LUMIND IDSC FOUNDATION

(Formerly Lumind Research Down Syndrome Foundation)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

R.A. HALL & CO., LLC
CERTIFIED PUBLIC ACCOUNTANTS

LUMIND IDSC FOUNDATION
(Formerly Lumind Research Down Syndrome Foundation)
FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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R.A. HALL & CO., LLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Lumind IDSC Foundation
(Formerly Lumind Research Down Syndrome Foundation)
Burlington, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of Lumind IDSC Foundation (formerly Lumind Research Down Syndrome Foundation), a nonprofit corporation, which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities, functional expenses 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 audit. We conducted our audit 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 from 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 Lumind IDSC Foundation (formerly Lumind Research Down Syndrome Foundation) as of September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

R. A. Hall & Co, LLC

Boston, Massachusetts
August 13, 2020

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LuMind IDSC Foundation

(Formerly LuMind-Research Down Syndrome Foundation)

STATEMENTS OF FINANCIAL POSITION

September 30, 2019 and 2018

ASSETS

	2019	2018
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,027,476	$ 757,845
Investments	11,819	2,651
Pledges receivable, net of allowance: 2019: $0 2018: $0	2,127,334	1,250,000
Accounts receivable	53,809	42,692
Prepaid expenses	90,384	45,087
Other current assets	13,104	13,104
Total current assets	3,323,926	2,111,379
OTHER ASSETS		
Pledges receivable, long-term, net of allowance: 2019: $11,374 2018: $26,958	488,626	973,042
Equipment: 2019: $55,936 and 2018: $9,936, net of allowance: 2019: $11,272 and 2018: $9,936	16,374	0
Total other assets	505,000	973,042
TOTAL ASSETS	$ 3,828,926	$ 3,084,421

LIABILITIES AND NET ASSETS

	2019	2018
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 116,540	$ 150,862
Compensation and related taxes payable	86,214	43,203
Grant awards payable	1,994,854	1,634,444
Deferred revenue	53,116	46,223
Other current liabilities	30,085	8,821
Total current liabilities	2,280,809	1,883,553
NET ASSETS:		
Without donor imposed restrictions	153,167	2,827
With donor imposed restrictions	1,394,950	1,198,042
Total net assets	1,548,117	1,200,868
TOTAL LIABILITIES AND NET ASSETS	$ 3,828,926	$ 3,084,421

See auditors' report and accompanying notes to financial statements.

LuMind IDSC Foundation

(Formerly LuMind-Research Down Syndrome Foundation)

STATEMENTS OF ACTIVITIES

For the years ended September 30, 2019 and 2018

	2019			2018		
	Without donor imposed restrictions	With donor imposed restrictions	Total	Without donor imposed restrictions	With donor imposed restrictions	Total
REVENUES AND SUPPORT:						
Campaign:						
Major donor	$ 1,244,737	$ 1,585,585	$ 2,830,322	$ 902,500	$ 1,973,042	$ 2,875,542
Grassroots and general contributions	319,402	-	319,402	282,691	-	282,691
Workplace giving / federated	0	-	-	10,444	-	10,444
Donated services	405,620	-	405,620	92,403	-	92,403
Total campaign	1,969,759	1,585,585	3,555,344	1,288,038	1,973,042	3,261,080
Special events:						
Special event revenue	363,553	-	363,553	509,685	-	509,685
Less direct expenses	(107,662)	-	(107,662)	(167,048)	-	(167,048)
Total special events, net	255,891	-	255,891	342,637	-	342,637
Other revenue:						
Investment income	1,890	-	1,890	601	-	601
Other income	19,402	-	19,402	240	-	240
Total other revenue	21,292	-	21,292	841	-	841
Reclassification of net assets:						
Net assets released from restriction	1,388,676	(1,388,676)	-	1,015,000	(1,015,000)	-
TOTAL REVENUES AND SUPPORT	3,635,618	196,909	3,832,527	2,646,516	958,042	3,604,558
EXPENSES:						
Program services	2,753,715	-	2,753,715	2,040,992	-	2,040,992
Support services:						
Management and general	216,434	-	216,434	194,998	-	194,998
Fundraising	515,131	-	515,131	361,439	-	361,439
TOTAL EXPENSES	3,485,278	-	3,485,278	2,597,429	-	2,597,429
CHANGE IN NET ASSETS	150,340	196,909	347,249	49,087	958,042	1,007,128
NET ASSETS , BEGINNING OF YEAR	2,827	1,198,042	1,200,868	(46,260)	240,000	193,740
NET ASSETS, END OF YEAR	$ 153,167	$ 1,394,950	$ 1,548,117	$ 2,827	$ 1,198,042	$ 1,200,868

