

LUMIND IDSC FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

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

LUMIND IDSC FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

*****TABLE OF CONTENTS*****

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
 FINANCIAL STATEMENTS	
Statements of Financial Position As of September 30, 2021 and 2020.....	2
Statements of Activities For the years ended September 30, 2021 and 2020	3
Statements of Functional Expenses For the years ended September 30, 2021 and 2020	4
Statements of Cash Flows For the years ended September 30, 2021 and 2020	5
Notes to Financial Statements.....	6-12

INDEPENDENT AUDITORS' REPORT

Board of Directors
Lumind IDSC Foundation
Burlington, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of Lumind IDSC Foundation, a nonprofit corporation, which comprise the statements of financial position as of September 30, 2021 and 2020, 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 as of September 30, 2021 and 2020, 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.



Boston, Massachusetts
December 14, 2021

LuMind IDSC Foundation

STATEMENTS OF FINANCIAL POSITION

September 30, 2021 and 2020

	ASSETS		LIABILITIES AND NET ASSETS	
	2021	2020	2021	2020
CURRENT ASSETS:			CURRENT LIABILITIES:	
Cash and cash equivalents	\$ 1,551,887	\$ 283,236	Accounts payable and accrued expenses	\$ 167,209
Pledges receivable, net	2,315,392	1,748,334	Compensation and related taxes payable	-
Accounts receivable	-	2,925	Grant awards payable	1,563,845
Prepaid expenses	34,321	85,191	Government conditional grant PPP	-
Other current assets	29,420	30,750	Deferred revenue	12,555
Total current assets	3,931,020	2,150,436	Other accrued liabilities	3,180
			Total current liabilities	1,746,769
OTHER ASSETS				
Pledges receivable, long-term, net	340,141	75,043	NET ASSETS:	
Software: 2021: \$304,726 and 2020: \$259,962, net of accumulated depreciation and amortization: 2021: \$88,673 and 2020: \$23,091	216,053	236,871	Without donor imposed restrictions	832,028
Total other assets	556,194	311,914	With donor imposed restrictions	1,908,417
TOTAL ASSETS	\$ 4,487,214	\$ 2,462,350	Total net assets	2,740,445
			TOTAL LIABILITIES AND NET ASSETS	\$ 4,487,214
				\$ 2,462,350

See auditors' report and accompanying notes to financial statements.

LuMind IDSC Foundation

STATEMENTS OF ACTIVITIES

For the years ended September 30, 2021 and 2020

	2021		2020		Total
	Without donor imposed restrictions	With donor imposed restrictions	Without donor imposed restrictions	With donor imposed restrictions	
REVENUES AND SUPPORT:					
Campaign:					
Major donors	\$ 1,295,932	\$ 3,305,450	\$ 966,013	\$ 25,000	\$ 991,013
Grassroots and general contributions	186,952	-	370,801	-	370,801
Donated services	47,270	-	216,131	-	216,131
Total campaign	1,530,154	3,305,450	1,552,945	25,000	1,577,945
Special events:					
Special event revenue	224,750	-	339,736	-	339,736
Less direct expenses	(71,443)	-	(81,195)	-	(81,195)
Total special events, net	153,307	-	258,541	-	258,541
Other revenue:					
Government conditional grant - payroll protection program	-	324,071	-	-	-
Investment income	1,503	-	1,301	-	1,301
Other income	-	-	26,044	-	26,044
Total other revenue	1,503	324,071	27,345	-	27,345
Reclassification of net assets:					
Net assets released from restriction	2,445,054	(2,445,054)	696,000	(696,000)	-
TOTAL REVENUES AND SUPPORT	4,130,018	1,184,467	2,534,831	(671,000)	1,863,831
EXPENSES:					
Program services	2,584,376	-	1,926,934	-	1,926,934
Support services:					
Management and general	360,178	-	222,542	-	222,542
Fundraising	470,641	-	421,316	-	421,316
TOTAL EXPENSES	3,415,196	-	2,570,792	-	2,570,792
CHANGE IN NET ASSETS	714,822	1,184,467	(35,961)	(671,000)	(706,961)
NET ASSETS, BEGINNING OF YEAR	117,205	723,951	153,166	1,394,951	1,548,117
NET ASSETS, END OF YEAR	\$ 832,028	\$ 1,908,417	\$ 117,205	\$ 723,951	\$ 841,156

See auditors' report and accompanying notes to financial statements.

