



DOWN SYNDROME ASSOCIATION
OF ORANGE COUNTY

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016**

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FOR THE YEAR ENDED DECEMBER 31, 2016

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Smith Marion & Company, LLP · Certified Public Accountants
Redlands Office · 1940 Orange Tree Lane, Suite 100 · Redlands, CA 92374 · (909) 307-2323

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, 2016, 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, 2016, 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.


August 14, 2017

FINANCIAL STATEMENTS

DOWN SYNDROME ASSOCIATION OF ORANGE COUNTY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS

Current Assets:

| | |
|-----------------------------|----------------|
| Cash | \$ 518,470 |
| Prepaid expenses | 10,166 |
| Total Current Assets | <u>528,636</u> |

| | |
|--------------------------------------|--------------------------|
| Property, plant, and equipment (net) | 6,347 |
| TOTAL ASSETS | <u><u>\$ 534,983</u></u> |

LIABILITIES AND NET ASSETS

Current Liabilities

| | |
|----------------------------------|---------------|
| Accounts payable | \$ 5,423 |
| Accrued expenses | 15,816 |
| Total Current Liabilities | <u>21,239</u> |

Net Assets

| | |
|---|--------------------------|
| Unrestricted net assets | 513,744 |
| Total Net Assets | <u>513,744</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 534,983</u></u> |

DOWN SYNDROME ASSOCIATION OF ORANGE COUNTY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2016

| INCOME | Temporarily | | Total |
|--------------------------------------|-------------------|----------------|-------------------|
| | Unrestricted | Restricted | |
| Donations | \$ 26,573 | | \$ 26,573 |
| Grant income | 36,800 | - | 36,800 |
| Program income | 30,813 | - | 30,813 |
| Interest | 156 | - | 156 |
| Special events (net) | 244,582 | - | 244,582 |
| Miscellaneous | 150 | - | 150 |
| Net assets released from restriction | 6,000 | (6,000) | - |
| Total Income | 345,074 | (6,000) | 339,074 |
| EXPENSES | | | |
| Program Expenses | 261,451 | - | 261,451 |
| Total Program Expenses | 261,451 | - | 261,451 |
| Support Services | | | |
| Management and General | 52,163 | - | 52,163 |
| Fundraising | 19,873 | - | 19,873 |
| Total Support Services | 72,036 | - | 72,036 |
| Total Expenses | 333,487 | - | 333,487 |
| Change in net assets | 11,587 | (6,000) | 5,587 |
| Beginning net assets | 502,157 | 6,000 | 508,157 |
| Ending net assets | \$ 513,744 | \$ - | \$ 513,744 |

DOWN SYNDROME ASSOCIATION OF ORANGE COUNTY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|--|----|--------------|
| Change in net assets | \$ | 5,587 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Non-cash items: | | |
| Depreciation | | 8,996 |
| Change in operating assets: | | |
| Increase in prepaid expenses | | (2,057) |
| Increase in accounts receivable | | 8,500 |
| Change in operating liabilities: | | |
| Decrease in accounts payable and accrued expenses | | (11,020) |
| Increase in deferred revenue | | (6,000) |
| Net Cash Provided (Used) by Operating Activities | | <u>4,006</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|---|--|----------------|
| Purchase of equipment | | <u>(1,532)</u> |
| Net Cash Provided (Used) by Investing Activities | | <u>(1,532)</u> |

CASH FLOWS FROM FINANCING ACTIVITIES

| | | |
|---|--|----------|
| Net Cash Provided (Used) by Financing Activities | | <u>-</u> |
|---|--|----------|

| | | |
|---------------------------------|----|-----------------------|
| Net Increase (Decrease) in Cash | | 2,474 |
| Beginning Cash | | <u>515,996</u> |
| Ending Cash | \$ | <u><u>518,470</u></u> |

| | | |
|---------------|----|-----------------|
| Interest paid | \$ | <u><u>-</u></u> |
|---------------|----|-----------------|

DOWN SYNDROME ASSOCIATION OF ORANGE COUNTY

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

| EXPENSES | Support Services | | | |
|-------------------------|-------------------|-----------------------|------------------|-------------------|
| | Program | Mgt and General | Fundraising | Total |
| Salaries and wages | \$ 109,802 | \$ 13,726 | \$ 13,725 | \$ 137,253 |
| Clinic | 6,465 | - | - | 6,465 |
| Rent and Occupancy | 40,873 | 14,392 | 2,303 | 57,568 |
| Insurance | 4,185 | 1,474 | 235 | 5,894 |
| Repairs and maintenance | 404 | 142 | 23 | 569 |
| Printing | 12,693 | 4,469 | 715 | 17,877 |
| Postage | 660 | 233 | 37 | 930 |
| Supplies | 6,187 | 2,179 | 348 | 8,714 |
| Events | 25,229 | - | - | 25,229 |
| Travel | 769 | - | - | 769 |
| Professional fees | 29,660 | 10,444 | 1,670 | 41,774 |
| Depreciation | 6,387 | 2,249 | 360 | 8,996 |
| Contributions | 1,000 | - | - | 1,000 |
| Licenses and permits | 8,109 | 2,855 | 457 | 11,421 |
| Other | 9,028 | - | - | 9,028 |
| TOTAL EXPENSES | \$ 261,451 | \$ 52,163 | \$ 19,873 | \$ 333,487 |
| | | | | \$ - |

DOWN SYNDROME ASSOCIATION OF ORANGE COUNTY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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 \$171,279 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 \$3,872.

2. PROPERTY, PLANT, AND EQUIPMENT

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

| | |
|---|-----------------|
| Computer equipment | \$ 7,752 |
| Leasehold improvements | 50,237 |
| Furniture and fixtures | 59,346 |
| Accumulated Depreciation | (110,988) |
| Total Property, Plant, & Equipment | <u>\$ 6,347</u> |
| Depreciation for the year amounted to | <u>\$ 8,996</u> |

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. FUNDRAISING

Gross revenues and expenses for special events for the year ended December 31, 2016 are as follows:

| | Revenue | Direct Expense | Net |
|-----------------|-------------------|------------------|-------------------|
| Buddy Walk | 210,922 | \$ 32,144 | \$ 178,778 |
| Golf Tournament | 101,188 | 34,970 | 66,218 |
| Other | 10,280 | 10,694 | (414) |
| Totals | <u>\$ 322,390</u> | <u>\$ 77,808</u> | <u>\$ 244,582</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:

| | |
|-------------------------------------|------------------|
| 2017 | \$ 37,720 |
| Total future minimum lease payments | <u>\$ 37,720</u> |

Rent expense for the year amounted to \$ 42,759

5. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 14, 2017, 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.