See auditors' report and accompanying notes to financial statements.

LuMind IDSC Foundation

(Formerly LuMind-Research Down Syndrome Foundation)

STATEMENTS OF FUNCTIONAL EXPENSES

For the years ended September 30, 2019 and 2018

	2019					2018
		Supporting Services				
	Program Services	Management and General	Fundraising	Total Supporting Services	Total	Total
Distributions:						
Research Grants	$ 1,439,030	$ -	$ -	$ -	$ 1,439,030	$ 1,400,500
Wages, related costs and benefits:						
Wages	488,201	94,947	225,068	320,015	808,215	544,127
Payroll taxes	32,628	5,143	20,671	25,814	58,441	36,526
Employee benefits	91,997	16,595	63,604	80,199	172,196	79,269
Payroll service expense	0	-	0	-	0	6,045
	612,826	116,685	309,343	426,027	1,038,852	665,967
Services, supplies and other expenses:						
Professional fees	401,679	63,209	76,935	140,144	541,823	285,792
Advertising and promotion	10,686	-	-	-	10,686	49,946
Printing	8,903	-	5,078	5,078	13,981	11,085
Office expenses	14,383	4,185	7,438	11,623	26,006	24,629
Software and internet	12,182	419	62,169	62,588	74,770	5,435
Occupancy	32,186	5,073	20,391	25,464	57,650	75,433
Travel	74,969	176	-	176	75,145	25,193
Conferences, conventions and meetings	129,942	-	7,941	7,941	137,883	19,161
Depreciation expense	-	2,729	-	2,729	2,729	-
Insurance	-	8,456	-	8,456	8,456	7,248
Bank fees and credit card processing fees	(85)	556	16,073	16,628	16,543	12,896
State filing fees	-	13,343	-	13,343	13,343	4,489
Postage and shipping	8,070	194	4,098	4,292	12,362	9,656
Communication services	8,944	1,410	5,666	7,076	16,019	-
	701,859	99,749	205,788	305,537	1,007,396	530,962
TOTAL EXPENSES	$ 2,753,715	$ 216,434	$ 515,131	$ 731,565	$ 3,485,278	$ 2,597,429

See auditors' report and accompanying notes to financial statements.

LuMind IDSC Foundation

(Formerly LuMind-Research Down Syndrome Foundation)

STATEMENTS OF CASH FLOWS

For the years ended September 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 347,249	$ 1,007,128
Adjustments to reconcile change in net assets:		
Depreciation and amortization	2,729	-
Changes in operating assets and liabilities		
(Increase) decrease in assets:		
Pledges receivable	(392,918)	(1,100,013)
Accounts receivable	(11,117)	(16,629)
Prepaid expenses	(45,297)	(33,441)
Other current assets	-	(11,760)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(34,322)	23,102
Compensation and related taxes payable	43,011	30,710
Grants awards payable	360,410	(223,306)
Deferred revenue	6,893	12,682
Other current liabilities	21,264	8,920
Net cash provided (used) by operating activities	297,902	(302,607)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(9,168)	(1,515)
Expenditures for equipment	(19,103)	-
Net cash provided by (used for) investing activities	(28,271)	(1,515)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	269,631	(304,122)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	757,845	1,061,967
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,027,476	$ 757,845

See auditors' report and accompanying notes to financial statements.

