

**Prader-Willi Syndrome
Association (USA)**

Financial Statements

December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Prader-Willi Syndrome Association (USA)

Report on Financial Statements

We have audited the accompanying financial statements of Prader-Willi Syndrome Association (USA) ("the Organization"), a nonprofit organization, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 of 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.

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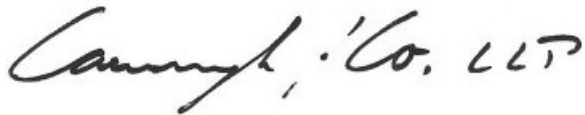
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Prader-Willi Syndrome Association (USA) as of December 31, 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.

Report on Summarized Comparative Information

We have previously audited Prader-Willi Syndrome Association (USA)'s December 31, 2019 financial statements, and expressed an unmodified opinion on those audited financial statements in our report dated October 19, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Cannon, Co. LLP". The signature is written in a cursive, flowing style.

Sarasota, Florida
July 13, 2021

Prader-Willi Syndrome Association (USA)

Statement of Financial Position

December 31, 2020

(with comparative totals for 2019)

ASSETS

	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 434,601	665,934
Investments	1,416,128	1,289,573
Receivables	2,605	13,635
Inventory	5,000	10,000
Prepaid expenses	<u>19,014</u>	<u>2,356</u>
Total current assets	<u>1,877,348</u>	<u>1,981,498</u>
Property and equipment, net	<u>32,988</u>	<u>34,636</u>
Other assets:		
Security deposits	9,750	9,750
Interest in Community Foundation	<u>-</u>	<u>174,499</u>
Total other assets	<u>9,750</u>	<u>184,249</u>
Total assets	<u>\$ 1,920,086</u>	<u>2,200,383</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 2,587	468,530
Accrued liabilities	46,959	65,187
Deferred income	10,000	-
Due to related parties	<u>48,135</u>	<u>45,825</u>
Total liabilities	<u>107,681</u>	<u>579,542</u>
Net assets:		
Net assets without donor restrictions	1,004,320	587,587
Net assets with donor restrictions	<u>808,085</u>	<u>1,033,254</u>
Total net assets	<u>1,812,405</u>	<u>1,620,841</u>
Total liabilities and net assets	<u>\$ 1,920,086</u>	<u>2,200,383</u>

See accompanying notes to financial statements.

Prader-Willi Syndrome Association (USA)

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2020

(with comparative totals for 2019)

	2020			2019
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	
Revenues, gains and support:				
Support:				
Contributions	\$ 563,434	159,469	722,903	703,811
Fundraising contributions	364,306	-	364,306	315,857
Conference income	-	-	-	441,870
PPP loan forgiveness	126,000	-	126,000	-
Donated services	264,061	-	264,061	399,548
Revenues:				
Educational material sales	7,908	-	7,908	22,484
Membership dues	11,840	-	11,840	25,555
Investment income (loss), net	213,054	-	213,054	257,924
Net assets released from restrictions	<u>383,596</u>	<u>(383,596)</u>	<u>-</u>	<u>-</u>
 Total revenues, gains and support	 <u>1,934,199</u>	 <u>(224,127)</u>	 <u>1,710,072</u>	 <u>2,167,049</u>
Expenses:				
Program services:				
Crisis intervention and support	-	-	-	138,536
Education	-	-	-	64,259
Medical intervention and support	-	-	-	244,178
New diagnostic support	-	-	-	126,742
Chapter, affiliate and local support	-	-	-	69,925
Family support	933,458	-	933,458	-
National conference	239,609	-	239,609	462,406
Advocacy and awareness	31,989	-	31,989	142,745
Research	<u>27,228</u>	<u>-</u>	<u>27,228</u>	<u>332,496</u>
Total program services	1,232,284	-	1,232,284	1,581,287
Supporting services:				
Administration	88,107	-	88,107	329,309
Fund development	<u>198,117</u>	<u>-</u>	<u>198,117</u>	<u>294,906</u>
Total supporting services	<u>286,224</u>	<u>-</u>	<u>286,224</u>	<u>624,215</u>
 Total expenses	 <u>1,518,508</u>	 <u>-</u>	 <u>1,518,508</u>	 <u>2,205,502</u>
 Change in net assets	 415,691	 (224,127)	 191,564	 (38,453)
Net assets - beginning of year	<u>588,629</u>	<u>1,032,212</u>	<u>1,620,841</u>	<u>1,659,294</u>
Net assets - end of year	<u>\$ 1,004,320</u>	<u>808,085</u>	<u>1,812,405</u>	<u>1,620,841</u>

See accompanying notes to financial statements.

