

**DOWN SYNDROME CONNECTION  
OF THE BAY AREA  
(A Nonprofit Organization)**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
With Summarized Comparative Totals for  
DECEMBER 31, 2017**

**CARATHIMAS AND ASSOCIATES  
Certified Public Accountant**

**DOWN SYNDROME CONNECTION OF THE BAY AREA  
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DECEMBER 31, 2018 and 2017**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Down Syndrome Connection of the Bay Area  
101-J Town and Country Drive  
Danville, CA 94526

I have audited the accompanying financial statements of the Down Syndrome Connection of the Bay Area (a non-profit organization), which comprise the statement of financial position as of December 31, 2018, the related statement of activities and functional expenses, and statement of 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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

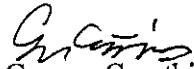
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Down Syndrome Connection of the Bay Area as of December 31, 2018, and the related statements of activities and functional expenses and statement of 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**

I have previously audited the Down Syndrome Connection of the Bay Area 2017 financial statements, the report dated February 22, 2018. It expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.



George Carathimas, Certified Public Accountant  
San Ramon, California  
February 22, 2019

**DOWN SYNDROME CONNECTION OF THE BAY AREA**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2018 and 2017**

**ASSETS**

	<u>2018</u>	<u>2017</u>
<b>Current Assets</b>		
Cash	\$ 395,177	\$ 368,558
Marketable Securities	4,667	6,047
Prepaid Expense	8,879	4,000
Total Current Assets	<u>\$ 408,723</u>	<u>\$ 378,605</u>
<b>Fixed Assets</b>		
Furniture and equipment	\$ 21,246	\$ 21,246
Leasehold Improvements	251,841	25,796
Construction in Progress	-	180,544
Less: Accumulated Depreciation/Amortization	(72,158)	(47,042)
Total Fixed Assets	<u>\$ 200,929</u>	<u>\$ 180,544</u>
<b>Other Assets</b>		
Deposits	\$ 4,244	\$ 4,244
Total Other Assets	<u>\$ 4,244</u>	<u>\$ 4,244</u>
<b>Total Assets</b>	<u>\$ 613,896</u>	<u>\$ 563,393</u>

**LIABILITIES AND NET ASSETS**

**Liabilities**

**Current Liabilities**

Payroll Taxes/Benefits Payable	\$ 10,978	\$ 6,342
Total Current Liabilities	<u>\$ 10,978</u>	<u>\$ 6,342</u>

**Net Assets**

With Donor Restrictions	\$ 115,369	\$ 115,000
Without Donor Restrictions	487,549	442,051
Total Net Assets	<u>\$ 602,918</u>	<u>\$ 557,051</u>

<b>Total Liabilities and Net Assets</b>	<u>\$ 613,896</u>	<u>\$ 563,393</u>
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The accompanying notes to financial statements are an integral part of this report.

**DOWN SYNDROME CONNECTION OF THE BAY AREA  
STATEMENT OF ACTIVITIES AND FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018 and 2017**

	2018			2017	
	Program	Fundraising	Released from Restrictions	Administration	Total
<b>Unrestricted Revenues</b>					
Individual/Small Business Contributions	\$ 74,159	\$ -	\$ -	\$ -	\$ 74,159
Fundraising Activities		495,265			495,265
Grants&Capital Grants	258,672		60,001		318,673
Program Service Fees	54,396				54,396
Investment Income	331				331
<b>Total Unrestricted Revenues</b>	<b>\$ 387,558</b>	<b>\$ 495,265</b>	<b>\$ 60,001</b>	<b>\$ -</b>	<b>\$ 942,824</b>
					<b>\$ 911,901</b>
<b>Expenses</b>					
Salaries and Wages	\$ 316,028	\$ 16,576	\$ -	\$ 58,465	\$ 391,069
Employee Benefits	34,551	1,326		4,857	40,734
Education and Advocacy	13,082				13,082
Fundraising Expenses		65,141			65,141
Professional Services	136,650	33,790		27,391	197,831
Supplies	30,485			1,358	31,843
Communications	25,635	19		1,355	27,009
Occupancy	62,269	803		5,620	68,692
Equipment Rental and Maintenance	5,621	599		534	6,754
Depreciation	25,116	406			25,522
Travel	4				4
Conference, Conventions and Meetings	8,447			804	9,251
Insurance	6,177			670	6,847
Staff Development	3,154			461	3,615
Affiliate Expense	8,172				8,172
Miscellaneous	1,760				1,760
<b>Total Expenses</b>	<b>\$ 677,151</b>	<b>\$ 118,660</b>	<b>\$ -</b>	<b>\$ 101,515</b>	<b>\$ 897,326</b>
<b>Increase (Decrease) in Unrestricted Net Assets</b>	<b>\$ (289,593)</b>	<b>\$ 376,605</b>	<b>\$ 60,001</b>	<b>\$ (101,515)</b>	<b>\$ 45,498</b>
<b>Unrestricted Net Assets, Beginning of Year</b>					<b>442,051</b>
<b>Unrestricted Net Assets, End of Year</b>					<b>\$ 487,549</b>
					<b>\$ 442,051</b>