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Organization and Nature of Activities – LuMind IDSC Foundation, formerly LuMind Research Down Syndrome Foundation, ("LuMind", the "Foundation" or the "Organization"), is a California public benefit corporation, founded on November 21, 2003 with the primary purpose to support medical research that will result in treatments to significantly improve health and independence in persons with Down Syndrome.

The Foundation receives its funding primarily from public contributions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting. The Foundation adheres to accounting policies generally accepted in the United States of America ("U.S. GAAP"). The following is a summary of significant accounting policies of LuMind.

Use of Estimates in the Preparation of the Financial statements - The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates included in the financial statements.

Cash and Cash Equivalents – For the purpose of these financial statements, LuMind considers equivalent to cash, all money market funds and savings deposits which can be and are intended to be converted to cash within ninety days of issuance. Fair value approximates carrying value due to the short maturities of those instruments. The Organization maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Quoted market prices in active markets are used as the basis of measurement. Net investment income (loss) is reported in the statement of activities and consist of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses. Investments in certificates of deposit include amounts that do not have an original maturity when purchased of three months or less.

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Donated assets are recorded at fair value at the date of donation, or if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of value at the date of donation). Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation, or if no value can be estimated, at a nominal value. Investment income or loss and unrealized gains or losses are included in the statement of activity as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. The Organization reports certificates of deposit at the face amount plus interest earned.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable – Contributions are recognized and recorded at net realizable value when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Conditional promises to give are not included in support until the conditions are substantially met. Pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. As of September 30, 2019 and 2018, management determined that allowance for uncollectible pledges receivable of $0 and $0, respectively.

Equipment – Equipment is stated at cost if purchased (or at the fair market value on the date of a gift if donated) less accumulated depreciation and amortization. These amounts do not purport to represent replacement or realizable values. The Foundation provides for depreciation of equipment using the straight-line method over the useful life of the asset. The Foundation capitalized equipment purchases in excess of $2,500, lesser amounts are expensed. Repairs, maintenance and renewals are charged to expense, as incurred, except those expenditures which result in a substantial improvement are capitalized.

Net Assets - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its codification standard for presentation of financial statements of not-for-profit-entities. Under the codification net assets and revenues, gains, and losses are classified based upon the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – consists of assets, support and program revenues which are available and used for operations and programs and are not subject to donor (or certain grantor) restrictions. Contributions are considered available without restriction unless specifically restricted by the donor. In addition, net assets without donor restrictions of the Organization may include funds which represent resources designated by the Board of Directors for a particular purpose.

Net Assets With Donor Restrictions – includes funds with donor or certain grantor imposed restrictions which permit the donee organization to expend the assets as specified or is satisfied either by the passage of time or by actions of the Organization. Net assets with donor imposed restrictions also includes restrictions which are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

Support and Revenue Recognition – LuMind follows FASB ASC 958-605 "*Accounting for Contributions Received and Contributions Made*". FASB ASC 958-605 requires that contributions be recorded as receivables and revenues and requires the Foundation to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, collection items or promises to give.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved when such amounts are considered material.

Contributions of donated assets are recorded at their fair values in the period received.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction, until the restriction expires, at which time temporarily restricted net assets are reclassified to unrestricted net assets.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Permanently restricted net assets include only the historical dollar amounts of gifts which are required by donors to be permanently retained, and adjusted for the impact of unrealized gains and losses. Temporarily restricted net assets include contributions with restrictions that will either expire with the passage of time or be fulfilled by actions of the Foundation.

Donated Goods and Services – Donated goods are recorded at their fair market value on the date of receipt. Donated services are reported as contributions when the services create or enhance nonfinancial assets, would be purchased if they had not been provided by contribution, require specialized skills and are provided by individuals possessing those skills. Donations of professional services are recorded as both unrestricted contributions and as expenses in accordance with FASB ASC 958, *Accounting for Contributions Received and Contributions Made.* Donated services for the years ended September 30, 2019 and 2018 were $405,620 and $92,403, respectively. LuMind receives a significant amount of donated services from unpaid volunteers who assist in fund-raising, special projects and other tasks. No amounts have been recognized in the statement of activities because the criteria for recognition under generally accepted accounting principles have not been satisfied.