Prader-Willi Syndrome Association (USA)

Statement of Functional Expenses

Year Ended December 31, 2020

(with comparative totals for 2019)

	2020 Program Services				Total Program Services	2020 Supporting Services		2020 Total Expenses	2019	
	Family Support	National Conference	Advocacy and Awareness	Research		Administration	Fund Development			Total Supporting Services
Salaries	\$ 360,555	92,552	12,357	10,517	475,981	34,031	76,525	110,556	586,537	641,478
Payroll taxes	31,050	7,970	1,064	906	40,990	2,931	6,590	9,521	50,511	51,281
Employee benefits	41,094	10,548	1,408	1,199	54,249	3,879	8,722	12,601	66,850	60,509
Awareness and advocacy	5,199	1,334	178	152	6,863	491	1,103	1,594	8,457	10,986
International activities	3,816	979	131	111	5,037	360	810	1,170	6,207	-
Crisis assistance	5,149	1,321	176	150	6,796	486	1,092	1,578	8,374	12,918
Newsletter	6,005	1,541	206	175	7,927	567	1,274	1,841	9,768	26,985
Family support	65,030	16,692	2,229	1,897	85,848	6,138	13,802	19,940	105,788	49,068
Direct fundraising costs	30,405	7,805	1,042	886	40,138	2,870	6,453	9,323	49,461	69,265
Research grants	91,868	23,582	3,148	2,680	121,278	8,671	19,498	28,169	149,447	291,381
Chapter activities	691	177	24	20	912	65	147	212	1,124	1,357
Office operating expenses	19,484	5,001	668	568	25,721	1,839	4,135	5,974	31,695	36,940
Office supplies	3,050	783	105	89	4,027	288	647	935	4,962	6,744
Equipment rental	3,375	866	116	98	4,455	319	716	1,035	5,490	6,039
Postage and shipping	2,659	683	91	78	3,511	251	564	815	4,326	10,831
Software	17,272	4,434	592	504	22,802	1,630	3,666	5,296	28,098	-
Technology	4,730	1,214	162	138	6,244	446	1,004	1,450	7,694	11,325
Insurance	6,550	1,681	224	191	8,646	618	1,391	2,009	10,655	12,317
Rent	38,847	9,972	1,331	1,133	51,283	3,667	8,245	11,912	63,195	62,088
Utilities	6,959	1,786	238	203	9,186	657	1,477	2,134	11,320	9,280
Professional fees	5,225	1,342	179	152	6,898	493	1,109	1,602	8,500	9,069
State registration and taxes	4,572	1,174	156	133	6,035	432	970	1,402	7,437	5,266
Travel and board expenses	2,183	560	75	64	2,882	207	463	670	3,552	30,564
Bank charges	2,979	765	102	87	3,933	281	632	913	4,846	4,410
Dues and subscriptions	2,190	562	75	64	2,891	207	465	672	3,563	5,055
Marketing	2,215	569	76	65	2,925	209	470	679	3,604	-
Logo items	3,074	789	105	90	4,058	290	652	942	5,000	6,377
Depreciation	4,909	1,260	168	143	6,480	463	1,043	1,506	7,986	1,511
Donated services	162,323	41,667	5,563	4,735	214,288	15,321	34,452	49,773	264,061	399,547
Total	\$ 933,458	239,609	31,989	27,228	1,232,284	88,107	198,117	286,224	1,518,508	2,205,502

See accompanying notes to financial statements.

Prader-Willi Syndrome Association (USA)

Statement of Cash Flows

Year Ended December 31, 2020 (with comparative totals for 2019)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 191,564	(38,453)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	7,986	1,511
Donated auction item	-	12,000
Realized and unrealized losses (gains) on investments	(213,054)	(196,158)
Decrease (increase) in:		
Receivables	11,030	36,759
Inventory	5,000	-
Prepaid expenses	(16,658)	(2,356)
Deposits	-	(5,000)
Increase (decrease) in:		
Accounts payable	(465,943)	410,144
Accrued liabilities	(18,228)	4,883
Deferred income	10,000	(51,000)
Due to related parties	2,310	44,929
	<u>(485,993)</u>	<u>217,259</u>
Cash flows from investing activities:		
Purchase of property and equipment	(6,338)	(31,684)
Proceeds from sale of investments	114,638	258,434
Purchases of investments	(28,139)	(23,777)
Investment in community foundation	174,499	(28,411)
	<u>254,660</u>	<u>174,562</u>
Net increase (decrease) in cash and cash equivalents	(231,333)	391,821
Beginning cash and cash equivalents	<u>665,934</u>	<u>274,113</u>
Ending cash and cash equivalents	<u>\$ 434,601</u>	<u>665,934</u>

See accompanying notes to financial statements.

