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

FINANCIAL STATEMENTS
DECEMBER 31, 2016
With Summarized Comparative Totals for
DECEMBER 31, 2015

CARATHIMAS AND ASSOCIATES
Certified Public Accountant
## DOWN SYNDROME CONNECTION OF THE BAY AREA
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**DECEMBER 31, 2016 and 2015**

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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, 2016, 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, 2016, 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 2015 financial statements, the report dated February 19, 2016. 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, 2015, 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 20, 2017
DOWN SYNDROME CONNECTION OF THE BAY AREA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016 and 2015

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$375,916</td>
<td>$370,269</td>
</tr>
<tr>
<td>Marketable Securities</td>
<td>5,888</td>
<td>5,475</td>
</tr>
<tr>
<td>Prepaid Expense</td>
<td>4,000</td>
<td>4,000</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>$385,804</td>
<td>$379,744</td>
</tr>
<tr>
<td><strong>Fixed Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>$21,246</td>
<td>$21,246</td>
</tr>
<tr>
<td>Leasehold Improvements</td>
<td>25,796</td>
<td>25,796</td>
</tr>
<tr>
<td>Less: Accumulated Depreciation/Amortization</td>
<td>(47,042)</td>
<td>(46,829)</td>
</tr>
<tr>
<td>Total Fixed Assets</td>
<td>$</td>
<td>$213</td>
</tr>
<tr>
<td><strong>Other Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>$4,244</td>
<td>$4,244</td>
</tr>
<tr>
<td>Total Other Assets</td>
<td>$4,244</td>
<td>$4,244</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$390,048</td>
<td>$384,201</td>
</tr>
</tbody>
</table>

LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th>Liabilities</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll Taxes/Benefits Payable</td>
<td>$524</td>
<td>$760</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>$524</td>
<td>$760</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Assets</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporarily Restricted Net Asset</td>
<td>$70,000</td>
<td>$72,500</td>
</tr>
<tr>
<td>Unrestricted Net Assets</td>
<td>319,524</td>
<td>310,941</td>
</tr>
<tr>
<td>Total Net Assets</td>
<td>$389,524</td>
<td>$383,441</td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td>$390,048</td>
<td>$384,201</td>
</tr>
</tbody>
</table>

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, 2016 and 2015

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PROGRAM</td>
<td>FUNDRAISING</td>
</tr>
<tr>
<td><strong>Unrestricted Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual/Small Business Contributions</td>
<td>$ 60,267</td>
<td>$ 313,926</td>
</tr>
<tr>
<td>Fundraising Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>397,800</td>
<td></td>
</tr>
<tr>
<td>Program Service Fees</td>
<td>43,796</td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Unrestricted Revenues</strong></td>
<td>$ 501,863</td>
<td>$ 313,926</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Expenses</strong></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Wages</td>
<td>$312,539</td>
<td>$403,077</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>31,028</td>
<td>39,985</td>
</tr>
<tr>
<td>Education and Advocacy</td>
<td>26,455</td>
<td>26,455</td>
</tr>
<tr>
<td>Fundraising Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional Services</td>
<td>140,290</td>
<td>178,850</td>
</tr>
<tr>
<td>Supplies</td>
<td>15,283</td>
<td>15,607</td>
</tr>
<tr>
<td>Communications</td>
<td>17,691</td>
<td>17,852</td>
</tr>
<tr>
<td>Occupancy</td>
<td>52,067</td>
<td>57,771</td>
</tr>
<tr>
<td>Equipment Rental and Maintenance</td>
<td>7,119</td>
<td>7,487</td>
</tr>
<tr>
<td>Depreciation</td>
<td>213</td>
<td></td>
</tr>
<tr>
<td>Travel</td>
<td>2,717</td>
<td>2,761</td>
</tr>
<tr>
<td>Conference, Conventions and Meetings</td>
<td>3,434</td>
<td>3,576</td>
</tr>
<tr>
<td>Insurance</td>
<td>4,952</td>
<td>5,966</td>
</tr>
<tr>
<td>Staff Development</td>
<td>1,467</td>
<td>1,727</td>
</tr>
<tr>
<td>Affiliate Expense</td>
<td>2,812</td>
<td>2,812</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>3,604</td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$621,671</td>
<td>$807,946</td>
</tr>
<tr>
<td>Increase (Decrease) in Unrestricted Net Assets</td>
<td>$ (119,808)</td>
<td>$ (105,204)</td>
</tr>
<tr>
<td>Unrestricted Net Assets, Beginning of Year</td>
<td>310,941</td>
<td>311,025</td>
</tr>
<tr>
<td>Unrestricted Net Assets, End of Year</td>
<td>$ 319,524</td>
<td>310,941</td>
</tr>
</tbody>
</table>

