



DOWN SYNDROME ASSOCIATION
OF ORANGE COUNTY

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2015**

DOWN SYNDROME ASSOCIATION OF ORANGE COUNTY
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FOR THE YEAR ENDED DECEMBER 31, 2015

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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, 2015, 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.

Auditors' Responsibility

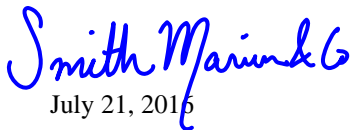
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2015, 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.


July 21, 2016

FINANCIAL STATEMENTS

DOWN SYNDROME ASSOCIATION OF ORANGE COUNTY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

ASSETS

Current Assets:

Cash	\$ 515,996
Accounts receivable	8,500
Prepaid expenses	8,109
Total Current Assets	<u>532,605</u>

Property, plant, and equipment (net)	13,811
TOTAL ASSETS	<u><u>\$ 546,416</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 15,105
Accrued expenses	17,154
Deferred revenue	6,000
Total Current Liabilities	<u>38,259</u>

Net Assets

Unrestricted net assets	502,157
Temporarily restricted net assets	6,000
Total Net Assets	<u>508,157</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 546,416</u></u>

DOWN SYNDROME ASSOCIATION OF ORANGE COUNTY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2015

INCOME	Temporarily		Total
	Unrestricted	Restricted	
Donations	\$ 39,768		\$ 39,768
Grant income	9,550	6,000	15,550
Program income	22,407	-	22,407
Interest	299	-	299
Special events (net)	204,818	-	204,818
Miscellaneous	3,899	-	3,899
Total Income	280,741	6,000	286,741
EXPENSES			
Program Expenses	219,286	-	219,286
Total Program Expenses	219,286	-	219,286
Support Services			
Management and General	79,714	-	79,714
Fundraising	11,019	-	11,019
Total Support Services	90,733	-	90,733
Total Expenses	310,019	-	310,019
Change in net assets	(29,278)	6,000	(23,278)
Beginning net assets	531,435	-	531,435
Ending net assets	\$ 502,157	\$ 6,000	\$ 508,157

DOWN SYNDROME ASSOCIATION OF ORANGE COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (23,278)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Non-cash items:	
Depreciation	11,581
Change in operating assets:	
Increase in prepaid expenses	(7,271)
Increase in accounts receivable	(8,500)
Change in operating liabilities:	
Decrease in accounts payable and accrued expenses	(6,492)
Increase in deferred revenue	6,000
Net Cash Provided (Used) by Operating Activities	<u>(27,960)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Net Cash Provided (Used) by Investing Activities	<u>-</u>
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CASH FLOWS FROM FINANCING ACTIVITIES

Net Cash Provided (Used) by Financing Activities	<u>-</u>
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Net Increase (Decrease) in Cash	(27,960)
Beginning Cash	543,956
Ending Cash	<u><u>\$ 515,996</u></u>

Interest paid	<u><u>\$ -</u></u>
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DOWN SYNDROME ASSOCIATION OF ORANGE COUNTY

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

EXPENSES	Support Services			
	Program	Mgt and General	Fundraising	Total
Salaries and wages	\$ 105,632	\$ 37,194	\$ 5,951	\$ 148,777
Equipment	533	188	30	751
Rent and Occupancy	37,487	13,200	2,112	52,799
Insurance	4,654	1,639	262	6,555
Repairs and maintenance	2,748	968	155	3,871
Printing	6,145	2,164	346	8,655
Postage	4,404	1,551	248	6,203
Banking fees	-	10,839	-	10,839
Supplies	9,824	3,459	553	13,836
Events	20,544	-	-	20,544
Travel	862	-	-	862
Professional fees	15,953	5,617	899	22,469
Depreciation	8,223	2,895	463	11,581
Contributions	1,809	-	-	1,809
Other	468	-	-	468
TOTAL EXPENSES	\$ 219,286	\$ 79,714	\$ 11,019	\$ 310,019

DOWN SYNDROME ASSOCIATION OF ORANGE COUNTY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Down Syndrome Association of Orange County's (The Association) mission is to create a place for connection, information and hope for people with Down syndrome and their families throughout greater Orange County. Also, to promote Down syndrome awareness through community outreach, and to offer programs, services and support that aim to empower individuals with Down syndrome to reach their full potential.

Our vision is to be a one-stop-shop for all things Down syndrome related and to be a model organization for community collaboration and Down syndrome awareness in order to change perceptions and change lives.

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 the FDIC for non-interest bearing accounts and up to \$250,000 for interest bearing accounts. The Association had uninsured cash balances of \$272,143 at year end.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Contributions

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

Accounts Receivable

Accounts receivables represent amounts earned under grant agreements but not yet received as of year end. Management considers all receivables fully collectible at year end. Accordingly, no allowance for receivables has been established at year end.

Income Taxes

The Association 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 Association 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 remain subject to examination for three years by the Internal Revenue Service. The Association's California income tax returns remain subject to examination by the Franchise Tax Board for four years.

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. Liabilities for compensated absences at year end totaled \$7,272.

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	58,487
Accumulated Depreciation	(101,992)
Total Property, Plant, & Equipment	<u><u>\$ 13,811</u></u>
Depreciation for the year amounted to	<u><u>\$ 11,581</u></u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. FUNDRAISING

Gross revenues and expenses for special events for the year ended December 31, 2015 are as follows:

	Revenue	Direct Expense	Net
Buddy Walk	\$ 168,623	\$ 22,573	\$ 146,050
Golf Tournament	87,339	34,597	52,742
Other	6,526	500	6,026
Totals	<u>\$ 262,488</u>	<u>\$ 57,670</u>	<u>\$ 204,818</u>

4. OFFICE LEASE AGREEMENT

The Association has an office lease agreement with Dick Bechtel. The lease term is from November 1, 2011 to October 31, 2017. The future minimum lease payments are as follows:

2016	45,264
2017	37,720
Total future minimum lease payments	<u>\$ 82,984</u>

Rent expense for the year amounted to \$ 45,259

5. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 21, 2016, 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.