Functional Expenses – In accordance with generally accepted accounting principles, the Organization allocates its expenses on a functional basis among its program and support services. Functional expenses are presented by their natural classification by function. Certain costs are attributed to more than one program or supporting function and, therefore, require allocation among the programs and supporting services benefited. Management believes their allocations are done on a reasonable and consistent basis. Most personnel costs, office expenses, professional services, and other expenses are identified with a specific program or supporting function at the time they are incurred and are reported accordingly. However, some of these expenses require allocation, which is done on the basis of estimates of time and effort.

Supporting services are those related to operating and managing the Foundation and its programs on a day-to-day basis. Supporting services have been sub-classified as follows:

Management and general – Includes all activities related to LuMind's internal management and accounting for program services.

Fundraising – Includes all activities related to LuMind's fundraising.

Income taxes – The Organization is exempt from taxation under the provision of section 501(c)(3) of the Internal Revenue Code, except on any net income derived from unrelated business activities. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a)(1) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). Accordingly, no provision for income taxes is included in the financial statements. The organization follows the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles by annually evaluating its tax status and tax positions with respect to its operations and financial position. LuMind has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax provisions at September 30, 2019 and 2018. The federal information returns of the Organization for the years ended September 30, 2019 and 2018 and 2017 are subject to examination by the Internal Revenue Service generally for three years after they were filed.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Expenses – The Foundation charges its non-direct response advertising costs to expense as incurred. Advertising expenses for the years ended September 30, 2019 and 2018 were $82,666 and $49,946, respectively.

Changes in accounting policies – In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-For-Profit Entities (Topic 958).* This ASU provides for certain improvements in financial reporting for not-for-profit organizations and requires changes to net asset classification, enhancements to liquidity presentation and disclosures, presentation of an analysis of expenses by function and by nature, netting of investment expenses with return, among other changes. The guidance was adopted effective January 1, 2017.

In 2015, the FASB issued ASU No. 2015-07, *Fair Value Measurement.* This ASU amends Accounting Standards Codification (ASC) Topic 820 and removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value (NAV) per share practical expedient. This ASU also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. The guidance was adopted effective January 1, 2017.

Comparative Information – The accompanying financial statements include certain prior year summarized comparative information in total, but not by functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2018, from which the summarized information was derived. Certain prior year amounts may be reclassified to agree with the current presentation.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditures, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date, comprise the following at September 30:

Cash	$ 1,027,476
Investments	11,819
Total	$ 1,037,640

As part of the Organizations' liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments and money market funds.

The Board of Trustees may designate a portion of any operating surplus to its reserves, which totals $0 as of September 30, 2019. Although the Organization does not intend to spend from a Board designated reserve (other than amounts appropriated for general expenditure as part of the Board of Trustee's annual approved budget and appropriation), these amounts could be made available if necessary.

The Foundation does not anticipates any major capital expenditures in the coming year. The Foundation manages its cash available to meet general expenditures following two guiding principles: Operating within a prudent range of financial soundness and stability, and maintaining adequate liquid assets to make grants. The Foundation's Board meets periodically to review and approve grant requests. At the meetings, financial assets are reviewed to provide sufficient liquidity to pay the grants approved and to meet management and general expenditures for the coming period.

