



**Financial Statements
(Together with Independent Auditors' Report)**

Years Ended February 28, 2021 and February 29, 2020

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

TOURETTE ASSOCIATION OF AMERICA INC.

**FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Tourette Association of America Inc.

We have audited the accompanying financial statements of Tourette Association of America Inc. (the "Association"), which comprise the statements of financial position as of February 28, 2021 and February 29, 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.

Auditors' 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 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 Tourette Association of America Inc. as of February 28, 2021 and February 29, 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Marks Paneth LLP

New York, NY
September 2, 2021

TOURETTE ASSOCIATION OF AMERICA INC.
STATEMENTS OF FINANCIAL POSITION
AS OF FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

	2021	2020
ASSETS		
Cash and cash equivalents (Notes 2C and 13)	\$ 2,509,133	\$ 741,367
Grants receivable (Note 2G)	56,252	60,196
Contributions receivable, net (Notes 2H and 6)	895,856	1,328,228
Investments (Notes 2D, 2F, 2M and 4)	7,648,441	8,408,337
Investments - with donor restrictions (Notes 2B, 2M, 4 and 12)	334,000	334,000
Prepaid expenses and other assets	144,825	152,729
Property and equipment, net (Notes 2E and 5)	35,159	40,195
TOTAL ASSETS	\$ 11,623,666	\$ 11,065,052
LIABILITIES		
Accounts payable and accrued expenses	\$ 181,452	\$ 248,629
Research grants payable (Note 10)	1,079,053	1,045,831
Refundable advance (Note 15)	395,177	-
Deferred revenue (Note 2G)	25,992	51,386
TOTAL LIABILITIES	1,681,674	1,345,846
COMMITMENTS AND CONTINGENCIES (Note 8)		
NET ASSETS (Notes 2B, 11 and 12)		
Without Donor Restrictions	8,539,124	7,999,073
With Donor Restrictions:		
Restricted for time and purpose (Note 11)	1,068,868	1,386,133
Perpetual in nature (Note 12)	334,000	334,000
Total net assets with donor restrictions	1,402,868	1,720,133
TOTAL NET ASSETS	9,941,992	9,719,206
TOTAL LIABILITIES AND NET ASSETS	\$ 11,623,666	\$ 11,065,052

TOURETTE ASSOCIATION OF AMERICA INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

	For the Year Ended February 28, 2021			For the Year Ended February 29, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total 2021	Without Donor Restrictions	With Donor Restrictions	Total 2020
SUPPORT AND REVENUE:						
Public Support:						
Fund raising events revenue	\$ 831,818	\$ -	\$ 831,818	\$ 1,236,771	\$ -	\$ 1,236,771
Less: direct benefits to donors (Note 2K)	(32,766)	-	(32,766)	(189,465)	-	(189,465)
Net fundraising events revenue	799,052	-	799,052	1,047,306	-	1,047,306
Grants, contributions and bequests (Notes 2H, 2J and 15)	1,377,512	719,841	2,097,353	572,195	1,173,185	1,745,380
Membership dues	-	-	-	16,910	-	16,910
Total Public Support	<u>2,176,564</u>	<u>719,841</u>	<u>2,896,405</u>	<u>1,636,411</u>	<u>1,173,185</u>	<u>2,809,596</u>
Government Support:						
C.D.C. grant	773,298	-	773,298	940,653	-	940,653
Total Government Support	<u>773,298</u>	<u>-</u>	<u>773,298</u>	<u>940,653</u>	<u>-</u>	<u>940,653</u>
Revenue:						
Investment activity (Note 4)	954,570	5,518	960,088	258,370	6,521	264,891
Conference income	109,853	-	109,853	116,683	-	116,683
Total Revenue	<u>1,064,423</u>	<u>5,518</u>	<u>1,069,941</u>	<u>375,053</u>	<u>6,521</u>	<u>381,574</u>
Net assets released from restrictions (Notes 2B and 11)	<u>1,042,624</u>	<u>(1,042,624)</u>	<u>-</u>	<u>1,129,501</u>	<u>(1,129,501)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>5,056,909</u>	<u>(317,265)</u>	<u>4,739,644</u>	<u>4,081,618</u>	<u>50,205</u>	<u>4,131,823</u>
EXPENSES:						
Program services	3,475,469	-	3,475,469	4,396,962	-	4,396,962
Management and general	523,880	-	523,880	538,552	-	538,552
Fundraising	517,509	-	517,509	486,724	-	486,724
TOTAL EXPENSES	<u>4,516,858</u>	<u>-</u>	<u>4,516,858</u>	<u>5,422,238</u>	<u>-</u>	<u>5,422,238</u>
CHANGE IN NET ASSETS (Notes 11 and 12)	540,051	(317,265)	222,786	(1,340,620)	50,205	(1,290,415)
Net assets - beginning of year	7,999,073	1,720,133	9,719,206	9,339,693	1,669,928	11,009,621
NET ASSETS - END OF YEAR	<u>\$ 8,539,124</u>	<u>\$ 1,402,868</u>	<u>\$ 9,941,992</u>	<u>\$ 7,999,073</u>	<u>\$ 1,720,133</u>	<u>\$ 9,719,206</u>

The accompanying notes are an integral part of these financial statements.

