

NATIONAL FRAGILE X FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2020



NATIONAL FRAGILE X FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

CONTENTS

	PAGE
Report of Independent Auditors	1
Statements of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7



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REPORT OF INDEPENDENT AUDITORS

Board of Directors
National Fragile X Foundation

We have audited the accompanying financial statements of National Fragile X Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2020 and 2019, the related statements of activities, functional expenses and cash flows for the year ended December 31, 2020, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 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 National Fragile X Foundation as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the year ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

CalibreCPAGroup, PLLC

Bethesda, MD
April 30, 2021

NATIONAL FRAGILE X FOUNDATION
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 1,096,132	\$ 751,302
Grants and contributions receivable	94,100	49,369
Pledges receivable, net	228,777	352,594
Inventory	4,820	-
Prepaid expenses	17,973	13,364
Property and equipment, net	16,646	34,372
Total assets	\$ 1,458,448	\$ 1,201,001
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 102,471	\$ 46,879
Held for affiliates	55	6,063
Deferred revenue	21,848	4,125
EIDL loan payable	150,000	-
Total liabilities	274,374	57,067
NET ASSETS		
Without donor restrictions		
Board designated		
CSN groups	203,426	168,460
Operating reserve	25,000	25,000
Undesignated	558,746	449,884
Total without donor restrictions	787,172	643,344
With donor restrictions	396,902	500,590
Total net assets	1,184,074	1,143,934
Total liabilities and net assets	\$ 1,458,448	\$ 1,201,001

See accompanying notes to financial statements.

NATIONAL FRAGILE X FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants and contributions	\$ 1,066,456	\$ 80,653	\$ 1,147,109
Conferences and meetings	243,064	-	243,064
CSN groups	86,745	-	86,745
Fees for services	9,001	-	9,001
Educational sales	10,325	-	10,325
Interest income	1,290	-	1,290
Other income	2,692	-	2,692
Net assets released from restriction	<u>184,341</u>	<u>(184,341)</u>	<u>-</u>
Total revenue and support	<u>1,603,914</u>	<u>(103,688)</u>	<u>1,500,226</u>
EXPENSES			
Program services	<u>1,097,832</u>	<u>-</u>	<u>1,097,832</u>
Supporting services			
Management and general	161,197	-	161,197
Fundraising	<u>201,057</u>	<u>-</u>	<u>201,057</u>
Total supporting services	<u>362,254</u>	<u>-</u>	<u>362,254</u>
Total expenses	<u>1,460,086</u>	<u>-</u>	<u>1,460,086</u>
CHANGE IN NET ASSETS	143,828	(103,688)	40,140
NET ASSETS			
Beginning of year	<u>643,344</u>	<u>500,590</u>	<u>1,143,934</u>
End of year	<u>\$ 787,172</u>	<u>\$ 396,902</u>	<u>\$ 1,184,074</u>

See accompanying notes to financial statements.

NATIONAL FRAGILE X FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Salaries, taxes, and related benefits	\$ 577,916	\$ 19,142	\$ 145,524	\$ 742,582
Bank and credit card fees	2,849	13,083	-	15,932
Conferences	450	-	-	450
Consulting and professional fees	373,187	103,790	38,599	515,576
CSN groups	9,578	-	-	9,578
Depreciation and amortization	14,181	1,772	1,773	17,726
Fundraising and marketing	18,795	-	4,125	22,920
Grants, awards, and research expenses	9,149	-	-	9,149
Insurance	-	12,779	-	12,779
Miscellaneous	18,916	3,360	1,677	23,953
Postage and shipping	3,428	453	453	4,334
Printing and reproduction	1,247	-	4,926	6,173
Programs and events	18,575	-	-	18,575
Software licenses and maintenance	22,384	2,798	2,798	27,980
Supplies and office	11,191	2,838	-	14,029
Telephone, internet, and technology	648	-	-	648
Travel, meals, and entertainment	15,338	1,182	1,182	17,702
Total expenses	\$ 1,097,832	\$ 161,197	\$ 201,057	\$ 1,460,086

See accompanying notes to financial statements.