NOTE 4 – CONCENTRATIONS OF RISKS AND UNCERTAINTIES

Concentrations of Credit Risk – Financial instruments that potentially subject the Foundation to concentration of credit risk primarily consist of cash and cash equivalents. The Foundation has accounts at financial institutions with balances that may from time to time be in excess of the FDIC insurance limits of $250,000. As of September 30, 2019 and 2018, the Foundation had $788,588 and $418,774 in excess of the federally insured limits, respectively. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

NOTE 5 – PLEDGES RECEIVABLE

Pledges receivable are as follows at September 30, 2019 and 2018:

	2019	2018
Due in less than one year	$ 2,127,334	$ 1,250,000
Due in one year to five years	500,000	1,000,000
	2,627,334	2,250,000
Present value discount (2019: 2.81%, 2018: 2.81%)	(11,374)	(26,958)
Allowance for doubtful accounts	-	-
Total	2,615,960	2,223,042
Pledges receivable, current	2,127,334	1,250,000
Pledges receivable, long-term	$ 488,626	$ 973,042

NOTE 6 – NET ASSETS WITH DONOR IMPOSED RESTRICTIONS

Net assets with donor imposed restrictions as of September 30, 2019 and 2018 are related to contributions received designated for campaigns occurring after the year end.

Net assets with donor imposed restrictions are available for the following purposes or periods as of September 30, 2019 and 2018:

	2019	2018
Time restricted:		
James and Patricia White	$ 100,000	$ -
Purpose restricted:		
Alana Foundation	500,000	1,000,000
AC Immune	656,324	-
Lunbeck Foundation	-	75,000
White - Harvard	25,000	25,000
Kafker-Harvard	125,000	125,000
Present value discount	(11,374)	(26,958)
Total net assets with donor imposed restrictions	$ 1,394,950	$ 1,198,042

NOTE 7 – INVESTMENTS

Fair Value of Financial Instruments – The Foundation follows FASB ASC 820, "*Fair Value Measurements and Disclosures*", and has applied its provisions to financial assets and liabilities that are recognized or disclosed at fair value on a recurring basis (at least annually).

Investments held by the Foundation at September 30, 2019 and 2018 are summarized at fair value as follows:

Marketable securities:	2019	2018
Common stocks	$ 11,819	$ 2,651
Total investments	$ 11,819	$ 2,651

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended September 30, 2019 and 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Year ended September 30, 2019 :				
Dividends and interest	$ 216	$ -	$ -	$ 216
Realized and unrealized gains (losses)	1,674	-	-	1,674
Total investment return	$ 1,890	$ -	$ -	$ 1,890
Year ended September 30, 2018:				
Dividends and interest	$ 1,265	$ -	$ -	$ 1,264
Realized and unrealized gains (losses)	(664)	-	-	(664)
Total investment return	$ 601	$ -	$ -	$ 601

FASB ASC 820, "*Fair Value Measurements*", establishes a single definition of fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair value measurements. FASB ASC 820 describes three levels of inputs used to measure fair value. The fair value framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level one measurements), and the lowest priority to unobservable inputs (level three measurements). The three levels of the fair value hierarchy are:

Level one – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the foundation has the ability to access.

Level two – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

NOTE 7 – INVESTMENTS (CONTINUED)

If the asset or liability has a specified or contractual term, the level two inputs must be observable for substantially the full term of the asset or liability.

Level three – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is the basis for the fair value determination of the investments:

- Mutual funds, money market funds, hedge funds: Valued at fair value based on the net asset value ("NAV") of shares held by the foundation at the end of the year.
- Assets held in trust by others: Valued at fair value based on the net asset value ("NAV") of shares held by the Foundation at the end of the year.

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of September 30, 2019:

	Total	Level one Quoted prices in active markets for identical assets	Level two Significant other observable inputs	Level three Significant unobservable inputs
Assets:				
U.S. Equities	$ 11,819	$ 11,819	$ -	$ -
Total investments	$ 11,819	$ 11,819	$ -	$ -

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of September 30, 2018:

	Total	Level one Quoted prices in active markets for identical assets	Level two Significant other observable inputs	Level three Significant unobservable inputs
Assets:				
U.S. Equities	$ 2,651	$ 2,651	$ -	$ -
Total investments	$ 2,651	$ 2,651	$ -	$ -

NOTE 8 – GRANT AWARDS PAYABLE

The Foundation has grant awards payable as of September 30, 2019 and 2018 totaling $1,999,854 and $1,634,444, respectively.