LuMind IDSC Foundation

STATEMENTS OF FUNCTIONAL EXPENSES

For the years ended September 30, 2021 and 2020

	2021				2020	
	Supporting Services			Total		
	Program Services	Management and General	Fundraising			
Distributions:						
Research Grants	\$ 1,507,000	\$ -	\$ -	\$ -	\$ 1,507,000	\$ 1,020,395
Wages, related costs and benefits:						
Wages	667,564	85,926	293,377	379,303	1,046,866	765,165
Payroll taxes	58,430	7,521	25,678	33,199	91,629	69,515
Employee benefits	105,269	14,596	21,093	35,689	140,957	121,377
	831,262	108,043	340,148	448,191	1,279,452	956,057
Services, supplies and other expenses:						
Professional fees	87,570	121,926	43,216	165,142	252,714	301,229
Advertising and promotion	22,218	-	-	-	22,218	5,068
Printing	4,244	-	5,467	5,467	9,711	7,057
Office expenses	23,226	17,861	9,876	27,737	50,963	19,334
Software and internet	69,721	8,751	39,844	48,595	118,316	105,211
Occupancy	31,587	4,483	9,018	13,501	45,088	52,617
Travel	-	-	-	-	0	42,304
Conferences, conventions and meetings	4,110	-	8	8	4,118	17,176
Depreciation expense	-	65,582	-	65,582	65,582	10,426
Insurance	-	27,724	-	27,724	27,724	(6,095)
Bank fees and credit card processing fees	-	4,520	12,255	16,775	16,775	3,789
State filing fees	-	800	9,263	10,063	10,063	17,470
Postage and shipping	1,650	234	1,036	1,270	2,920	4,920
Communication services	1,788	254	510	764	2,552	13,834
	246,114	252,135	130,494	382,628	628,744	594,340
TOTAL EXPENSES	\$ 2,594,376	\$ 360,178	\$ 470,641	\$ 830,819	\$ 3,415,196	\$ 2,570,792

See auditors' report and accompanying notes to financial statements.

LuMind IDSC Foundation

STATEMENTS OF CASH FLOWS

For the years ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,899,289	\$ (706,961)
Adjustments to reconcile change in net assets:		
Depreciation and amortization	65,582	10,426
Changes in operating assets and liabilities		
(Increase) decrease in assets:		
Pledges receivable	(265,098)	2,540,917
Accounts receivable	2,925	50,884
Prepaid expenses	50,870	5,193
Other current assets	1,330	(17,646)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(51,292)	101,961
Compensation and related taxes payable	(39,081)	(47,133)
Grants awards payable	361,809	(792,818)
Government conditional grant PPP	(153,800)	153,800
Deferred revenue	11,955	(52,516)
Other accrued liabilities	(4,016)	(22,909)
Net cash provided (used) by operating activities	1,880,473	1,223,198
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net proceeds (purchases) of investments	(567,058)	11,819
Expenditures for software	(44,765)	(230,923)
Net cash provided by (used for) investing activities	(611,823)	(219,104)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	1,268,650	1,004,094
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	283,236	1,027,476
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,551,886	\$ 2,031,570

See auditors' report and accompanying notes to financial statements.

LUMIND IDSC FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Organization and Nature of Activities – LuMind IDSC 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.

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.

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.

See auditors' report.

LUMIND IDSC FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2021 and 2020, management determined that allowance for uncollectible pledges receivable of \$0 and \$0, respectively. Pledges receivable for periods in excess of one year are net of present value discounts as of September 30, 2021 and 2020 (note 5).