NATIONAL FRAGILE X FOUNDATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 40,140
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	17,726
Change in operating assets and liabilities	
Grants and contributions receivable	(44,731)
Pledges receivable, net	123,817
Inventory	(4,820)
Prepaid expenses	(4,609)
Accounts payable and accrued expenses	55,592
Held for affiliates	(6,008)
Deferred revenue	<u>17,723</u>
Net cash provided by operating activities	<u>194,830</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
EIDL loan proceeds	<u>150,000</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	344,830
CASH AND CASH EQUIVALENTS	
Beginning of year	<u>751,302</u>
End of year	<u>\$ 1,096,132</u>

See accompanying notes to financial statements.

NATIONAL FRAGILE X FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

NOTE 1. NATURE OF THE ORGANIZATION

National Fragile X Foundation (the Foundation) was created and incorporated in 2001 as a California tax-exempt, nonprofit public benefit corporation. The Foundation unites the Fragile X community to enrich lives through educational and emotional support, promote public and professional awareness, and advance research toward improved treatments and a cure for Fragile X. Fragile X is a family of genetic conditions that can impact individuals and families in various ways. These genetic conditions are related in that they are all caused by changes in the same DNA material known as the FMRI gene.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation - Financial statement presentation follows the recommendations of U.S. generally accepted accounting principles in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic, *Not-for-Profit Entities - Presentation of Financial Statements*. Under those principles, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets - net assets without donor restrictions and net assets with donor restrictions.

Net Assets - Net assets are reported in two distinct classes as follows:

Net assets without donor restrictions - These net assets are available to finance the general operations of the Foundation. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, and the purposes specified in its organizing documents.

Net assets with donor restrictions - These net assets result from contributions and other inflows of assets, the use of which by the Foundation is limited by donor-imposed time or purpose restrictions that may be either temporary or perpetual.

Cash Equivalents - For the purpose of the statement of cash flows, the Foundation considers as cash equivalents all highly liquid investments which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable - The Foundation's accounts receivable are all due in less than one year and are reported at net realizable value. The Foundation writes off accounts receivable when they become uncollectible. When necessary, an allowance for uncollectible accounts receivable is determined based upon management's best estimate of the potential future uncollectibility of accounts outstanding. There were no accounts receivable at December 31, 2020 and 2019.

Pledges Receivable - Pledges receivable represents unconditional amounts committed to the Foundation. All pledges receivable are deemed to be fully collectible and are reflected at either net realizable value or at net present value based on projected cash flows. Amounts receivable in more than one year were discounted at an average annual rate of 0.10% and 1.59% at December 31, 2020 and 2019, respectively. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience. Based on these reviews, management did not deem the use of an allowance for uncollectible receivables to be necessary at December 31, 2020 and 2019.

Property and Equipment - Property and equipment acquisitions with a cost greater than \$500 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets. Upon disposal of depreciable assets, the cost and related accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to income. Expenditures for repairs and maintenance are expensed as incurred.

Donated Goods - Donated goods consist of various items contributed to the Foundation to be given away at conferences and meetings. These goods are reported in the accompanying statements of activities and functional expenses at their estimated fair value at the date of receipt. Donated auction items are reported at their estimated fair value at the date of donation and are subsequently adjusted based on the proceeds received.

Revenue Recognition - Revenue is derived from both exchange transactions and contribution transactions. Revenue from exchange transactions is recognized when control of promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. All goods and services are transferred at a point in time. Payments are generally required in advance and are reported as deferred revenue until the related revenue is recognized. Revenue from conferences, meetings, and fees for services is recognized as revenue in the period in which the activity takes place. Unconditional contributions are recognized upon receipt of cash or other assets, or when a donor promises to transfer cash or other assets in the future. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return or release, are not recognized until the conditions on which they depend have been substantially met.