TOURETTE ASSOCIATION OF AMERICA INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED FEBRUARY 28, 2021
(With Comparative Totals for the Year Ended February 29, 2020)

	Program Services					Support Services		TOTAL 2021	TOTAL 2020
	Public Education	Professional Education	Center for Disease Control Program	Research	Total Program Services	Management and General	Fundraising		
Salaries	\$ 908,420	\$ 10,166	\$ 261,018	\$ 219,461	\$ 1,399,065	\$ 270,311	\$ 215,835	\$ 1,885,211	\$ 1,855,290
Payroll taxes and employee benefits (Note 7)	<u>171,779</u>	<u>3,116</u>	<u>54,242</u>	<u>43,601</u>	<u>272,738</u>	<u>47,976</u>	<u>37,623</u>	<u>358,337</u>	<u>379,383</u>
Total Salaries and Related Costs	1,080,199	13,282	315,260	263,062	1,671,803	318,287	253,458	2,243,548	2,234,673
Research grants (Note 10)	-	-	-	712,911	712,911	-	-	712,911	807,657
Genetic analysis and lab pathology (Note 10)	-	-	45,622	25,000	70,622	-	-	70,622	224,350
Occupancy (Note 8B)	30,051	-	14,205	24,888	69,144	49,876	45,565	164,585	283,889
Repairs and maintenance	1,037	-	-	681	1,718	1,151	1,247	4,116	4,830
Depreciation	4,615	-	-	3,032	7,647	5,124	5,552	18,323	18,771
Telephone and internet	14,923	-	43,015	15,995	73,933	6,618	7,590	88,141	67,774
Information technology	22,616	-	-	11,212	33,828	12,654	9,578	56,060	190,029
Postage and mail services	24,267	309	141,233	6,938	172,747	4,196	15,056	191,999	254,953
Printing and publications	17,352	12	27,520	7,497	52,381	198	71,158	123,737	165,368
Supplies	14,828	998	4,652	3,079	23,557	4,054	5,148	32,759	28,663
Insurance	19,900	333	-	4,651	24,884	23,955	5,340	54,179	47,879
Professional fees	16,956	266	-	12,599	29,821	7,121	5,558	42,500	42,937
Legal expense (Note 2F)	80,109	-	-	27,057	107,166	72,213	57,629	237,008	231,514
Consultants	62,721	3,055	33,679	11,903	111,358	12,959	15,907	140,224	171,897
Travel expenses	13,123	1,770	4,004	1,726	20,623	516	1,318	22,457	219,278
Registration, filing fees and membership	19,083	124	4,553	6,115	29,875	1,542	2,880	34,297	27,278
Other conferences and meetings	80,568	-	19,530	-	100,098	-	32,766	132,864	180,976
National conference	5,937	-	-	-	5,937	-	-	5,937	22,238
Chapter support (Note 9)	2,158	-	17,156	-	19,314	-	-	19,314	75,371
Promotional expenses	16,280	-	56,181	-	72,461	-	11,463	83,924	80,603
Recruitment and training	3,391	57	-	2,093	5,541	912	1,820	8,273	34,185
Miscellaneous	5,911	41	30,438	1,460	37,850	2,504	1,242	41,596	149,590
Honorariums	-	4,000	16,250	-	20,250	-	-	20,250	47,000
Subtotal	<u>1,536,025</u>	<u>24,247</u>	<u>773,298</u>	<u>1,141,899</u>	<u>3,475,469</u>	<u>523,880</u>	<u>550,275</u>	<u>4,549,624</u>	<u>5,611,703</u>
Less: cost of direct benefit to donor	-	-	-	-	-	-	(32,766)	(32,766)	(189,465)
TOTAL EXPENSES	<u>\$ 1,536,025</u>	<u>\$ 24,247</u>	<u>\$ 773,298</u>	<u>\$ 1,141,899</u>	<u>\$ 3,475,469</u>	<u>\$ 523,880</u>	<u>\$ 517,509</u>	<u>\$ 4,516,858</u>	<u>\$ 5,422,238</u>

The accompanying notes are an integral part of these financial statements.

