

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

**FINANCIAL STATEMENTS
DECEMBER 31, 2017
With Summarized Comparative Totals for
DECEMBER 31, 2016**

**CARATHIMAS AND ASSOCIATES
Certified Public Accountant**

**DOWN SYNDROME CONNECTION OF THE BAY AREA
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DECEMBER 31, 2017 and 2016**

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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, 2017, 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, 2017, 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 2016 financial statements, the report dated February 20, 2017. 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, 2016, 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 23, 2018

DOWN SYNDROME CONNECTION OF THE BAY AREA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017 and 2016

ASSETS

	<u>2017</u>	<u>2016</u>
Current Assets		
Cash	\$ 368,558	\$ 375,916
Marketable Securities	6,047	5,888
Prepaid Expense	4,000	4,000
Total Current Assets	<u>\$ 378,605</u>	<u>\$ 385,804</u>
Fixed Assets		
Furniture and equipment	\$ 21,246	\$ 21,246
Leasehold Improvements	25,796	25,796
Construction in Progress	180,544	
Less: Accumulated Depreciation/Amortization	(47,042)	(47,042)
Total Fixed Assets	<u>\$ 180,544</u>	<u>\$ -</u>
Other Assets		
Deposits	\$ 4,244	\$ 4,244
Total Other Assets	<u>\$ 4,244</u>	<u>\$ 4,244</u>
Total Assets	<u>\$ 563,393</u>	<u>\$ 390,048</u>

LIABILITIES AND NET ASSETS

Liabilities

Current Liabilities		
Payroll Taxes/Benefits Payable	\$ 6,342	\$ 524
Total Current Liabilities	<u>\$ 6,342</u>	<u>\$ 524</u>

Net Assets

Temporarily Restricted Net Asset	\$ 115,000	\$ 70,000
Unrestricted Net Assets	442,051	319,524
Total Net Assets	<u>\$ 557,051</u>	<u>\$ 389,524</u>
Total Liabilities and Net Assets	<u>\$ 563,393</u>	<u>\$ 390,048</u>

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, 2017 and 2016**

	2017			2016	
	PROGRAM	FUNDRAISING	CAPITAL GRANTS	ADMINI- STRATION	TOTAL
Unrestricted Revenues					
Individual/Small Business Contributions	\$ 104,646	\$ -	\$ -	\$ -	\$ 104,646
Fundraising Activities	253,588	423,439			423,439
Grants&Capital Grants	33,083		96,650		350,238
Program Service Fees					33,083
Investment Income				495	495
Total Unrestricted Revenues	\$ 391,317	\$ 423,439	\$ 96,650	\$ 495	\$ 911,901
Expenses					
Salaries and Wages	\$ 314,813	\$ 9,856	\$ -	\$ 65,138	\$ 389,807
Employee Benefits	28,365	884		5,732	34,981
Education and Advocacy	17,884				17,884
Fundraising Expenses		49,110		18,556	49,110
Professional Services	119,603	34,739		1,039	172,898
Supplies	10,594	29		36	11,662
Communications	21,735	670		4,004	22,441
Occupancy	43,738				47,742
Equipment Rental and Maintenance	4,541				4,541
Depreciation					7,487
Travel	4,868				4,868
Conference, Conventions and Meetings	10,081			11	10,092
Insurance	6,005			167	6,172
Staff Development	1,468	456		640	2,564
Affiliate Expense	11,169			40	11,209
Miscellaneous	3,346				3,346
Total Expenses	\$ 598,210	\$ 95,802	\$ -	\$ (1)	\$ 789,374
Increase (Decrease) in Unrestricted Net Assets	\$ (206,893)	\$ 327,637	\$ 96,650	\$ (94,867)	\$ 122,527
Unrestricted Net Assets, Beginning of Year					319,524
Unrestricted Net Assets, End of Year					\$ 442,051
					\$ 816,529
					\$ 60,267
					313,926
					397,800
					43,796
					740
					\$ 403,077
					39,985
					26,455
					38,798
					178,850
					15,607
					17,852
					57,771
					213
					2,761
					3,576
					5,966
					1,727
					2,812
					5,009
					\$ 807,946

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, 2017 and 2016**

Cash Flows from Operations:	<u>2017</u>	<u>2016</u>
Change in Net Assets	\$ 122,527	\$ 8,583
Add: Depreciation/Amortization	-	213
Adjustments to Reconcile - Operations		
Increase (Decrease) in Payroll/Sales Taxes Payable	5,818	(235)
Increase (Decrease) in Temporarily Restricted Net Assets	45,000	(2,500)
Adjustments to Reconcile - Investing Activities		
(Increase) Decrease in Marketable Securities	(159)	(414)
(Increase) Decrease in Fixed Assets	(180,544)	-
Increase (Decrease) in Cash	<u>(7,358)</u>	<u>5,647</u>
Cash, Beginning of Year	375,916	370,269
Cash, End of Year	<u>\$ 368,558</u>	<u>\$ 375,916</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, 2017

NOTE 1 – ORGANIZATION

The Down Syndrome Connection of the Bay Area has a mission 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.

2017 was their 19th year of 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 gala raising just shy of \$400,000 alone. Outside service groups and corporations raised more than \$30,000 from fundraising efforts benefitting the DSCBA.

2017 also brought the first non restricted legacy gift to the DSCBA of \$150,000 and a successful capital campaign brought in the necessary funds to remodel the headquarters in Danville. There was also significant Bay Area geographic growth as programs increased in Foster City, and started in San Mateo and Berkeley.