Prader-Willi Syndrome Association (USA)

Notes to Financial Statements

December 31, 2020

Note 1 – Organization and Summary of Significant Accounting Policies:

Nature of Organization

Prader-Willi Syndrome Association (USA) (“the Organization”) is a not-for-profit organization which has as its mission statement: PWSA (USA) is an organization of families and professionals working together to raise awareness, offer support, provide education and advocacy, and promote and fund research to enhance the quality of life of those affected by Prader-Willi syndrome.

The Organization has further defined its business activities into the focus areas outlined below:

Family Support

Crisis Intervention and Support - The Organization maintains a crisis counseling system that provides support and assistance for families experiencing urgent problems, preventive needs and difficulties obtaining services.

Education - Strive to be a world leader in the development of materials and instruction in the knowledge of PWS and make such information accessible to families, educators, medical and law enforcement personnel, residential providers, and the community at large, on a timely basis.

Medical Intervention and Support - Provide a response system to provide families and the medical community with accurate and timely assistance in dealing with the various medical issues confronting people with PWS. Such system will be the leading international source for materials and assistance on medical issues.

New Diagnoses Support - Provide mentoring to parents of newly diagnosed persons with PWS.

Chapter and Volunteer Support - Develop, strengthen and nurture state chapters and affiliates to (i) ensure that families have personal support from their local community, (ii) increase the diagnosis rates and (iii) increase the funding for the Organization.

National Conference

Provide forums on a biennial basis for PWS families and/or professionals to collaborate through the exchange of information and education and provide support to families.

Advocacy and Awareness

Advocacy - Provide support for ideas and causes relevant to PWS.

Awareness - Increase the general knowledge of PWS and the Organization.

External Collaborative Relationships - Work to expand the relationships between PWSA (USA) and organizations throughout the world.

Prader-Willi Syndrome Association (USA)

Notes to Financial Statements

December 31, 2020

Note 1 – Organization and Summary of Significant Accounting Policies - continued:

Research

Increase research into the various aspects of PWS, throughout the world, particularly those areas identified by the Organization as priorities. Actively solicit funding for such projects and collaboration. Maintain an active scientific advisory board with world leaders from the various medical disciplines that impact PWS.

Administration

Provide effective management of the Organization by developing a well-balanced, team oriented, well-trained workforce that is diverse, agile, committed to the Organization's mission, and continuously expanding their capabilities to shape the Organization's future and build effective, efficient, strategically aligned business processes that integrate and capitalize on the organization's human capital and technology resources to provide accurate and timely information for the optimum management of the Organization.

Fund Development

Develop and maintain programs to ensure long-term sustainable financial support for the Organization and its activities and short-term funding for specific projects. Such support will be developed through various programs of charitable giving and community programs.

Basis of Accounting

The Organization's financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. If donor-imposed restrictions are met in the same period as the gift or investment income is received, the amount is reported as without donor restrictions. Accordingly, net assets of the Organization 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.

With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions 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.

Prader-Willi Syndrome Association (USA)
Notes to Financial Statements
December 31, 2020

Note 1 – Organization and Summary of Significant Accounting Policies – continued:

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Promises to Give

Unconditional promises to give are recognized in the period received and as assets, decreases of liabilities, or expense depending on the form of benefits received. Promises to give are recorded at net realizable value if they are expected to be collected in one year and at fair value if they are expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment

It is the Organization's policy to capitalize property and equipment with a cost over \$500. Property and equipment are capitalized at cost, except for donated assets, which are recorded at their fair market value at the time of the gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated on the straight-line method over their estimated useful lives of three to five years.

Inventory

Inventories are stated at the lower of cost or net realizable value by the first-in, first-out method. Inventory consists of educational materials and promotional items.

Deferred Revenue

Revenues received in advance of providing required services or conferences are deferred until the service or conference has been provided.

Compensated Absences

Employees of the Organization are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. The Organization has accrued \$18,008 for time off earned, but not taken, by its employees as of December 31, 2020.

