

**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**

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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**

**ASSETS**

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

**LIABILITIES AND NET ASSETS**

**Liabilities**

**Current Liabilities**

Payroll Taxes/Benefits Payable	\$ 524	\$ 760
Total Current Liabilities	\$ 524	\$ 760

**Net Assets**

Temporarily Restricted Net Asset	\$ 70,000	\$ 72,500
Unrestricted Net Assets	319,524	310,941
Total Net Assets	\$ 389,524	\$ 383,441
<b>Total Liabilities and Net Assets</b>	\$ 390,048	\$ 384,201

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**

	2016		2015
	PROGRAM	FUNDRAISING	ADMINI- STRATION
	TOTAL	TOTAL	TOTAL
<b>Unrestricted Revenues</b>			
Individual/Small Business Contributions	\$ 60,267	\$	\$ 60,267
Fundraising Activities	397,800	313,926	345,053
Grants	43,796	740	369,877
Program Service Fees	501,863	740	39,423
Investment Income	740	740	137
<b>Total Unrestricted Revenues</b>	<b>\$ 501,863</b>	<b>\$ 313,926</b>	<b>\$ 816,529</b>
			<b>\$ 820,906</b>
<b>Expenses</b>			
Salaries and Wages	\$ 312,539	\$ 9,504	\$ 403,077
Employee Benefits	31,028	920	29,341
Education and Advocacy	26,455	8,037	26,455
Fundraising Expenses	140,290	38,798	38,798
Professional Services	15,283	27,486	178,850
Supplies	17,691	11,074	33,823
Communications	52,067	324	15,607
Occupancy	7,119	151	17,852
Equipment Rental and Maintenance	213	4,373	34,991
Depreciation	2,717	231	53,659
Travel	3,434	7,487	7,182
Conference, Conventions and Meetings	4,952	213	8,079
Insurance	1,467	44	3,459
Staff Development	2,812	142	3,576
Affiliate Expense	3,604	523	19,185
Miscellaneous	621,671	240	4,857
Total Expenses	\$ 80,331	1,414	1,204
Increase (Decrease) in Unrestricted Net Assets	\$ (119,808)	\$ 105,944	4,110
		(9)	2,214
<b>Unrestricted Net Assets, Beginning of Year</b>	<b>\$ 233,595</b>	<b>\$ (105,204)</b>	<b>\$ 8,583</b>
<b>Unrestricted Net Assets, End of Year</b>	<b>\$ 113,787</b>	<b>\$ 311,025</b>	<b>\$ 311,025</b>
			<b>\$ 319,524</b>
			<b>\$ 310,941</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, 2016 and 2015**

<b>Cash Flows from Operations:</b>	<u>2016</u>	<u>2015</u>
Change in Net Assets	\$ 8,583	\$ (84)
Add: Depreciation/Amortization	213	8,079
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	<u>5,647</u>	<u>80,416</u>
Cash, Beginning of Year	<u>370,269</u>	<u>289,853</u>
Cash, End of Year	<u>\$ 375,916</u>	<u>\$ 370,269</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, 2016**

**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.

**Down Syndrome Connection of the Bay Area**  
**Notes to Financial Statements - Continued**  
**December 31, 2016**

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

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

	<u>2016</u>	<u>2015</u>
Schwab – Money Market	43,197	42,976
Mechanics Bank – General	286,218	280,797
Mechanics Bank – Savings	46,501	46,496
	<u>\$ 375,916</u>	<u>\$ 370,269</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 Assets</u>
	<u>Life</u>	<u>Assets</u>	<u>Additions/</u>	<u>Assets</u>	<u>Additions/</u>	<u>12/31/16</u>
		<u>12/31/15</u>	<u>Deletions</u>	<u>12/31/15</u>	<u>Deletions</u>	
Furniture/Equipment	5	\$ 25,796	\$ -	\$ 25,796	\$ -	\$ 25,796
Leasehold Improvement	30	21,246	-	21,246	-	21,246
Less Accumulated Depreciation		<u>(38,750)</u>	<u>(8,079)</u>	<u>(46,829)</u>	<u>(213)</u>	<u>(47,042)</u>
		<u>\$ 8,292</u>	<u>\$ (8,079)</u>	<u>\$ 213</u>	<u>\$ (213)</u>	<u>\$ -</u>

**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.

Year Ending	
2017	\$ 2,442

**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.