**TOURETTE ASSOCIATION OF AMERICA INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED FEBRUARY 29, 2020**

	Program Services				Support Services			TOTAL 2020
	Public Education	Professional Education	Center for Disease Control Program	Research	Total Program Services	Management and General	Fundraising	
Salaries	\$ 812,728	\$ 8,832	\$ 288,110	\$ 260,729	\$ 1,370,399	\$ 278,608	\$ 206,283	\$ 1,855,290
Payroll taxes and employee benefits (Note 7)	152,050	2,878	59,585	56,441	270,954	68,902	39,527	379,383
Total Salaries and Related Costs	964,778	11,710	347,695	317,170	1,641,353	347,510	245,810	2,234,673
Research grants (Note 10)	-	-	-	807,657	807,657	-	-	807,657
Genetic analysis and lab pathology (Note 10)	-	-	11,850	212,500	224,350	-	-	224,350
Occupancy (Note 8B)	37,669	-	8,000	24,752	70,421	40,695	172,773	283,889
Repairs and maintenance	1,292	-	-	849	2,141	1,435	1,254	4,830
Depreciation	4,728	-	-	3,107	7,835	5,248	5,688	18,771
Telephone and internet	18,698	65	35,073	4,145	57,981	3,040	6,753	67,774
Information technology	51,677	-	48,594	27,449	127,720	41,593	20,716	190,029
Postage and mail services	48,971	441	140,395	34,746	224,553	8,269	22,131	254,953
Printing and publications	31,319	16	22,720	42,690	96,745	2,931	65,692	165,368
Supplies	8,966	-	1,941	3,312	14,219	6,029	8,415	28,663
Insurance	26,302	134	-	1,814	28,250	17,526	2,103	47,879
Professional fees	15,829	535	-	16,174	32,538	5,844	4,555	42,937
Legal expense (Note 2F)	119,080	-	-	93,107	212,187	14,293	5,034	231,514
Consultants	94,842	-	18,400	21,010	134,252	11,296	26,349	171,897
Travel expenses	52,865	14,080	106,002	21,884	194,831	6,558	17,889	219,278
Registration, filing fees and membership	12,735	-	100	-	12,835	11,587	2,856	27,278
Other conferences and meetings	69,136	554	32,074	79,212	180,976	-	-	180,976
National conference	22,238	-	-	-	22,238	-	-	22,238
Chapter support (Note 9)	41,874	-	33,497	-	75,371	-	-	75,371
Promotional expenses	12,560	9,563	55,713	582	78,418	-	2,185	80,603
Recruitment and training	19,245	-	78	91	19,414	11,931	2,840	34,185
Miscellaneous	27,188	5,652	50,521	316	83,677	2,767	63,146	149,590
Honorariums	-	14,000	28,000	5,000	47,000	-	-	47,000
Subtotal	1,681,992	56,750	940,653	1,717,567	4,396,962	538,552	676,189	5,611,703
Less: cost of direct benefit to donor	-	-	-	-	-	-	(189,465)	(189,465)
TOTAL EXPENSES	\$ 1,681,992	\$ 56,750	\$ 940,653	\$ 1,717,567	\$ 4,396,962	\$ 538,552	\$ 486,724	\$ 5,422,238

The accompanying notes are an integral part of these financial statements.

TOURETTE ASSOCIATION OF AMERICA INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 222,786	\$ (1,290,415)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	18,323	18,771
Decrease in provision for doubtful accounts	(2,500)	(15,700)
Realized gain on investments	(7,678)	(44,320)
Unrealized gain on investments	(852,104)	(61,175)
Discount on contributions net of amortization	(14,328)	(21,216)
Subtotal	(635,501)	(1,414,055)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Grants receivable	3,944	10,756
Contributions receivable	449,200	167,877
Prepaid expenses and other assets	7,904	83,509
Increase (decrease) increase in liabilities:		
Accounts payable and accrued expenses	(67,177)	(20,362)
Research grants payable	33,222	548,433
Refundable advance	395,177	-
Deferred revenue	(25,394)	34,974
Net Cash Provided by (Used in) Operating Activities	161,375	(588,868)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(13,287)	(16,702)
Proceeds from sales of investments	4,586,522	4,165,106
Purchases of investments	(2,966,844)	(3,701,854)
Net Cash Provided by Investing Activities	1,606,391	446,550
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,767,766	(142,318)
Cash and cash equivalents - beginning of year	741,367	883,685
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,509,133	\$ 741,367

The accompanying notes are an integral part of these financial statements.