Contributions received are reported as increases in net assets without donor restrictions unless received with donor stipulations that require the assets be used for specific purposes or in specific time periods. All donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses - The costs of providing the various programs and supporting activities of the Foundation have been summarized on a functional basis in the statements of activities and functional expenses. Costs that can be specifically identified with a final cost objective are charged directly to that activity. Other costs are allocated among the program and supporting services benefited based on management's best estimates. Salaries and related fringe benefits are allocated based on employee time and effort studies. Common costs such as occupancy, depreciation and related infrastructure costs are also allocated based on employee time and effort studies.

NOTE 3. INCOME TAXES

The Foundation is exempt from payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code (IRC). For the year ended December 31, 2020, there was no unrelated business income and, accordingly, no federal or state income taxes have been recorded. Contributions to the Foundation are deductible as provided for in IRC Section 170(b)(1)(A)(vi). Management has evaluated the Foundation's tax positions and concluded that there are no uncertain tax positions that require adjustment to or disclosure in the accompanying financial statements.

NOTE 4. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The following table represents the Foundation's financial assets available to meet cash needs for general expenditures within one year of December 31, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Total financial assets at end of year		
Cash and cash equivalents	\$ 1,096,132	\$ 751,302
Grants and contributions receivable	94,100	49,369
Pledges receivable, net	<u>228,777</u>	<u>352,594</u>
	1,419,009	1,153,265
Less amounts unavailable for general expenditures within one year		
Restricted by donor with purpose restrictions	(151,579)	(147,996)
Pledges receivable due in more than one year	(123,427)	(198,246)
Amounts designated for operating reserve and CSN groups	<u>(228,426)</u>	<u>(193,460)</u>
Financial assets available for general expenditures within one year	<u>\$ 915,577</u>	<u>\$ 613,563</u>

NOTE 5. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist of cash and cash equivalents. The Foundation maintains cash deposit and transaction accounts with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC). The Foundation has not experienced any credit losses on its cash and cash equivalents to date as it relates to FDIC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

NOTE 6. PLEDGES RECEIVABLE

Pledges receivable as of December 31, 2020 and 2019 are expected to be collected as follows:

	<u>2020</u>	<u>2019</u>
Due in less than one year	\$ 105,350	\$ 154,348
Due in one to five years	<u>123,656</u>	<u>203,868</u>
Total pledges receivable	229,006	358,216
Less: discount to net present value	<u>(229)</u>	<u>(5,622)</u>
Pledges receivable, net	<u>\$ 228,777</u>	<u>\$ 352,594</u>

NOTE 7. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2020 and 2019 consists of the following:

	<u>2020</u>	<u>2019</u>
Office equipment	\$ 11,011	\$ 13,285
Software and website	<u>51,636</u>	<u>51,636</u>
Total property and equipment	62,647	64,921
Less: accumulated depreciation and amortization	<u>(46,001)</u>	<u>(30,549)</u>
Property and equipment, net	<u>\$ 16,646</u>	<u>\$ 34,372</u>

NOTE 8. PAYCHECK PROTECTION PROGRAM LOAN

In June 2020, the Foundation received a loan in the amount of \$153,800 under the Paycheck Protection Program (PPP) established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). PPP loans and accrued interest are forgivable after a covered period (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, primarily payroll, benefits, rent and utilities. Any unforgiven

NOTE 8. PAYCHECK PROTECTION PROGRAM LOAN (CONTINUED)

portion of a PPP loan is payable over two to five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. Management of the Foundation believes it has used the loan proceeds for purposes consistent with the PPP requirements and applied for forgiveness within 10 months of the end of the covered period.

The Foundation initially recorded a note payable and subsequently recognized income from debt forgiveness as contribution revenue in accordance with guidance for recognizing conditional contributions. The amount of contribution income recognized during the year ended December 31, 2020 was \$153,800. This entire amount was formally forgiven in March 2021.