The accompanying notes to financial statements are an integral part of this report.

**DOWN SYNDROME CONNECTION OF THE BAY AREA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018 and 2017**

<b>Cash Flows from Operations:</b>	<u>2018</u>	<u>2017</u>
Change in Net Assets	\$ 45,498	\$ 122,527
Add: Depreciation/Amortization	25,116	-
Adjustments to Reconcile - Operations		
Increase (Decrease) in Prepaid Expense	(4,879)	
Increase (Decrease) in Payroll/Sales Taxes Payable	4,636	5,818
Increase (Decrease) in Temporarily Restricted Net Assets	369	45,000
Adjustments to Reconcile - Investing Activities		
(Increase) Decrease in Marketable Securities	1,380	(159)
(Increase) Decrease in Fixed Assets	(45,501)	(180,544)
Increase (Decrease) in Cash	<u>26,619</u>	<u>(7,358)</u>
Cash, Beginning of Year	<u>368,558</u>	<u>375,916</u>
Cash, End of Year	<u><u>\$ 395,177</u></u>	<u><u>\$ 368,558</u></u>

The accompanying notes to financial statements are an integral part of this report.

**DOWN SYNDROME CONNECTION OF THE BAY AREA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 1 – ORGANIZATION**

2018 was their 20th year serving the community and once again they had a very positive income year thanks to significant growth in fundraising efforts with their annual walk and spring gala raising \$455,000 alone. The Down Syndrome Connection is highly thought of by the community. Outside service groups, corporations and other community members raised \$87,000 through fundraising efforts that benefitted the DSCBA.

The organization also had significant growth in programs adding new Music Therapy classes and Peer Development programs currently in 7 Bay Area locations.

2018 also brought significant growth in membership welcoming 35 new babies and their families, as well as many others of all ages with Down syndrome and their families.

Community Impact: Education Outreach by the DSCBA was very successful providing Ability Awareness presentations to 3426 students in 24 schools across the Bay Area. They also provided training to more than 800 education professionals during the year. Medical Outreach was also a focus in 2018 for the DSCBA. 202 medical professionals trained and over 1000 Bay Area pediatricians were contacted about the support offered by the organization so that parents are given the best possible start when they receive a diagnosis.

The DSCBA ended the year with \$66,712 in net income which will be carried over into 2019 programs. The organization is financially healthy, and they have an emergency reserve fund with 4 months' worth of operating cost and one year of rent.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The net assets, revenues, gains and losses, other support and expenses and other charges in the accompanying financial statements are classified based on the existence or absence of donor-imposed restrictions. Accordingly, for reporting purposes net assets of the Organization and changes therein are classified as follows:

*Unrestricted Net Assets* - Net assets that are not subject to donor-imposed stipulations.

*Temporarily Restricted Net Assets* - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

There were no temporarily restricted net assets at December 31, 2018.



**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**Recognition of Donor Restrictions** - Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as "Net Assets Released from Restrictions".

**Comparative Financial Information**

The financial statements include certain prior-year summarized comparative information in total by net class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

**Use of Estimates**

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported. Accordingly, actual results could differ from those estimates.

**Functional Allocation of Expenses**

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**Income Taxes**

The Organization is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and from state franchise tax under Revenue and Taxation Code Section 23701(d), but is subject to taxes on unrelated business income when earned. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

Effective July 1, 2009, the Organization implemented the new accounting requirements associated with uncertainty in income taxes. The Financial Accounting Standards Board issued guidance that clarifies the accounting for uncertainty in income taxes recognized in an Organization's financial statements. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more than likely than not the positions will be sustained upon examination by the tax authorities. As of December 31, 2018, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization's tax years for 2014 through 2017 remain open and could be subject to the examination by the federal tax jurisdiction. For the state tax jurisdiction, the tax years 2013 through 2017 remain open and could be subject to examination.