**TOURETTE ASSOCIATION OF AMERICA INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2021 AND FEBRUARY 29, 2020**

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Tourette Association of America Inc. (the “Association”) was incorporated in the State of New York as a not-for-profit organization in 1972. The Association has been granted exemption from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. The Association is dedicated to making life better for all people affected by Tourette Syndrome and other Tic Disorders and accomplishes this through efforts that raise awareness, advance research, and provide ongoing support. To this end, the Association:

Public Education

- Provides support to individuals and families. The Association maintains a network of 31 local affiliates operating as chapters and 100 support groups that provide local support services for people living with Tourette Syndrome. Chapters and support groups are located across the country and offer emotional support, educational workshops and the chance to participate in community, group and awareness activities. The Association offers free information and referral services for individuals and families, as well as individualized education support and planning services.
- Fosters awareness and social acceptance. The Association develops and disseminates informational materials, resources and referral information to the general public, and generally promotes awareness and understanding about Tourette through various channels. These channels include a comprehensive and informative website, a robust social media presence designed to catalyze understanding and social acceptance of Tourette, and a national education and advocacy conference.
- Empowers young people. Through its Youth Ambassador Program, the Association has been instrumental in empowering teens with Tourette. Through this program, young people are trained to teach their peers about Tourette Syndrome and, in the process, become confident despite their diagnosis. The impact and effectiveness of this program’s impact has been well documented by both the Youth Ambassadors themselves as well as media around the country.

Professional Education

- Provides education to professionals. The Association promotes awareness and understanding of Tourette Syndrome to medical, scientific, educational and allied professionals. This is done through the development of educational materials, conducting conferences, and distributing and interpreting research updates. The Association also develops materials designed to educate and foster sensitivity among law enforcement and service professionals.
- The Tourette Syndrome Behavior Training Institute (“TS-BTI”) was created to expand the number of healthcare professionals competently trained in behavior therapy for Tourette Syndrome and other Tic Disorders. Individuals participating in the TS-BTI are health or mental health practitioners licensed or certified to practice in their state.

Center for Disease Control Program

- The Association and the Center for Disease Control and Prevention (the “CDC”) is in its sixteenth year of a health education partnership, which is part of a larger appropriation from the U.S. Congress. Through the partnership, the Association seeks to achieve increased access to awareness of available support services and treatments for Tourette Syndrome among the community, public, healthcare and educational professionals. This is accomplished through a variety of projects, including, but not limited to: in-service educational workshops, a webinar series, online support groups, small grant programs for the Centers of Excellence and Chapters/support groups, development of educational materials and videos, and other education and awareness activities deemed appropriate.

TOURETTE ASSOCIATION OF AMERICA INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

Research

- The Association actively manages a diverse portfolio of research and medical programs for Tourette Syndrome and other Tic Disorders. The centerpiece of this portfolio is an annual grants program that supports career development, basic and clinical research aimed at increasing our understanding of Tourette Syndrome and related disorders. The Association's research grant programs are overseen by an external Scientific Advisory Board comprised of top researchers and doctors with diverse expertise. Many of the researchers who receive seed funding from us for proof of concept go on to secure major funding from the National Institute of Health (NIH).
- In addition, the Association manages a Center of Excellence program which recognizes medical institutions that offer the highest level of care. These institutions are undertaking groundbreaking research, are leaders in training and education and/or provide exceptional community outreach and advocacy for Tourette Syndrome and other Tic Disorders.
- Lastly, the Association provides funding to research consortia, a Tourette brain bank, and deep brain stimulation registry. For these projects, the Association works proactively with our prestigious Medical Advisory Board to guide these strategic funding efforts and determine new opportunities to impact care and treatment for those with Tourette Syndrome and other Tic Disorders.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. The Association prepares its financial statements using the accrual basis of accounting. The Association adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP").
- B. The Association distinguishes between contributions that increase net assets with donor restrictions and net assets without donor restrictions depending on the existence and/or nature of any donor restrictions. The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Net assets without donor restrictions are resources available for support of the Association's operations over which the Board has discretionary control.

Net assets with donor restrictions are released by incurring expenses satisfying the restricted purpose of providing program services or the passage of time. As of February 28, 2021 and February 29, 2020, net assets with donor restrictions are available for public and professional education services, and include certain time restricted contributions.

Net assets with donor restrictions perpetual in nature represent the principal of an endowment fund. The Board of Directors has interpreted the New York-enacted version of Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as allowing the Association to appropriate for expenditure or accumulate so much of an endowment fund as the Association determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, (currently the Public Education program). The donor has reserved the right to change the program designation.