NOTE 9. ECONOMIC INJURY DISASTER LOAN

In June 2020, the Foundation received an Economic Injury Disaster Loan (EIDL) in the amount of \$150,000 from the Small Business Administration. The loan is repayable in monthly installments of \$641 and interest accrues at the annual rate of 2.75%. The loan is due in full 30 years from the date of the related promissory note. The Foundation also received a forgivable EIDL Advance in the amount of \$7,000 as provided for in the CARES Act. This amount was included with grants and contributions revenue in the statement of activities. Future payments of the EIDL loan are due as follows:

Year ending December 31, 2021	\$	4,487
2022		7,692
2023		7,692
2024		7,692
2025		7,692
Thereafter		<u>187,813</u>
		223,068
Amount representing interest		<u>(73,068)</u>
	\$	<u>150,000</u>

NOTE 10. COMMUNITY SUPPORT NETWORK GROUPS

CSN is the national volunteer program of the Foundation, comprised of 34 groups organized and run by parent volunteers. All of the chapters/groups share a common mission with the Foundation and provide emotional and educational support to families and individuals living with Fragile X syndrome and organize events that offer support and build awareness for Fragile X syndrome in their local communities. Of the total 34 CSN groups, 10 groups operate as separate, legal entities with their own independent tax-exempt statuses. The remaining 24 are affiliated chapters/groups, for which the Foundation provides managed account services, including processing event proceeds, online registrations, and expense payments; and providing internal reporting.

NOTE 10. COMMUNITY SUPPORT NETWORK GROUPS (CONTINUED)

The Foundation exercises oversight through affiliate agreements and has a financial interest in various shared revenues and costs, which are included in the accompanying financial statements. All accounting functions and bank accounts for these 24 groups are maintained by the Foundation, and all accounts of these groups are included in the accompanying financial statements.

Total revenue and expenses generated by the affiliated CSN groups that are included in the accompanying financial statements amounted to \$72,832 and \$7,343 for the year ended December 31, 2020, respectively. CSN groups reserve amounts within unrestricted net assets consist of internally-designated funds for the affiliated CSN groups. These amounts were \$203,426 and \$168,460 at December 31, 2020 and 2019, respectively, and are included in the accompanying statements of financial position.

NOTE 11. COMMITMENTS

The Foundation has entered into agreements with hotels to provide conference room facilities and room accommodations for future meetings and events through 2022. The agreements contain various attrition clauses whereby the Foundation may be liable for liquidated damages in the event of cancellation or lower than anticipated attendance.

However, the Foundation's management does not believe that any material losses will be incurred under these hotel contracts.

NOTE 12. NET ASSETS

Board-Designated – Operating Reserve

The Foundation's Board of Directors has designated a portion of net assets without donor restrictions to function as an operating reserve fund. At December 31, 2020 and 2019, the Board-designated operating reserve amounted to \$25,000.

Board-Designated - Community Support Network Groups

The Foundation's Board of Directors has designated a portion of net assets without donor restrictions for the purpose of the affiliated CSN groups at December 31, 2020 and 2019 in the amounts of \$203,426 and \$168,460, respectively.

NOTE 12. NET ASSETS (CONTINUED)

Net Assets with Donor Restrictions

Net assets with temporary donor restrictions were restricted as follows at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Program projects	\$ 151,579	\$ 147,996
Time restricted only	<u>245,323</u>	<u>352,594</u>
Total net assets with donor restrictions	<u>\$ 396,902</u>	<u>\$ 500,590</u>

NOTE 13. RETIREMENT PLAN

The Foundation maintains a 401(k) plan, which covers substantially all employees meeting certain age and service requirements. Participants may contribute a portion of their annual compensation on a pretax basis, subject to limitations established by the Internal Revenue Service. The Foundation may make discretionary contributions to the plan but did not make any contributions for the year ended December 31, 2020.

NOTE 14. SIGNIFICANT UNCERTAINTIES

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The extent of the impact of the pandemic on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Foundation's donors, employees and vendors, all of which, at present, cannot be determined. Accordingly, the extent to which the pandemic may impact the Foundation's financial position, changes in net assets, and cash flows is uncertain, and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

NOTE 15. SUBSEQUENT EVENTS

All subsequent events have been evaluated through April 30, 2021, which is the date the financial statements were available to be issued. This review and evaluation revealed no material event or transaction which would require an adjustment to or disclosure in the accompanying financial statements.