



DOWN SYNDROME ASSOCIATION
OF ORANGE COUNTY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013



DOWN SYNDROME ASSOCIATION OF ORANGE COUNTY
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2013

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Board of Directors
Down Syndrome Association of Orange County
Costa Mesa, CA

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Down Syndrome Association of Orange County, which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, cash flows, and functional expenses 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 Down Syndrome Association of Orange County as of December 31, 2013, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

May 30, 2014

FINANCIAL STATEMENTS

DOWN SYNDROME ASSOCIATION OF ORANGE COUNTY

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2013

ASSETS

Current Assets:

Cash	\$ 337,647
Accounts receivable (net)	23,315
Prepaid expenses	1,593
Total Current Assets	<u>362,555</u>

Property, plant, and equipment (net)	<u>18,329</u>
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TOTAL ASSETS	<u><u>\$ 380,884</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 9,220
Accrued expenses	7,272
Total Current Liabilities	<u>16,492</u>

Net Assets

Unrestricted net assets	364,392
Temporarily restricted net assets	-
Total Net Assets	<u>364,392</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 380,884</u></u>
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DOWN SYNDROME ASSOCIATION OF ORANGE COUNTY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2013

INCOME	Temporarily		Total
	Unrestricted	Restricted	
Donations	\$ 39,334		\$ 39,334
Grant income	85,750	-	85,750
Program income	15,061	-	15,061
Interest	360	-	360
Special events (net)	236,599	-	236,599
Miscellaneous	3	-	3
Net assets released from restriction	5,000	(5,000)	-
Total Income	382,107	(5,000)	377,107
EXPENSES			
Program Expenses	212,023	-	212,023
Total Program Expenses	212,023	-	212,023
Support Services			
Management and General	71,443	-	71,443
Fundraising	10,058	-	10,058
Total Support Services	81,501	-	81,501
Total Expenses	293,524	-	293,524
Change in net assets	88,583	(5,000)	83,583
Beginning net assets	275,809	5,000	280,809
Ending net assets	\$ 364,392	\$ -	\$ 364,392

DOWN SYNDROME ASSOCIATION OF ORANGE COUNTY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 83,583
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Non-cash items:	
Depreciation	10,294
Change in operating assets:	
Decrease in prepaid expenses	(75)
Increase in accounts receivable	3,670
Change in operating liabilities:	
Increase in accounts payable and accrued expenses	(38,791)
Net Cash Provided by Operating Activities	<u>58,681</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of computer equipment	(847)
Net Cash Provided (Used) by Investing Activities	<u>(847)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Net Cash Provided (Used) by Financing Activities	<u>-</u>
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Net Increase in Cash	57,834
Beginning Cash	279,813
Ending Cash	<u><u>\$ 337,647</u></u>

Interest paid	<u><u>\$ -</u></u>
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DOWN SYNDROME ASSOCIATION OF ORANGE COUNTYSTATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

EXPENSES	Support Services			
	Program	Mgt and General	Fundraising	Total
Salaries and wages	\$ 83,674	\$ 29,463	\$ 4,714	\$ 117,851
Clinic	24,968	-	-	24,968
Equipment	2,224	783	125	3,132
Rent and Occupancy	47,260	16,641	2,663	66,564
Insurance	4,571	1,609	258	6,438
Repairs and maintenance	981	346	55	1,382
Printing	128	45	7	180
Postage	5,035	1,773	283	7,091
Banking Fees	-	8,584	-	8,584
Supplies	6,594	2,322	372	9,288
Events	255	-	-	255
Travel	1,899	-	-	1,899
Professional fees	20,745	7,304	1,169	29,218
Depreciation	7,309	2,573	412	10,294
Contributions	5,200	-	-	5,200
Bad Debt Expense	-	-	-	-
Other	1,180	-	-	1,180
TOTAL EXPENSES	\$ 212,023	\$ 71,443	\$ 10,058	\$ 293,524

DOWN SYNDROME ASSOCIATION OF ORANGE COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Down Syndrome Association of Orange County (the Association) is a tax-exempt non-profit organization, incorporated in 1979, serving approximately 2,000 families. Our mission is to provide the means necessary to empower individuals with Down syndrome to reach their full potential. Our vision is to become a model organization that will not cease until every person with Down syndrome is a valued member of society.

Our volunteers assist families with new babies who have Down syndrome by connecting them with parents who have faced similar challenges to share insights and knowledge. We provide information through a Parent Guide, medical checklists, quarterly newsletters, and meetings that feature experts on a wide range of issues, such as health, education, legal matters and financial planning. At our local support groups meetings and social events families find comfort, support, and long-lasting friendships.