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, 2016 and 2015

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in Net Assets</td>
<td>$8,583</td>
<td>$(84)</td>
</tr>
<tr>
<td>Add: Depreciation/Amortization</td>
<td>213</td>
<td>8,079</td>
</tr>
</tbody>
</table>

Adjustments to Reconcile - Operations

| Increase (Decrease) in Payroll/Sales Taxes Payable | (235)  | (114)  |
| Increase (Decrease) in Temporarily Restricted Net Assets | (2,500) | 72,500 |

Adjustments to Reconcile - Investing Activities

| Increase (Decrease) in Marketable Securities | (414)  | 35     |

Increase (Decrease) in Cash

| 5,647 | 80,416 |

Cash, Beginning of Year

| 370,269 | 289,853 |

Cash, End of Year

| $375,916 | $370,269 |

The accompanying notes to financial statements are an integral part of this report.
NOTE 1 – ORGANIZATION

The Down Syndrome Connection of the Bay Area was incorporated as a non-profit 501(C)(3) organization on September 10, 1998. Operations started on March 3, 1998. The Down Syndrome Connection of the Bay Area seeks to empower, inspire and support people with Down syndrome, their families and the community that serves them, while fostering awareness and acceptance in all areas of life.

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, 2016.

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, 2016, from which the summarized information was derived.
NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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).

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, 2016, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization's tax years for 2012 through 2015 remain open and could be subject to the examination by the federal tax jurisdiction. For the state tax jurisdiction, the tax years 2011 through 2015 remain open and could be subject to examination.
NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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, 2016 and 2015, the Organization had approximately $0 and $0, respectively, in excess of FDIC insured limits.
NOTE 4 - CASH ON HAND AND CASH IN BANK

Cash at December 31, 2016 and 2015 consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schwab – Money Market</td>
<td>43,197</td>
<td>42,976</td>
</tr>
<tr>
<td>Mechanics Bank – General</td>
<td>286,218</td>
<td>280,797</td>
</tr>
<tr>
<td>Mechanics Bank – Savings</td>
<td>46,501</td>
<td>46,496</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$375,916</strong></td>
<td><strong>$370,269</strong></td>
</tr>
</tbody>
</table>

*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.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Assets Life</td>
<td>5</td>
<td>(8,079)</td>
<td>213</td>
<td>(213)</td>
<td>-</td>
</tr>
<tr>
<td>Furniture/Equipment</td>
<td>$ 25,796</td>
<td>$ -</td>
<td>$ 25,796</td>
<td>$ -</td>
<td>$ 25,796</td>
</tr>
<tr>
<td>Leasehold Improvement</td>
<td>21,246</td>
<td>21,246</td>
<td>21,246</td>
<td>-</td>
<td>21,246</td>
</tr>
<tr>
<td>Less Accumulated Depreciation</td>
<td>(38,750)</td>
<td>(46,829)</td>
<td>(213)</td>
<td>(47,042)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 8,292</strong></td>
<td><strong>(8,079)</strong></td>
<td><strong>213</strong></td>
<td><strong>(213)</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>
NOTE 7 - RETIREMENT PLAN

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

NOTE 8 - OPERATING LEASE AGREEMENT

The Organization is committed into a lease agreement for a copier effective March 2014 for 39 months at $407 per month.

<table>
<thead>
<tr>
<th>Year Ending</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>2,442</td>
</tr>
</tbody>
</table>

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, 2016. Subsequent events have been evaluated through February 20, 2017 the date the financial statements became available to be issued. The entity has not evaluated subsequent events after February 20, 2017.