Prader-Willi Syndrome Association (USA)
Notes to Financial Statements
December 31, 2020

Note 1 – Organization and Summary of Significant Accounting Policies – Continued:

Contributed Services

Contributions of donated professional and volunteer services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations, are recorded at their fair values in the period received. Donated materials, when received, are reflected in the accompanying statements at their estimated fair market value at date of receipt.

Investments

Investments are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities and changes in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is generally exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. There was no income tax liability for the year ended December 31, 2020.

Management has evaluated the effect of an accounting standard relating to accounting for uncertainty in income taxes. Management has determined that the Organization had no uncertain income tax positions that could have a significant effect on the financial statements for the year ended December 31, 2020. The Organization's federal income tax returns are subject to examination by the Internal Revenue Service, generally for three years after the federal income tax returns were filed.

Functional Allocation of Expenses

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

Comparative Financial Information

The financial information shown for 2019 in the accompanying financial statements is included to provide a basis for comparison with 2020 and presents summarized totals only.

Prader-Willi Syndrome Association (USA)
Notes to Financial Statements
December 31, 2020

Note 2 – Investments:

Investments at fair value as of December 31, 2020, consisted of the following:

Cash and money market funds	\$ 405,946
Fixed income securities	310,548
Mutual funds	695,766
Equity securities	3,868
Total investments	<u>\$ 1,416,128</u>

Investment income for the year ended December 31, 2020 is comprised of the following:

Interest and dividends	\$ 41,821
Realized and unrealized gains	171,513
Fees	<u>(280)</u>
Net return	<u>\$ 213,054</u>

Note 4 – Property and Equipment:

Property and equipment consist of the following:

Office furniture	\$ 18,179
Computer equipment	61,407
Telephone system	12,112
Leasehold improvements	11,706
Website design	18,469
Total property and equipment	<u>121,873</u>
Less: accumulated depreciation	<u>88,885</u>
Total	<u>\$ 32,988</u>

Note 5 – Net Assets with Donor Restrictions:

At December 31, 2020, the Organization's net assets with donor restrictions are available for the following purposes:

Subject to expenditure for specified purpose:

Research	\$ 436,175
Crisis and family support	93,659
Legal counsel and education	66,118
Conference	11,080
	<u>\$ 607,032</u>

Subject to spending policy or appropriation:

Endowment	<u>201,053</u>
	<u>\$ 808,085</u>

Prader-Willi Syndrome Association (USA)
Notes to Financial Statements
December 31, 2020

Note 5 – Net Assets with Donor Restrictions - continued:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors during 2020 as follows:

Satisfaction of purpose restrictions:

Research	\$	185,654
Crisis and family support		192,170
Legal counsel and education		5,772
	\$	<u>383,596</u>

Note 6 – Net Assets Without Donor Restrictions:

The Board of Directors has designated \$10,000 of unrestricted net assets for the purpose of additional funding of the endowment.

Note 7 – Concentrations:

Financial instruments that potentially subject the Organization to concentrations of credit risk are primarily cash and cash equivalents and contributions receivable. The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash deposits. The Organization places its cash and cash equivalents with local financial institutions. Although the Organization manages its credit risk through diversification, at times, cash balances may be in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to significant credit risk on cash and cash equivalents.

Note 8 – Lease Commitments:

PWSA (USA) entered into various non-cancellable operating lease agreements for the rental of office facilities and office equipment that expire at various dates through November 2022. Rental expenses for those leases amounted to \$63,195 for the year ended December 31, 2020.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of December 31, 2020 were:

Year ending December 31,

2021	\$	41,803
2022		38,319

Prader-Willi Syndrome Association (USA)
Notes to Financial Statements
December 31, 2020

Note 9 – Donated Services:

The value of donated services included as contributions in the financial statement and the corresponding donated services expense for the year ended December 31, 2020, are as follows:

Medical	\$ 181,000
Finance	51,050
Counseling	18,750
Other	<u>13,261</u>
	\$ <u>264,061</u>

These donated services are recognized since they require specialized skills that would otherwise be purchased by the Organization. There are a significant number of donated services that were not recognized in these financial statements because they could not be estimated. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as donated services.

Note 10 – Fair Value of Financial Assets and Liabilities:

The Organization adopted the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification. The Fair Value Measurements and Disclosures Topic provides enhanced guidance for using fair value to measure assets and liabilities and clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the assets or liabilities and establishes a hierarchy that prioritizes the information used to develop those assumptions.

