promises to give – that is those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend on have been met. There were no conditional promises to give for the year ending September 30, 2023.

LUMIND IDSC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Property and Equipment

Property and equipment are recorded at cost or at the estimated fair value at the date of gift, if donated. Purchases of property and equipment in excess of \$2,500 with a useful life of greater than one year are capitalized. Depreciation is being provided on the straight-line method over the estimated useful lives of the assets over 3 – 7 years. The cost of maintenance and repairs is charged to expense as incurred.

Depreciation expense for the year ended September 30, 2023 was \$162,317.

Donated Services and In-Kind Contributions

Contributions of services are required to be recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated legal services included in professional fees, are valued at the standard hourly rates charged for those services discounted to 50%. During the year ending September 30, 2023, the Organization recorded \$77,300 of donated legal services.

In addition to receiving cash contributions, the Organization may receive in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair market value of certain in-kind donations as an expense in its financial statements, and similarly increase donation revenue by a like amount. There were no in-kind contributions during the year ended September 30, 2023.

Support and Revenue

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. It is the Organization's policy to immediately liquidate donations of common stock.

The Organization reports gifts of land, buildings, and equipment as without donor restriction support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. During the year ending September 30, 2023 no such gifts of land, buildings, or equipment were received.

LUMIND IDSC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Directly identifiable expenses are charged to the specific program or supporting service. Expenses related to more than one function are allocated to program expenses and supporting services as the basis of periodic time and expense reviews made by management. The expenses that are allocated include depreciation and occupancy, as well as salaries and benefits which are all allocated on the basis of estimates of time.

Subsequent Events

Accounting principles generally accepted in the United States of America establish general standards of accounting for, and disclosure of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The Organization has evaluated subsequent events through July 9, 2024, which is the date the financial statements were available to be issued. Besides the subsequent event noted in Note 9, no other subsequent events have been identified that are required to be disclosed as of that date.

Adoption of New Accounting Standard

Effective October 1, 2022, the Organization adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, Leases (Topic 842). The Organization has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Organization accounted for its existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments (as of September 30, 2022) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. As a result of the adoption of the new lease accounting guidance, the Organization recognized on October 1, 2022 (a) a lease liability of \$51,255, which represents the present value of the remaining lease payments of \$52,416, discounted using the risk-free discount rate of 4.92%, and (b) a right-of-use asset of \$51,255.

Note 2 – Financial Assets and Liquidity Resources

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The Organization is substantially supported by restricted contributions. Because a donor's restrictions require resources to be used in a particular manner, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for

LUMIND IDSC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

Note 2 – Financial Assets and Liquidity Resources (cont.)

general expenditure, but those funds will be used to support the Organization’s mission and designated programs. Also, the Organization anticipates that a significant portion of the donor restricted funding to be released in the subsequent fiscal year.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As of September 30, 2023, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

Financial assets at year-end	
Cash and equivalents	\$ 707,582
Contributions and accounts receivable, current	110,312
Prepaid expenses	<u>22,408</u>
Total financial asset, at year-end	840,302
Less amounts not available to be used within one year:	
Restricted by donor - purpose	<u>(683,165)</u>
Financial assets available to meet cash need for general expenditures within one year	<u><u>\$ 157,137</u></u>

Note 3 – Contributions Receivable

Contributions receivable are due as follows as of September 30, 2023:

Within one year	\$ 110,312
One to five years	<u>30,000</u>
Gross	140,312
Present value discount	<u>(1,143)</u>
Total	139,169
Contributions receivable, current	<u>(110,312)</u>
Contributions receivable, long-term	<u><u>\$ 28,857</u></u>

The Organization believes that all pledge receivables are fully collectible; therefore, no reserve has been recorded as of September 30, 2023.

LUMIND IDSC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

Note 4 – Grant Awards Payable

The Foundation has grant awards payable as of September 30, 2023 totaling \$94,000 which are all expected to be paid by September 30, 2024.