The Association's net assets with donor restrictions that are perpetual in nature of \$334,000 are included in the accompanying statements of financial position. Investment income or loss (including gains and losses on investment and interest) is included in the statements of activities as increases in net assets with donor restrictions until appropriated for expenditure. Net assets with donor restrictions that are perpetual in nature are invested as part of the Association's investment portfolio (See Note 4).

**TOURETTE ASSOCIATION OF AMERICA INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2021 AND FEBRUARY 29, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- C. The Association considers all highly liquid debt instruments purchased with maturities of 90 days or less (except money market funds held by investment trustees for long-term investment) to be cash and cash equivalents.
- D. Investments in common stock is reported at fair value based upon quoted market value. Investments in certificates of deposit are carried at cost, which approximates fair value because of the short maturities of certificates of deposit.
- E. Property and equipment are stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. Property and equipment are capitalized provided its cost is \$1,000 or more and its useful life is greater than one year. Depreciation is provided on a straight-line basis over the estimated useful life of the asset.
- F. Donated services are recognized in the accompanying financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation. The Association receives contributed legal services that are valued at the standard market rates that would have been incurred by the Association to obtain such services. Contributed services are reported as revenue and expense in the accompanying statements of activities because they meet the criteria as prescribed by U.S. GAAP. Additionally, the Association received donated securities which are valued at fair market value at the date of donation. In-kind contributions included the following as of February 28 and February 29:

	2021	2020
Contributed legal services	\$ 237,008	\$ 231,514
Donated securities	59,979	19,505
Total in-kind contributions	\$ 296,987	\$ 251,019

- G. Revenue from government grants and contracts designated for use toward specific activities is recognized in the period when expenses have been incurred in compliance with the grantor's conditions. Cash received in excess of revenue recognized is recorded as deferred revenue. Registration income for conferences are deferred and are applied to expense to be incurred in the next year. Cash received in excess of revenue recognized is recorded as deferred revenue. As of February 28, 2021 and February 29, 2020, the Association received \$9,525 and \$41,610, respectively, of advances for events that will be applied to expenses to be incurred in the next year.

As of February 28, 2021 and February 29, 2020, the Association received conditional contracts from a government agency in the aggregate amounts of \$576,742 and \$433,931, respectively, that have not been recorded in the accompanying financial statements under ASU 2018-08 as they have not yet been earned. These grants and contracts require the Association to provide informational programs and develop/disseminate resources on recognition, diagnosis, and management of Tourette Syndrome. If such services are not provided, the governmental entity is not obligated to expend the funds allotted under the contracts.

The Association recognizes rent expense using the straight-line method over the length of the lease. For the years ended February 28, 2021 and February 29, 2020, the Association recorded adjustments to rent expense in the amounts of \$6,691 and (\$751), and recorded such amounts in occupancy expense to reflect the difference between the rent paid and the average rent to be paid over the term of the lease. As of February 28, 2021 and February 29, 2020, these rent adjustments resulted in a deferred rent payable in the amounts of \$16,467 and \$9,776, respectively.

- H. Contributions receivable are recorded at net realizable value. Unless material, the Association does not discount them to present value. Grants receivable consist of receivables from the CDC. As of February 28, 2021 and February 29, 2020, the Association determined that an allowance for uncollectible contribution receivables of \$6,800 and \$9,300 was necessary, respectively. The determination is based on a combination of factors, such as management's assessment of the aged basis of its government funding sources, estimates of the creditworthiness of its donors, current economic conditions and historical information.

**TOURETTE ASSOCIATION OF AMERICA INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2021 AND FEBRUARY 29, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- I. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- J. The Association recognizes bequests when the bequests become known and when the individuals have been declared valid by the probate court.
- K. The direct cost of special events includes expenses for the benefit of the donor. For example, meals, facilities and rentals are considered direct costs of special events.
- L. The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 and depreciation, which are allocated on a square footage basis. Salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, and other expenses are allocated on the basis of time and effort.

- M. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 4.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES FOR GENERAL EXPENDITURES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following as of February 28 and February 29:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 2,509,133	\$ 741,367
Grants receivable	56,252	60,196
Contributions receivable due in less than one year	528,781	716,849
Interest receivable	14,184	15,749
Investments	<u>7,982,441</u>	<u>8,742,337</u>
 Total financial assets	 11,090,791	 10,276,498
Certificate of deposits with maturity dates over one year	(1,697,432)	(3,253,733)
Endowments perpetual in nature	<u>(334,000)</u>	<u>(334,000)</u>
 Financial assets available for general expenditure net of donor-imposed restrictions	 <u>\$ 9,059,359</u>	 <u>\$ 6,688,765</u>

**TOURETTE ASSOCIATION OF AMERICA INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2021 AND FEBRUARY 29, 2020**

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

As part of the Association’s liquidity management plan, the Association invests cash in excess of daily requirements in short-term investments, certificates of deposit, government bonds, money market funds and mutual funds.