**Property and Equipment**

All acquisitions of property and equipment in excess of \$2,499 are capitalized while expenditures for repairs and maintenance that do not improve or extend the useful lives of respective assets are expensed currently. Property and equipment are carried at cost. Depreciation for property and equipment is computed using the straight-line method over 3 to 30 years. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method.

**Compensated Absences**

Only salaried permanent employees have vacation time allotted. Vacation is agreed upon in their employment contracts as a negotiated benefit. Vacation may not be carried over into following year when unused in given year without written agreement between employee and the Executive Director. If carry over is approved, only a maximum of one week will be allowed.

Employees will not be paid for unused vacation. All vacation must be used in given years unless otherwise negotiated in writing.

**NOTE 3 - CONCENTRATION OF CREDIT RISK**

Financial instruments that potentially subject Down Syndrome Connection of the Bay Area to concentrations of credit risk consist principally of cash deposits. The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$250,000 at each institution. At December 31, 2018 and 2017, the Organization had approximately \$101,085 and \$75,137, respectively, in excess of FDIC insured limits.

**Down Syndrome Connection of the Bay Area**  
**Notes to Financial Statements - Continued**  
**December 31, 2018**

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**NOTE 4 - CASH ON HAND AND CASH IN BANK**

Cash at December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Schwab – Money Market	44,092	43,421
Mechanics Bank – General	304,561	278,622
Mechanics Bank – Savings	46,524	46,515
	<u>\$ 395,177</u>	<u>\$ 368,558</u>

\*The balance at Mechanic's Bank is insured by Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The brokerage account is insured by the Securities Investors Protection Corporation (SIPC) up to \$250,000 at Charles Schwab.

**NOTE 5 - MARKETABLE SECURITIES**

Marketable Securities are valued at their fair market value.

**NOTE 6 - FIXED ASSETS**

Fixed assets are being depreciated utilizing the straight-line method over ten years.

		<u>Fixed</u>		<u>Fixed</u>		<u>Fixed</u>
	<u>Life</u>	<u>Assets</u>	<u>Additions/</u>	<u>Assets</u>	<u>Additions/</u>	<u>Assets</u>
		<u>12/31/16</u>	<u>Deletions</u>	<u>12/31/17</u>	<u>Deletions</u>	<u>12/31/18</u>
Furniture/Equipment	5	\$ 25,796	\$ -	\$ 25,796	\$ -	\$ 25,796
Leasehold Improvement	30	21,246		21,246	226,045	247,291
Construction in Progress				180,544	(180,544)	-
Less Accumulated Depreciation		(47,042)	180,544	(47,042)	(25,116)	(72,158)
		<u>\$ -</u>	<u>\$ 180,544</u>	<u>\$ 180,544</u>	<u>\$ 20,385</u>	<u>\$ 200,929</u>

**NOTE 7 - RETIREMENT PLAN**

The organization offers to its employees a 403(b) retirement plan. It does not contribute to it.

**DOWN SYNDROME CONNECTION OF THE BAY AREA**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2018**

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**NOTE 8 - LEASE AGREEMENT**

The main facility comprising of about 2,632 square feet at 101 Town & County Drive, Danville, CA is leased under following terms;

		Rate per month
<b>Term 5 years</b>	4/1/2018 - 3/31/2019	4,880
	4/1/2019 - 3/31/2020	5,026
	4/1/2020 - 3/31/2021	5,177
	4/1/2021 - 3/31/2022	5,332

There is an option available to renew the lease for 5 years with a minimum 3% increase per year at a base renewal rate in 5 years at 95% of the fair market value.

The Organization is committed into a lease agreement for a copier effective July 2017 for 39 months at \$324 per month.

**Total Lease Commitments**

Year	
2019	63,762
2020	63,615
2021	63,519
2022	15,996

**NOTE 9 - SUBSEQUENT EVENTS**

The Organization did not have any subsequent events that required recognition or disclosure in the financial statements for the year ended December 31, 2018. Subsequent events have been evaluated through February 22, 2019 the date the financial statements became available to be issued. The entity has not evaluated subsequent events after February 22, 2019.