2017 also brought significant overall Membership growth as they welcomed 57 new babies and many others of all ages with Down syndrome into their family.

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, 2017.

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".

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

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, 2017, 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).

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, 2017, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization's tax years for 2013 through 2016 remain open and could be subject to the examination by the federal tax jurisdiction. For the state tax jurisdiction, the tax years 2012 through 2016 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, 2017 and 2016, the Organization had approximately \$75,137 and \$82,719, respectively, in excess of FDIC insured limits.

Down Syndrome Connection of the Bay Area
Notes to Financial Statements - Continued
December 31, 2017

NOTE 4 - CASH ON HAND AND CASH IN BANK

Cash at December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Schwab – Money Market	43,421	43,197
Mechanics Bank – General	278,622	286,218
Mechanics Bank – Savings	46,515	46,501
	<u>\$ 368,558</u>	<u>\$ 375,916</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>12/31/16</u>	<u>Deletions</u>	<u>12/31/17</u>
Furniture/Equipment	5	\$ 25,796	\$ -	\$ 25,796	\$ -	\$ 25,796
Leasehold Improvement	30	21,246		21,246		21,246
Construction in Progress					180,544	180,544
Less Accumulated Depreciation		(46,829)	(213)	(47,042)		(47,042)
		<u>\$ 213</u>	<u>\$ (213)</u>	<u>\$ -</u>	<u>\$ 180,544</u>	<u>\$ 180,544</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, 2017

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
Term 5 years	6/1/2017 - 3/31/2017	\$ 4,738
	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	
2018	\$ 63,022
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, 2017. Subsequent events have been evaluated through February 16, 2018 the date the financial statements became available to be issued. The entity has not evaluated subsequent events after February 23, 2018.

Carathimas & Associates

2303 Camino Ramon #220
San Ramon, CA 94583
925-275-2424 925-237-3707(fax)

February 9, 2018

Down Syndrome Connection of the Bay Area

101-J Town and Country Drive

Danville, CA 94526

We are pleased to confirm our understanding of the services we are to provide for Down Syndrome Connection of the Bay Area for yearend December 31, 2017.

We will audit the statement of financial position of Down Syndrome Connection of the Bay Area as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the periods then ended.

Audit Objectives

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the second paragraph when considered in relation to the financial statements taken as a whole.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America, and will include tests of accounting records, and other procedures we consider necessary to enable us to express such an opinion and to render the required reports. If our opinion on the financial statements is other than unqualified, we will discuss the reasons with management in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with preparation of your financial statements, and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements, and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee the audit and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, and for monitoring ongoing activities; to help ensure that appropriate goals and objectives are met. You are also responsible for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, changes in net assets, and cash flows in conformity with U. S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us, and for ensuring that management and financial information is reliable and properly recorded. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. Additionally, it is management's responsibility

to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us, previous financial audits attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, and (3) misappropriation of assets.

Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from the Organization's attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Carathimas and Associates and constitutes confidential information. The audit documentation for this engagement will be retained for a minimum of five years after the report release date. George Carathimas is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

We estimate that our fees for these services and for the information returns will be no more the \$4,500. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered on presentation of the audit. We will also prepare your year end 990, 199, and RRF-1

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Carathimas & Associates
Carathimas & Associates

RESPONSE:

This letter correctly sets forth the understanding of Down Syndrome Connection of the Bay Area.

Officer signature: *Amy Jakubke*
Title: *Executive Director*
Date: *2/26/18*

DOWN SYNDROME CONNECTION

101-J Town & Country Drive
Danville, CA 94526

February 16, 2018

Carathimas & Associates
Certified Public Accountant
2303 Camino Ramon #220
San Ramon, CA 94583

We are providing this letter in connection with your audit of the statement of financial position of Down Syndrome Connection of the Bay Area as of December 31, 2016 and the related statements of activities, functional expenses, and cash flows for the period then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, changes in net assets, and cash flows of Down Syndrome Connection of the Bay Area in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation in the financial statements of financial position, changes in net assets, and cash flows in conformity with generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, as of February 16, 2018 the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all assets and liabilities under the Organization's control.
2. We have made available to you all—
 - a. Financial records and related data
 - b. Minutes of the meetings of Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements
5. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole
6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
7. We have no knowledge of any fraud or suspected fraud affecting the Organization involving
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.

8. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others
9. The Organization has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net asset balances.
10. The following, if any, have been properly recorded or disclosed in the financial statements:
 - a. Related party transactions, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b. Guarantees, whether written or oral, under which the Organization is contingently liable.
 - c. All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.
11. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that *near term* means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the organization vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements
12. Down Syndrome Connection of the Bay Area is an exempt organization under Section 501c(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
13. There are no
 - a. Violations or possible violations of laws and regulations and provisions of contracts and grant agreements whose effects should be considered for disclosure in the financial statements, as a basis for recording a loss contingency, or for reporting on noncompliance.
 - b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5, *Accounting for Contingencies*
 - c. Other or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5.
 - d. Designations of net assets disclosed to you that were not properly authorized and approved, or reclassifications of net assets that have not been properly reflected in the financial statements.
14. ~~The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged.~~

16. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.

No events have occurred subsequent to the statement of financial position date and through the date of this letter that would require adjustment to, or disclosure in, the financial statement.

Signed: *Steph LaBelle* Title: *Executive Director*
Date: *12/26/18*