Investments consist of the following at February 28, 2021 and February 29, 2020:

	<u>2021</u>	<u>2020</u>
Money market	\$ 561,372	\$ 1,697,691
Certificates of deposit	2,986,671	4,459,567
Government bonds	334,062	337,715
Fixed income bonds	308,850	-
Corporate bonds	329,498	-
Equity securities	425,754	87,912
Mutual funds	<u>3,036,234</u>	<u>2,159,452</u>
Total investments	<u>\$ 7,982,441</u>	<u>\$ 8,742,337</u>

Certain of the Association’s investments are subject to market volatility that could substantially change their fair values in the near term.

Investment activity consists of the following for the years ended February 28, 2021 and February 29, 2020:

	<u>2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 115,175	\$ 5,518	\$ 120,693
Realized gain on investments	7,678	-	7,678
Unrealized gain on investments	852,104	-	852,104
Less: Investment fees	<u>(20,387)</u>	<u>-</u>	<u>(20,387)</u>
Net investment income	<u>\$ 954,570</u>	<u>\$ 5,518</u>	<u>\$ 960,088</u>
	<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 169,931	\$ 6,521	\$ 176,452
Realized gain on investments	44,320	-	44,320
Unrealized gain on investments	61,175	-	61,175
Less: Investment fees	<u>(17,056)</u>	<u>-</u>	<u>(17,056)</u>
Net investment income	<u>\$ 258,370</u>	<u>\$ 6,521</u>	<u>\$ 264,891</u>

**TOURETTE ASSOCIATION OF AMERICA INC.
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2021 AND FEBRUARY 29, 2020**

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data. The Association does not have investments in Level 2.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs. The Association does not have investments in Level 3.

In determining fair value, the Association utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

Financial assets are carried at fair value and at February 28, 2021 are classified as Level 1 in the table below as follows:

ASSETS CARRIED AT FAIR VALUE:

Investments:

Money market funds	\$ 561,372
Equity securities	425,754
Mutual funds	3,036,234
Corporate bonds	329,498
Fixed income bonds	308,850
Government bonds	<u>334,062</u>
TOTAL ASSETS CARRIED AT FAIR VALUE	<u>\$ 4,995,770</u>

Financial assets are carried at fair value and at February 29, 2020 are classified as Level 1 in the table below as follows:

ASSETS CARRIED AT FAIR VALUE:

Investments:

Money market funds	\$ 1,697,691
Equity securities	87,912
Mutual funds	2,159,452
Government bonds	<u>337,715</u>
TOTAL ASSETS CARRIED AT FAIR VALUE	<u>\$ 4,282,770</u>

The Association's policy is to recognize transfers in and transfers out between fair value levels as of the beginning of the period in which the transfer takes place. During the years ended February 28, 2021 and February 29, 2020, no such transfers between fair value levels occurred.

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NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of February 28, 2021 and February 29, 2020:

	<u>2021</u>	<u>2020</u>	<u>Estimated Useful Lives</u>
Office equipment	\$ 63,278	\$ 63,672	5 Years
Computer equipment	<u>87,099</u>	<u>94,813</u>	3 Years
Total cost	150,377	158,485	
Less: accumulated depreciation	<u>(115,218)</u>	<u>(118,290)</u>	
Net book value	<u>\$ 35,159</u>	<u>\$ 40,195</u>	

During the year ended February 28, 2021, the Association wrote-off fully depreciated equipment in the amount of \$21,395. During the year ended February 29, 2020, the Association wrote-off fully depreciated equipment in the amount of \$144,411. Depreciation expense amounted to \$18,323 and \$18,771 for the years ended February 28, 2021 and February 29, 2020, respectively.

NOTE 6 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are scheduled to be received as of February 28, 2021 and February 29, 2020 as follows:

	<u>2021</u>	<u>2020</u>
Amounts due in less than one year	\$ 528,781	\$ 716,849
Amounts due in one to five years	<u>381,132</u>	<u>642,264</u>
	909, 913	1,359,113
Less: Unamortized discount	(7,257)	(21,585)
Allowance for doubtful accounts	<u>(6,800)</u>	<u>(9,300)</u>
	<u>\$ 895,856</u>	<u>\$ 1,328,228</u>

The pledges to be received after one year are discounted to present value at interest rates ranging from 2.42% to 2.65% and are reflected as a reduction to grants, contributions and bequests in the year pledged in the accompanying statements of activities.