Software – Software 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 five years. 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.

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.

Support that is restricted by the donor is reported as an increase in net assets net assets with donor restrictions until the restriction expires if ever, at which time net assets with donor restrictions are reclassified to net assets without donor restrictions.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Certain net assets may include amounts with donor imposed restrictions that the historical dollar

See auditors' report.

LUMIND IDSC FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

amounts of gifts to be permanently retained, and adjusted for the impact of unrealized gains and losses.

Other net assets may include donor imposed restrictions that will either expire with the passage of time or be fulfilled by actions of the Foundation.

In-Kind Donations 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 legal services for the years ended September 30, 2021 and 2020 were \$47,270 and \$216,131, respectively. Donated legal services were valued using similar services using pricing data under a “like-kind” methodology. No in-kind services were restricted. The Organization only used those services for its own program or supporting service use. LuMind receives a significant amount of donated services from unpaid volunteers who assist in fundraising, 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, 2021 and 2020. The federal information returns of the Organization for the years ended September 30, 2021, 2020 and 2019 are subject to examination by the Internal Revenue Service generally for three years after they were filed.

Advertising Expenses – The Foundation charges its non-direct response advertising costs to expense as incurred. Advertising expenses for the years ended September 30, 2021 and 2020 were \$22,218 and \$5,068, respectively.

See auditors’ report.

LUMIND IDSC FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020, from which the summarized information was derived. Certain prior year amounts may be reclassified to agree with the current presentation.

Accounting Pronouncements Issued Not Yet Effective:

Leases

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires the recognition of a “right to use” asset and a lease liability, initially measured at the present value of the lease payments, on all of the Organization’s lease obligations. This ASU is effective for fiscal years beginning after December 15, 2021. Management does not expect this ASU to have a significant impact on the Organization’s financial statements.

Gifts In-Kind

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. Management does not expect this ASU to have a significant impact on the Organization’s financial statements.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 1,551,887	\$ 283,236
Prepaid and other current assets	63,740	115,941
Pledges and accounts receivable	2,655,533	1,826,302
Investments	-	-
Total financial assets	<u>4,271,160</u>	<u>2,225,479</u>
Less: Non current assets	340,141	75,043
Less: Restricted assets	1,908,417	723,950
Total financial assets available to meet cash needs for general expenditures within one year.	<u>\$ 2,022,602</u>	<u>\$ 1,426,486</u>

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, 2021. Although the Organization does not intend to spend from a Board designated reserve (other than amounts appropriated for grants and general expenditure as part of the Board of Trustee’s annual approved budget and appropriation), these amounts could be made available if necessary.

See auditors’ report.

LUMIND IDSC FOUNDATION
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021 AND 2020

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

The Foundation does not anticipate 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 Organization to concentration of credit risk primarily consist of cash and cash equivalents. The Organization 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, 2021 and 2020, the Foundation had \$822,341 and \$0 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.

Revenues and support – Major donors – The Organization recognized revenue from two entities that amounted to 34% and from two entities that amounted to 42% of total revenue and support for the years ended September 30, 2021 and 2020, respectively.

COVID - Management continues to evaluate the effects of the COVID-19 matter, considering the facts and circumstances related to the impact of the virus on the Organization’s industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Organization’s financial position and, results of its operations, the specific impact is not readily determinable as of the date of these statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 5 – PLEDGES RECEIVABLE

Pledges receivable are as follows at September 30, 2021 and 2020:

	2021	2020
Due in less than one year	\$ 2,315,392	\$ 1,748,334
Due in one year to five years	363,711	80,000
	<u>2,679,103</u>	<u>1,828,334</u>
Present value discount (2021: 3.25%, 2020: 3.25%)	(23,570)	(4,957)
Allowance for doubtful accounts	-	-
Total	<u>2,655,533</u>	<u>1,823,377</u>
Pledges receivable, current	2,315,392	1,748,334
Pledges receivable, long-term	<u>\$ 340,141</u>	<u>\$ 75,043</u>

NOTE 6 – NET ASSETS WITH DONOR IMPOSED RESTRICTIONS

Net assets with donor imposed restrictions as of September 30, 2021 and 2020 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, 2021 and 2020:

See auditors’ report.

