

LUMIND IDSC FOUNDATION

FINANCIAL STATEMENTS

For the Year Ended

September 30, 2024

(with summarized comparative totals for 2023)

LUMIND IDSC FOUNDATION

Annual Financial Report

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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, 2024, 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, 2024, 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 2023 financial statements, and we expressed a unmodified audit opinion on those audited financial statements in our report dated July 9, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Desmond & Ahern, Ltd

September 9, 2025
Chicago, IL

LUMIND IDSC FOUNDATION
STATEMENT OF FINANCIAL POSITION
September 30, 2024 and 2023

	2024	2023
<u>Assets</u>		
Current Assets		
Cash and equivalents	\$ 580,376	\$ 707,582
Contributions receivable, current portion	45,528	110,312
Prepaid expenses	12,839	22,408
Total current assets	<u>638,743</u>	<u>840,302</u>
Property and Equipment		
Equipment	46,858	46,858
Website	114,120	114,120
Software	487,505	487,505
Less accumulated depreciation	<u>(491,815)</u>	<u>(318,318)</u>
Net property and equipment	<u>156,668</u>	<u>330,165</u>
Other Assets		
Contributions receivable, net of current portion	28,857	28,857
Operating lease, right-of-use asset	20,535	44,091
Security deposit	3,600	15,360
Total other assets	<u>52,992</u>	<u>88,308</u>
Total Assets	<u>\$ 848,403</u>	<u>\$ 1,258,775</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts payable	\$ 39,602	\$ 275,159
Accrued payroll and related	4,474	7,003
Accrued expenses	45,999	80,864
Grants payable	-	94,000
Deferred event revenue	63,682	30,518
Unearned contract revenue	-	100,651
Operating lease liability, current	<u>20,535</u>	<u>23,557</u>
Total current liabilities	174,292	611,752
Operating lease liability, net of current portion	<u>-</u>	<u>20,534</u>
Total liabilities	<u>174,292</u>	<u>632,286</u>
Net Assets		
Without donor restrictions	585,748	(116,676)
With donor restrictions	<u>88,363</u>	<u>743,165</u>
Total net assets	<u>674,111</u>	<u>626,489</u>
Total Liabilities and Net Assets	<u>\$ 848,403</u>	<u>\$ 1,258,775</u>

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

LUMIND IDSC FOUNDATION
STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2024 (with summarized comparative totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
<u>Public Support and Revenue</u>				
Grants and Contributions				
Major donors	\$ 3,313,443	\$ 242,000	\$ 3,555,443	\$ 2,365,320
Grassroots and general contributions	263,478	-	263,478	242,868
Total grants and contributions	3,576,921	242,000	3,818,921	2,608,188
Special Events				
Contributions	280,824	-	280,824	284,636
Less cost of direct benefits to donors	(89,224)	-	(89,224)	(95,355)
Net revenues from special events	191,600	-	191,600	189,281
Other Income				
Other revenue	16,199	-	16,199	792
Donated legal services	174,317	-	174,317	77,300
Employee retention credit	-	-	-	346,974
Investment income	12,607	-	12,607	14,309
Total other income	203,123	-	203,123	439,375
Net assets released from restrictions	896,802	(896,802)	-	-
Total public support and revenue	4,868,446	(654,802)	4,213,644	3,236,844
<u>Expenses</u>				
Program services	3,203,954	-	3,203,954	3,093,194
Management and general	529,415	-	529,415	437,738
Fundraising	432,653	-	432,653	525,891
Total expenses	4,166,022	-	4,166,022	4,056,823
Change in net assets	702,424	(654,802)	47,622	(819,979)
Net assets, beginning of year	(116,676)	743,165	626,489	1,446,468
Net assets, end of year	<u>\$ 585,748</u>	<u>\$ 88,363</u>	<u>\$ 674,111</u>	<u>\$ 626,489</u>

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

LUMIND IDSC FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2024 (with summarized comparative totals for 2023)

	Program Services	Management and General	Fundraising	2024 Total	2023 Total
<u>Functional Expenses</u>					
Salaries and wages	\$ 1,262,480	\$ 104,891	\$ 281,733	\$ 1,649,104	\$ 1,418,444
Payroll taxes and fringe benefits	267,586	22,232	59,714	349,532	291,188
Professional fees	83,691	339,923	1,255	424,869	535,083
Sites expenses and research contract services	1,222,982	-	-	1,222,982	1,253,479
Occupancy	11,117	973	2,223	14,313	57,573
Supplies	14,155	1,221	2,788	18,164	27,090
Insurance	-	13,560	-	13,560	19,387
Conferences and meetings	54,713	-	-	54,713	73,189
Marketing	27,873	-	14,551	42,424	10,081
Equipment and maintenance	1,823	159	365	2,347	2,055
Dues and subscriptions	750	-	-	750	1,000
Information technology	82,716	7,243	16,543	106,502	110,452
Postage and shipping	4,393	309	706	5,408	6,003
Printing and copying	10,703	444	1,016	12,163	6,024
Telephone	1,962	172	392	2,526	2,613
Taxes, fees, and licenses	-	27,251	-	27,251	20,550
Travel	21,695	1	21,727	43,423	45,934
Miscellaneous	2,493	-	-	2,493	14,361
Depreciation	132,822	11,036	29,640	173,498	162,317
Total Expenses	\$ 3,203,954	\$ 529,415	\$ 432,653	\$ 4,166,022	\$ 4,056,823