NOTE 7 – PENSION PLAN

The Association sponsors a qualified defined contribution pension plan for substantially all of its full-time employees. Effective February 1, 2016, the pension plan was revised. Under the new revised plan, eligibility for enrollment is one year of service. The Association will match up to 3% of employee deferrals. Matching will vest ratably over a five-year period.

Pension expense for the years ended February 28, 2021 and February 29, 2020 amounted to \$43,327 and \$40,383, respectively.

**TOURETTE ASSOCIATION OF AMERICA INC.
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NOTE 8 – COMMITMENTS AND CONTINGENCIES

- A. The Association believes it has no uncertain tax positions as of February 28, 2021 and February 29, 2020 in accordance with Accounting Standards Codification (“ASC”) Topic 740, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.
- B. The Association has a five-year lease for real property through December 2024. In addition, the Association is obligated under various lease agreements for the use of equipment through September 2024. Following are the future minimum lease payments under the lease for real property and the leases for the equipment for the years ending after February 28, 2021:

	<u>Real Property</u>	<u>Equipment</u>	<u>Total</u>
2022	\$ 152,996	\$ 4,000	\$ 156,996
2023	157,586	4,000	161,586
2024	162,313	4,000	166,313
2025	<u>138,626</u>	<u>2,333</u>	<u>140,959</u>
	<u>\$ 611,521</u>	<u>\$ 14,333</u>	<u>\$ 625,854</u>

Rent expense for the years ended February 28, 2021 and February 29, 2020 amounted to \$158,435 and \$155,232, respectively, and is included in occupancy expense in the accompanying financial statements.

- C. In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a pandemic, which continues to spread throughout the United States. The Association could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent outbreak of COVID-19. The ultimate extent of the impact of the pandemic will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. Accordingly, the Association cannot predict the extent to which its financial condition and results of operations will be affected

NOTE 9 – AFFILIATED CHAPTERS

The Association has 31 affiliated chapters in the United States operating pursuant to a group exemption letter as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Affiliates operate as chapters of the Association pursuant to chapter agreements. Each chapter adopts by-laws which conform to the standard chapter by-laws provided by the Association. Each chapter elects its own Board of Directors in accordance with the adopted by-laws. Accordingly, management has determined that these chapters are not to be consolidated under current U.S. GAAP and therefore operations of these chapters are not included in the accompanying financial statements. For the years ended February 28, 2021 and February 29, 2020, the Association distributed \$16,815 and \$75,371, of which \$0 and \$7,425, respectively was related to dues to various chapters based on an agreement between the chapters and the Association that calls for 50% to be paid to the chapters from the membership dues received by the Association.

**TOURETTE ASSOCIATION OF AMERICA INC.
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NOTE 10 – RESEARCH GRANTS

Research grants payable consists of the following as of February 28, 2021 and February 29, 2020:

	2021	2020
Board approved research grants to be paid subsequent to year end	<u>\$ 1,079,053</u>	<u>\$ 1,045,831</u>

Direct research grant expenses amounted to \$712,911 and \$807,657, for the years ended February 28, 2021 and February 29, 2020, respectively. The Association’s direct research grant program continues to fund studies in many areas of specialty, such as, epidemiology, neuropathology, imaging, behavioral studies and general science.

General research expenses amounted to \$70,622 and \$224,350, for the years ended February 28, 2021 and February 29, 2020, respectively. The Association has funded research projects in the areas of deep brain stimulation (DBS), a brain bank, clinical trials, and centers of excellence programs.

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS FOR PURPOSE AND TIME

Net assets with donor restrictions were available for the following purposes as of February 28, 2021 and February 29, 2020:

	2021	2020
Public Education and Support	\$ 506,604	\$ 613,464
For future periods	<u>562,264</u>	<u>772,669</u>
Total	<u>\$ 1,068,868</u>	<u>\$ 1,386,133</u>

Net assets with donor restrictions were released by incurring expenses satisfying the restricted purpose, by the occurrence of other events specified by donors or the passage of time during the years ended February 28, 2021 and February 29, 2020:

	2021	2020
Public Education and Support	\$ 665,876	\$ 489,816
Research	<u>376,748</u>	<u>639,685</u>
Total	<u>\$ 1,042,624</u>	<u>\$ 1,129,501</u>

NOTE 12 – ENDOWMENT NET ASSETS

The Association’s Board recognizes that the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) permits the Board to appropriate for expenditure all earnings of such endowment funds (both realized and unrealized) with a presumption of prudence to a ceiling of 7% annually based on a quarterly rolling five-year average of such earnings.