The following table presents information about the Organization's assets that are measured at fair value on a recurring basis as of December 31, 2020, and indicate that fair value hierarchy of the valuation techniques used to determine such fair value. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities, such as publicly traded equity securities.

Level 2 – inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quoted prices (interest rates, yield curves, etc.) or inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability (for example, hedge funds, private equity and other). The inputs reflect the Association's assumptions based on the best information available in the circumstance.

Prader-Willi Syndrome Association (USA)
Notes to Financial Statements
December 31, 2020

Note 10 – Fair Value of Financial Assets and Liabilities - Continued:

Assets at fair value on a recurring basis at December 31, 2020:

Description	December 31, 2020	Assets and Liabilities at Fair Value on a Recurring Basis at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed income securities	\$ 310,548	310,548	-	-
Mutual funds	695,766	695,766	-	-
Equity securities	3,868	3,868	-	-
Total assets at fair value	<u>\$ 1,010,182</u>	<u>1,010,182</u>	<u>-</u>	<u>-</u>

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring and non-recurring basis using significant unobservable inputs (Level 3) during the period ended December 31, 2020:

	Interest in Community Foundation
Balance - December 31, 2019	\$ 174,499
Contributions	1,870
Interest and dividends	2,840
Realized and unrealized gains and losses, net	11,186
Grants	(6,664)
Fees	(158)
Transfer to other investment	<u>(183,573)</u>
Balance - December 31, 2020	<u>\$ -</u>

Note 11 – Functionalized Expenses:

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated based on estimates of time and effort.

Prader-Willi Syndrome Association (USA)
Notes to Financial Statements
December 31, 2020

Note 12 – Liquidity:

Financial assets available to meet cash needs for general expenditures within one year, without contractual or donor restrictions, as of December 31, 2020 consist of the following:

Cash and cash equivalents	\$ 434,601
Operating investments	1,416,128
Receivables	<u>2,605</u>
Total assets available	1,835,334
Less: Donor-imposed restrictions	<u>(607,032)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>1,246,302</u>

The Organization is typically able to manage liquidity through donations. The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments.

Note 13 – PPP Loan:

In April 2020, the Organization received a loan in the amount of \$126,000 under the Payroll Protection Program (PPP Loan). PPP Loans and accrued interest are forgivable after the covered period, up to 24-weeks, if the borrower uses the PPP Loan proceeds for eligible purposes, including payroll, benefits, rent, utilities, covered operations expenditures, covered property damage, covered supplier costs, covered worker protection expenditures and maintains its payroll levels. The amount of the PPP Loan forgiveness is reduced if the borrower terminates employees or reduces salaries during the covered period, up to 24-weeks. The unforgiven portion of the PPP Loan is payable over 2 years at an interest rate of 1%, with a deferral of payments for the first 10 months.

The Organization expected to meet the PPP's eligibility criteria and, therefore, concluded that the PPP Loan represented, in substance, a grant that is expected to be forgiven. As a result, the Organization accounted for the PPP Loan in accordance with FASB ASC 958-605 as a conditional contribution. The Organization initially recorded the amount received as a refundable advance followed by a reduction in the advance and recognition of revenue as the aforementioned conditions were substantially met. In November 2020, the Organization was notified that the PPP Loan was forgiven, resulting in recognition of the entire PPP Loan amount as revenue in the Organization's financial statements.

Note 14 – Endowment:

The Organization's endowment currently consists of two separate funds established to supplement its operating income over a long period of time. The endowment includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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Note 14 – Endowment - continued:

The Board of Directors of The Organization has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, The Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by FUPMIFA.

In accordance with FUPMIFA, The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of The Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of The Organization
7. The investment policies of The Organization.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor intended. There were no deficiencies as of December 31, 2020.

The Organization's Board of Directors has adopted investment and spending policies for the endowment assets which are reviewed annually and updated periodically.

As of December 31, 2020, endowment funds had original gifts values of \$201,053, fair values of \$542,049 and no funds with deficiencies.

Changes in endowment net assets for the year ended December 31, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2019	\$ 273,124	199,183	472,307
Investment income	67,872	-	67,872
Contributions	-	1,870	1,870
Endowment net assets, December 31, 2020	<u>\$ 340,996</u>	<u>201,053</u>	<u>542,049</u>

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Note 15 – Subsequent Events:

In January 2021 the Organization received additional funding under the Payroll Protection Program of \$151,100. Other subsequent events have been evaluated through July 13, 2021, which is the date the financial statements were available to be issued.