Our office houses a free resource library, computers for internet research, and a caring staff to answer questions in person or on the telephone. Our professional outreach program provides current information to healthcare, social service, and educational professionals. DSAOC also provides a full range of services in Spanish and, increasingly, in other languages.

In 2009 the DSAOC formed an alliance with CHOC Children's Hospital to establish a pediatric health care program focused entirely on children and adolescents with Down syndrome.

Accounting Records

The books of the Association are maintained on the accrual basis of accounting whereby revenues are recorded when earned and expenditures are recorded when the liability is incurred.

Revenues

Revenues are received primarily from donations, grants and fundraising.

Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Donated equipment is recorded at fair value at the date of the donation. Purchased property and equipment is recorded at cost. Straight –line depreciation of property and equipment is provided over the estimated useful lives, which are as follows:

<u>Class of Asset</u>	<u>Useful Life (years)</u>
Computer equipment	3-10
Furniture	10
Leasehold improvements	10

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities 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.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Association considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash. All deposits are fully insured under FDIC for non-interest bearing accounts and up to \$250,000 for interest bearing accounts. There were no uninsured amounts at year-end.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Income Taxes

Down Syndrome Association of Orange County is exempt from federal and state income tax liabilities under Internal Revenue Code Section 501(c) (3) and Section 23701d of the California Revenue and Taxation Code, but is required to report the results of its operations annually to the Internal Revenue Service and to the California Franchise Tax Board. The Internal Revenue Service has determined that the Agency is not a private foundation.

In accordance with accounting standards, which provides accounting and disclosure guidance about uncertain tax positions taken by an association, Management believes that all of the positions taken by the Association in its federal and state income tax returns are more likely than not to be sustained upon examination. The Association files returns in the U.S. Federal jurisdiction and the State of California.

The Association’s federal income tax returns for tax years 2010 and beyond remain subject to examination by the Internal Revenue Service. The Association’s California income tax returns for 2009 and beyond remain subject to examination by the Franchise Tax Board.

Compensated Absences

The Association’s vacation policy establishes that full-time employees are entitled to accrue 10 days of paid time off for every one year of service. Part-time employees are entitled to 5 days of paid time off for one year of service. The liability is accrued monthly and any remaining balances at year end are carried forward into future periods. Upon termination of an employee, any accrued compensated absences that remain unused are payable to the employee in full.

2. PROPERTY, PLANT, AND EQUIPMENT

Following is a summary of property, plant, and equipment:

Computer equipment	\$ 7,079
Leasehold improvements	50,237
Furniture and fixtures	48,602
Accumulated Depreciation	(87,589)
Total Property, Plant, & Equipment	<u><u>\$ 18,329</u></u>
Depreciation for the year amounted to	<u><u>\$ 10,294</u></u>

3. ACCOUNTS RECEIVABLE

The Association had net grants receivable outstanding at December 31, 2013 in the amount of \$23,315. This amount is net of an allowance for doubtful accounts of \$25,100.

4. OFFICE LEASE AGREEMENT

The Association has an office lease agreements with Coppertree Business Center. The lease term is from November 1, 2011 to October 31, 2014. The future minimum lease payments are as follows:

Future minimum lease payments	
2014	41,488
	<u><u>\$ 41,488</u></u>
Rent expense for the year amounted to	<u><u>\$ 45,259</u></u>

5. CLINIC

In 2009, the Association formed an alliance with Children’s Hospital of Orange County (CHOC) to establish a pediatric health care program focused entirely on children and adolescents with Down syndrome. The weekly outpatient clinic offers comprehensive, coordinated care, and provides a "one-stop" program that gives access to a team of pediatric specialists, assists parents in navigating the health care system, and educates referring physicians and families to the unique medical needs of children with Down syndrome. The clinic setting also presents medical researchers with an opportunity to conduct new clinical trials in efforts to evaluate and advance improved treatment plans.

The total financial commitment to fund this pediatric health care program is \$300,000 over a 4 year period. The program and commitment can be terminated at any time upon mutual agreement by the parties. During 2013, the Association recognized \$24,968 in expense associated with the program and has no further liability outstanding as of December 31, 2013. As of December 31, 2013, the Association has completely met and paid it’s \$300,000 commitment to fund the pediatric health care program.

6. FUNDRAISING

Gross revenues and expenses for special events for the year ended December 31, 2013 are as follows:

	Revenue	Direct Expense	Net
Buddy Walk	\$ 199,599	\$ 30,454	\$ 169,145
Golf Tournament	99,710	30,946	68,764
Other	365	1,675	(1,310)
Totals	\$ 299,674	\$ 63,075	\$ 236,599

7. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 30, 2014, the date on which the financial statements were available to be issued and concluded that there are no matters which require disclosure in the financial statements.

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