NOTE 9 – COMMITMENTS

Operating Leases – The Foundation leased office space in Marlborough, Massachusetts, as a tenant-at-will through September 1, 2018. Rent expense for the years ended September 30, 2019 and 2018 amounted to $0 and $20,586, respectively under this agreement.

NOTE 9 – COMMITMENTS (CONTINUED)

Effective September 1, 2018, the Foundation leases office space in Burlington, Massachusetts under a thirty seven month lease agreement through September 30, 2021. The lease provides for no rent for the initial month, followed by monthly payments of $3,920 through September 30, 2019, followed by monthly payments of $4,032 through September 30, 2020, followed by monthly payments of $4,144 through September 30, 2021. The lease also requires payment for common area maintenance and real estate taxes. Rent expense for the years ended September 30, 2019 and 2018 amounted to $57,650 and $3,923, respectively under this agreement. Prior to the effective date of the lease, the facility owner contributed office space to the Foundation from May 1, 2018 through August 31, 2018 at no charge. That contribution, valued at $31,870, is included in donated services and in rent expense for the year ended September 30, 2018.

The amount of future minimum lease payments under the lease are as follows:

Year ending September 30:	
2020	$ 48,384
2021	49,728
Total	$ 98,112

NOTE 10 – COMPENSATED ABSENCES

Employees of the Foundation are entitled to paid vacation depending on the length of service and other factors. Massachusetts requires companies to accrue one hour for every 30 hours worked per employee. Employees are allowed to utilize 40 hours of accrued time in a calendar year and may carry over unused hours not greater than 40 into the next calendar year. Compensated absences for sick pay are expensed as incurred as management does not believe this accrual to be material to the financial statements.

NOTE 11 - CONTINGENT LIABILITIES

The Organization, under Massachusetts unemployment compensation regulations, has been recognized as self-insured for purposes of unemployment compensation insurance. Accordingly, no charges are paid to the Massachusetts Department of Unemployment Assistance during the year for purposes of unemployment compensation insurance unless legitimate claims for unemployment compensation are filed by former employees. When such claims are filed, the Foundation is liable for unemployment compensation paid by the State of Massachusetts to the filing parties. There were no claims filed for which the Foundation was liable for the years ended September 30, 2019 and 2018. The Foundation is contingently liable for all future potential unemployment compensation claims from current employees. Management recorded a liability recorded for estimated future claims as of September 30, 2019 and 2018 of $0 and $0, respectively.

NOTE 12 – ACQUISITION OF SPECIFIED ASSETS OF INTERNATIONAL DOWN SYNDROME COALITION (IDSC)

On March 8, 2019, The Foundation entered into an asset transfer agreement (the "agreement') with International Down Syndrome Coalition Inc., a California public benefit corporation ("IDSC"). Under the agreement The Foundation received and acquired from IDSC certain assets specified in the agreement ("specified assets"). These specified assets did not include all other assets of IDSC not identified as specified assets. The Foundation did not assume any liabilities from IDSC. Specified assets included certain contracts and agreements, including rights thereto, all IDSC intellectual property as defined, cash donations of $35,000 and social media assets. The excess of fair value of net assets over consideration in acquisition of the acquired assets of $35,000 has been included in the statement of activity. As part of the agreement, each party agreed to change their respective name with the Foundation name change to LuMind IDSC Foundation.

NOTE 13 – EMPLOYEE BENEFIT PLAN

The Foundation sponsors an Internal Revenue Code Section 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 expense for contributions to the plan for the year ended September 30, 2019 was $26,006.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 13, 2020, the date on which the financial statements were available to be issued. In 2020, the COVID-19 outbreak in the United States resulted in reduced operating hours as well as government mandated temporary closures. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the organization's operations. Other financial impacts could occur though such potential impact is unknown at this time.