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

LUMIND IDSC FOUNDATION
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2024 and 2023

	2024	2023
<u>Cash Flows from Operating Activities</u>		
Change in net assets	\$ 47,622	\$ (819,979)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	173,498	162,317
Decrease (increase) in:		
Contributions receivable	64,784	615,722
Prepaid expenses	9,569	(822)
Other current assets	-	13,726
Security deposits	11,760	(3,600)
Increase (decrease) in:		
Accounts payable	(235,558)	57,197
Accrued payroll and related	(2,529)	(8,144)
Accrued expenses	(34,865)	(33,393)
Grants payable	(94,000)	(240,611)
Deferred event revenue	33,164	(7,612)
Unearned contract revenue	(100,651)	100,651
Net cash used in operating activities	<u>(127,206)</u>	<u>(164,548)</u>
<u>Cash Flows from Investing Activities</u>		
Purchase of property and equipment	<u>-</u>	<u>(71,492)</u>
Net cash used in investing activities	<u>-</u>	<u>(71,492)</u>
Net decrease in cash and equivalents	(127,206)	(236,040)
Cash and equivalents, beginning of year	707,582	943,622
Cash and equivalents, end of year	<u><u>\$ 580,376</u></u>	<u><u>707,582</u></u>
Supplemental disclosure of cash information:		
Cash paid for interest	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

LUMIND IDSC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

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, 2024

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, 2024.

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, 2024.

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, 2024 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, 2024.

LUMIND IDSC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

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, 2024 was \$173,498.

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, 2024, the Organization recorded \$174,317 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, 2024.

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, 2024 no such gifts of land, buildings, or equipment were received.

LUMIND IDSC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

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

Deferred Event Revenue

Revenue from special events, such as the annual marathon and golf outing, is recognized when the event takes place. Amounts received in advance of the event are recorded as deferred event revenue until the period in which the event occurs. If contributions are included with event revenue, those portions are recognized in accordance with the Foundation's contribution recognition policy.

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 September 9, 2025, which is the date the financial statements were available to be issued.

Adoption of New Accounting Standard

On July 1, 2023, the Foundation adopted FASB Accounting Standards Update 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including accounts receivable. There was no material impact on the Foundation's results of operations or financial condition upon adoption of the new standard.

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.

LUMIND IDSC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

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

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 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, 2024, 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	\$ 580,376
Contributions and accounts receivable, current	45,528
Total financial asset, at year-end	<u>625,904</u>
Less amounts not available to be used within one year:	
Restricted by donor - purpose	<u>(43,363)</u>
Financial assets available to meet cash need for general expenditures within one year	<u>\$ 582,541</u>

Note 3 – Contributions Receivable

Contributions receivable are due as follows as of September 30, 2024:

Within one year	\$ 45,528
One to five years	30,000
Gross	75,528
Present value discount	<u>(1,143)</u>
Total	74,385
Contributions receivable, current	<u>(45,528)</u>
Contributions receivable, long-term	<u>\$ 28,857</u>

The Organization believes that all pledge receivables are fully collectible; therefore, no reserve has been recorded as of September 30, 2024.

LUMIND IDSC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

Note 4 – Net Assets with Donor Restrictions

Net assets with donor restrictions for the year ended September 30, 2024 available in future periods are as follows:

Development and dissemination of assessment tool	\$ 38,363
Other program	5,000
Time restricted	<u>45,000</u>
Total net assets with donor restrictions	<u>\$ 88,363</u>

Note 5 – Operating Leases

Effective August 1, 2023, the Organization entered into an 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.

Operating right-of-use (“ROU”) assets and operating lease liabilities as of September 30, 2024 are as follows:

Operating lease right-of-use assets	\$ 47,906
Accumulated amortization	<u>(27,371)</u>
Net operating lease right-of-use assets	<u>\$ 20,535</u>
Current operating lease liabilities	\$ 20,535
Noncurrent operating lease liabilities	<u>-</u>
Total operating lease liabilities	<u>\$ 20,535</u>

Rental expense for these leases, included in the Statement of Activities for the year ended September 30, 2024, was \$13,634. During 2024, the landlord also gave relief to rent costs. The components of the expense are as follows:

Operating lease cost	\$ 25,200
Lease relief from landlord	(12,600)
Variable lease cost	<u>1,034</u>
Total lease cost	<u>\$ 13,634</u>

LUMIND IDSC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

Note 5 – Operating Leases (cont.)

The following summarizes the weighted average remaining lease term and discount rate as of September 30, 2024:

Weighted-average remaining lease term (years)	
Operating leases	0.8
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, 2024:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 12,600

The maturities of operating lease liabilities are as follows for the years ending September 30, 2024:

2025	21,000
Total future undiscounted lease payments	<u>21,000</u>
Less: interest	(465)
Present value of lease liabilities	<u><u>\$ 20,535</u></u>

Note 6 – 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, 2024 was \$43,303.