LUMIND IDSC FOUNDATION
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021 AND 2020

NOTE 6- NET ASSETS WITH DONOR IMPOSED RESTRICTIONS (CONTINUED)

	2021	2020
Purpose restricted:		
Alana Foundation	\$ -	\$ 493,583
AC Immune	-	60,324
Cognition Therapeutics	190,217	-
DSA of Ohio	10,000	-
DSC of Kansas City	10,000	15,000
DSA of Texas	-	10,000
Kafker - Harvard	125,000	125,000
Merck	1,556,399	-
The Molly Lawson Foundation	10,000	-
White - Harvard	25,000	25,000
Present value discount	(18,199)	(4,957)
Total net assets with donor-imposed restrictions	\$ 1,908,417	\$ 723,951

NOTE 7 – GRANT AWARDS PAYABLE

The Foundation has grant awards payable as of September 30, 2021 and 2020 totaling \$1,563,845 and \$1,202,036, respectively.

NOTE 8 – COMMITMENTS

Operating Leases - 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. Effective August 30, 2021, the lease was amended to extend the term through September 30, 2023 and provide for base rent monthly payments of \$4,256 from October 1, 2021 through September 30, 2022, followed by monthly payments of \$4,368 through September 30, 2023. Rent expense for the years ended September 30, 2021 and 2020 amounted to \$52,617 and \$57,650, 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, was 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:	
2022	\$ 51,072
2023	<u>52,416</u>
Total	<u>\$ 103,488</u>

NOTE 9 – 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. As of July 1, 2020 the Organization implemented unlimited PTO which will be the new policy once remaining accrued PTO under the old policy has been used up. Compensated absences for sick pay are expensed as incurred as management does not believe this accrual to be material to the financial statements.

See auditors' report.

LUMIND IDSC FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 10 - 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, 2021 and 2020. 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, 2021 and 2020 of \$0 and \$0, respectively.

NOTE 11 – CONDITIONAL GOVERNMENT GRANT

Payroll protection loan – On May 4, 2020 and March 27, 2021, the Organization entered into a Loan Agreement and Promissory Note (SBA Loan) pursuant to the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) administered by the U.S. Small Business Administration with loan proceeds \$153,800 and \$170,271, respectively. The loans are unsecured and bears interest at 1.00% per annum and is subject to the terms and conditions applicable to loans administered by the U.S. Small Business Administration under the CARES Act. The loan may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. The loan contains customary events of default relating to, among other things, payment defaults and breaches of representations and warranties. Subject to certain conditions, the loan may be forgiven in whole or in part by applying for forgiveness pursuant to the CARES Act and the PPP. The amount of loan proceeds eligible for forgiveness is determined on a formula based on a number of factors, including the amount of loan proceeds used by the Company during the 24 weeks after the loan origination for certain purposes, including payroll costs, interest on certain mortgage obligations, rent payments on certain leases, and certain qualified utility payments, provided that, among other matters, at least 75% of the loan amount is used for eligible payroll costs, the maintenance or rehiring of employees, and maintaining salaries at certain levels. In accordance with the requirements of the CARES Act and the PPP, the Organization used the proceeds from the loan primarily for payroll and occupancy costs.

In accordance with FASB ASC 958-605 the entity reported the PPP loan proceeds as an advance of a conditional grant and recognized \$324,071 as revenue in the year ended September 30, 2021 when the conditions of the grants were “substantially met”.

NOTE 12 – 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, 2021 and 2020 was \$20,720 and \$30,628, respectively.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 14, 2021, the date on which the financial statements were available to be issued. Based upon this evaluation, other than previously disclosed, the Organization has determined that no subsequent events have occurred which require adjustment to or disclosure in the financial statements.