The Board explicitly appropriated all earnings of the endowment fund as of and prior to February 28, 2011, whether deemed spent or not as with donor restrictions, to be used to fund the Public Education program.

The Association’s endowment investment policy is to invest in certificates of deposit, government bonds and equities based on an asset allocation with the objective of the preservation of capital as well as to provide for long-term growth of principal without undue risk. Annual spending from the endowment fund for the education program is established by the donor and unless authorized by the donor, the appropriations from the endowment fund should not deplete the real dollar value of the endowment fund. Any unappropriated earnings that would otherwise be considered without restriction by the donor will be reflected as with donor restriction.

**TOURETTE ASSOCIATION OF AMERICA INC.
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NOTE 12 – ENDOWMENT NET ASSETS (Continued)

Changes in endowment net assets are as follows for the years ended February 28, 2021 and February 29, 2020:

	<u>2021</u>	<u>2020</u>
Investment activity:		
Interest and dividends	\$ <u>5,518</u>	\$ <u>6,521</u>
Total investment activity	5,518	6,521
Expenditures for Public Education program	<u>(5,518)</u>	<u>(6,521)</u>
Total change in endowment net assets	<u>-</u>	<u>-</u>
Endowment net assets, beginning of year	<u>334,000</u>	<u>334,000</u>
Endowment net assets, end of year	<u>\$ 334,000</u>	<u>\$ 334,000</u>

NOTE 13 – CONCENTRATION

Cash and cash equivalents that potentially subject the Association to a concentration of credit risk include cash accounts with a financial institution that exceeded the Federal Deposit Insurance Corporation (“FDIC”) insurance limits of up to \$250,000 per depositor. As of February 28, 2021 and February 29, 2020, there were approximately \$1,894,000 and \$436,000, respectively, of cash and cash equivalents held by banks that exceeded FDIC limits. Such excess includes outstanding checks.

NOTE 14 – SUSTAINABILITY PLAN

The last year was unprecedented for the Association and pushed us to realize and expand novel ways to deliver programming and raise revenue. For the coming year we will utilize the lessons learned and discoveries made over the last year to redouble our focus on revenue building, program delivery, efficiency and cost effectiveness.

The strategic investments we made to our infrastructure enabled us to continue our mission focused work during unanticipated closures related to COVID-19. Optimization of the infrastructure updates will ensure we are working at the highest levels of productivity, allowing us to continue meaningfully interacting with donors, constituents and partners while also embracing our culture of work/life meshing for staff. It also enabled us to launch the first full-fledged, multi-stakeholder strategic planning initiative which will culminate in a 5-year strategic plan in the coming weeks.

As we look ahead to our 50th year our focus will be on launching our strategic plan publicly and engaging constituents in our vision for the future of the Association. Part of this effort will be to infuse our asset portfolio with new funding to establish a formal endowment income stream which will help close the current \$500,000 structural deficit we currently experience. Less reliance on annual gifts to offset core programs will lead to an increase in overall programming while also ensuring the financial health of the organization for years to come.

We continue with our efforts to scale up our organization by investing in our national network of chapters and support groups with training. Our strategic vision is one where a unified Association is benefitting from a healthy, productive and financially sound network whose fundraising efforts enable programming growth and efficiency nationwide. As we move toward realizing this future, we will continue to advance research and treatment options, provide local support, advocate for policies that are supportive, and raise awareness, educate professionals, foster social acceptance and the work that made the Association the most respected source and resource in the Tourette and Tic Disorder community.

TOURETTE ASSOCIATION OF AMERICA INC.
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NOTE 15 – PAYCHECK PROTECTION PROGRAM

The Association applied and received a loan from its primary lender, as a small business loan authorized lender, for a loan administered by the Small Business Administration sector of the government as part of the Paycheck Protection Program (“PPP”) provision under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) that was passed by the federal government in March 2020. The loan, totaling \$338,890, was received by the Association in April 2020. During the year ended February 28, 2021, an application for forgiveness was sent to the lender of the PPP loan and the full amount of \$338,890 received in April 2020 was forgiven and is included in the Statement of Activities with contribution revenue for the year ended February 28, 2021.

Under the Consolidated Appropriations Act of 2021, the Association applied for a second PPP loan in the amount of \$395,177 which was approved and received in February 2021 and is included in the Statement of Financial Position as a refundable advance as of February 28, 2021.

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through September 2, 2021, the date the financial statements were available to be issued.