Note 5 – Net Assets with Donor Restrictions

Net assets with donor restrictions for the year ended September 30, 2023 available in future periods are as follows:

LIFE-DSR Natural History Study	\$ 683,165
Time restricted	<u>60,000</u>
Total net assets with donor restrictions	<u><u>\$ 743,165</u></u>

Note 6 – Operating Leases

Effective September 1, 2018, the Foundation leased office space in Burlington, Massachusetts under an operating lease agreement through September 30, 2023. This operating lease fell under the adoption of ASC 842 as of October 1, 2022 with the impact of adoption on the balance sheet as follows:

Noncurrent Operating right-of-use asset	<u>\$ 51,255</u>
Assets	<u><u>\$ 51,255</u></u>
Current lease liability	\$ 51,255
Noncurrent lease liability	-
Liabilities	<u><u>\$ 51,255</u></u>
Cumulative effect	\$ -

As of September 30, 2023, the above lease was written off from the organizations books due to the lease being completed and the Organization moving offices.

As of August 1, 2023, the Organization entered into a separate operating lease agreement for office space through July 31, 2025 which falls under ASC 842. A new operating lease right-of-use asset and lease liability of \$47,906 was recorded, which represents the present value of the future cash payments of \$50,400 using a discount rate of 4.92%.

The Organization assesses whether an arrangement qualified as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of twelve months or less are not recorded on the statement of financial position.

LUMIND IDSC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

Note 6 – Operating Leases (cont.)

Operating right-of-use (“ROU”) assets and operating lease liabilities as of September 30, 2023 are as follows:

Operating lease right-of-use assets	\$ 47,906
Accumulated amortization	<u>(3,815)</u>
Net operating lease right-of-use assets	<u>\$ 44,091</u>
Current operating lease liabilities	\$ 23,557
Noncurrent operating lease liabilities	<u>20,534</u>
Total operating lease liabilities	<u>\$ 44,091</u>

Rental expense for these leases, included in the Statement of Activities for the year ended September 30, 2023, was \$57,573. The components are as follows:

Operating lease cost	\$ 56,616
Variable lease cost	<u>957</u>
Total lease cost	<u>\$ 57,573</u>

The following summarizes the weighted average remaining lease term and discount rate as of September 30, 2023:

Weighted-average remaining lease term (years)	
Operating leases	1.8
Weighted-average discount rate	
Operating leases	4.92%

The Organization has made the election afforded in the guidance under ASC Topic 842 which allows the use of the risk-free discount rate for these leases, which is based on the borrowing rate for the United States Federal Government for a period comparable to the lease terms.

The following summarizes cash flow information related to the leases for the year ended September 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 4,200
Lease assets obtained in exchange for lease obligations	
Operating lease	\$ 47,906

LUMIND IDSC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

Note 6 – Operating Leases (cont.)

The maturities of operating lease liabilities are as follows for the years ending September 30, 2023:

2024	\$ 25,200
2025	21,000
Total future undiscounted lease payments	<u>46,200</u>
Less: interest	<u>(2,109)</u>
Present value of lease liabilities	<u><u>\$ 44,091</u></u>

Note 7 – Employee Benefit Plan

The Foundation sponsors an Internal Revenue Code 401(k) retirement plan in which all employees who have met certain age and service requirements may participate. The Foundation matches employee contributions not to exceed three percent of salary contributed by the participants as described in the plan. The Foundation's expenses for contributions to the plan for the year ended September 30, 2023 was \$41,790.

Note 8 – Employee Retention Credit

In response to the economic challenges presented by the COVID-19 pandemic, the Foundation applied for the Employee Retention Credit (ERC) under the provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The ERC is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees. This provision was subsequently extended and modified by the Consolidated Appropriations Act, 2021, and the American Rescue Plan Act of 2021.

During the fiscal year ended September 30, 2023, the Foundation applied for and received an ERC amounting to \$346,974. The Foundation recognized this credit as other income in the statement of activities for the period.

The Foundation has complied with all eligibility criteria and record-keeping requirements for claiming the ERC. Management has evaluated the impact of the ERC on the Foundation's financial statements and has determined that it significantly contributed to mitigating the adverse effects of the COVID-19 pandemic on the Foundation's operations and financial position.

Note 9 – Subsequent events

In April 2024, LuMind IDSC's management and Board decided to close-out the LIFE-DSR studies and raised an additional \$1,170,000 towards study close-out costs. The LIFE-DSR database lock occurred in June 2024 and the last payments towards study expenses are expected in July and August 2024. All restricted funding for the LIFE-DSR study will be released in the 2024 fiscal year.