

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

**FINANCIAL STATEMENTS  
DECEMBER 31, 2019  
With Summarized Comparative Totals for  
DECEMBER 31, 2018**

**CARATHIMAS AND ASSOCIATES  
Certified Public Accountant**

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DECEMBER 31, 2019 and 2018**

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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, 2019, 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, 2019, 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 2018 financial statements, the report dated February 22, 2019. 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, 2018, 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 29, 2020

**DOWN SYNDROME CONNECTION OF THE BAY AREA**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019 and 2018**

**ASSETS**

	<u>2019</u>	<u>2018</u>
<b>Current Assets</b>		
Cash	\$ 377,912	\$ 395,177
Marketable Securities	5,232	4,667
Prepaid Expense	5,025	8,879
Total Current Assets	\$ 388,169	\$ 408,723
<b>Fixed Assets</b>		
Furniture and equipment	\$ 21,246	\$ 21,246
Leasehold Improvements	251,841	251,841
Less: Accumulated Depreciation/Amortization	(97,274)	(72,158)
Total Fixed Assets	\$ 175,813	\$ 200,929
<b>Other Assets</b>		
Deposits	\$ 4,244	\$ 4,244
Total Other Assets	\$ 4,244	\$ 4,244
<b>Total Assets</b>	\$ 568,226	\$ 613,896

**LIABILITIES AND NET ASSETS**

**Liabilities**

**Current Liabilities**

Payroll Taxes/Benefits Payable	\$ 5,534	\$ 10,978
Total Current Liabilities	\$ 5,534	\$ 10,978

**Net Assets**

With Donor Restrictions	\$ 52,000	\$ 115,369
Without Donor Restrictions	510,692	487,549
Total Net Assets	\$ 562,692	\$ 602,918
<b>Total Liabilities and Net Assets</b>	\$ 568,226	\$ 613,896

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, 2019 and 2018**

	2019			2018	
	Program	Fundraising	Released from Restrictions	Administration	Total
<b>Unrestricted Revenues</b>					
Individual/Small Business Contributions	\$ 72,225	\$ -	\$ -	\$ -	\$ 72,225
Fundraising Activities		552,683			552,683
Grants&Capital Grants	278,743		63,369		342,112
Program Service Fees	60,421				60,421
Investment Income	1,322				1,322
<b>Total Unrestricted Revenues</b>	<b>\$ 412,711</b>	<b>\$ 552,683</b>	<b>\$ 63,369</b>	<b>\$ -</b>	<b>\$ 1,028,763</b>
<b>Expenses</b>					
Salaries and Wages	\$ 427,075	\$ 18,741	\$ -	\$ 65,786	\$ 511,602
Employee Benefits	40,726	1,844		6,087	48,657
Education and Advocacy	9,739				9,739
Fundraising Expenses		61,122			61,122
Professional Services	114,140	31,130		27,754	173,024
Supplies	30,096			568	30,664
Communications	32,244	90		1,107	33,441
Occupancy	70,117	770		6,058	76,945
Equipment Rental and Maintenance	5,461			619	6,080
Depreciation	25,116				25,116
Travel					0
Conference, Conventions and Meetings	11,817				11,817
Insurance	7,242	698		707	8,647
Staff Development	1,634				1,634
Affiliate Expense	2,821				2,821
Miscellaneous	3,730	581			4,311
<b>Total Expenses</b>	<b>\$ 781,958</b>	<b>\$ 114,976</b>	<b>\$ -</b>	<b>\$ 108,686</b>	<b>\$ 1,005,620</b>
<b>Increase (Decrease) in Unrestricted Net Assets</b>	<b>\$ (369,247)</b>	<b>\$ 437,707</b>	<b>\$ 63,369</b>	<b>\$ (108,686)</b>	<b>23,143</b>
<b>Unrestricted Net Assets, Beginning of Year</b>					<b>442,051</b>
<b>Unrestricted Net Assets, End of Year</b>					<b>\$ 510,692</b>
					<b>\$ 487,549</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, 2019 and 2018**

<b>Cash Flows from Operations:</b>	<u>2019</u>	<u>2018</u>
Change in Net Assets	\$ 23,143	\$ 45,498
Add: Depreciation/Amortization	25,116	25,116
Adjustments to Reconcile - Operations		
Increase (Decrease) in Prepaid Expense	3,854	(4,879)
Increase (Decrease) in Payroll/Sales Taxes Payable	(5,444)	4,636
Increase (Decrease) in Net Assets with Donor Restrictions	(63,369)	369
Adjustments to Reconcile - Investing Activities		
(Increase) Decrease in Marketable Securities	(565)	1,380
(Increase) Decrease in Fixed Assets	0	(45,501)
Increase (Decrease) in Cash	<u>(17,265)</u>	<u>26,619</u>
Cash, Beginning of Year	<u>395,177</u>	<u>368,558</u>
Cash, End of Year	<u><u>\$ 377,912</u></u>	<u><u>\$ 395,177</u></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, 2019**

**NOTE 1 – ORGANIZATION**

2019 was their 21st year 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 spring gala raising \$455,000 alone. The Down Syndrome Connection is highly thought of by the community. Outside service groups, corporations and other community members raised \$169,000 through fundraising efforts that benefitted the DSCBA.

The organization also had significant growth in programs adding new Music Therapy classes and Peer Development programs currently in 9 Bay Area locations.

2019 also brought significant growth in membership welcoming 47 new babies and their families, as well as many others of all ages with Down syndrome and their families.

Community Impact: Education Outreach by the DSCBA was very successful providing Ability Awareness presentations to 2584 students in 24 schools across the Bay Area. They also provided training to more than 566 education professionals during the year. Medical Outreach was also a focus in 2019 for the DSCBA. 202 medical professionals trained and over 1000 Bay Area pediatricians were contacted about the support offered by the organization so that parents are given the best possible start when they receive a diagnosis.

The DSCBA ended the year with \$66,712 in net income which will be carried over into 2019 programs. The organization is financially healthy, and they have an emergency reserve fund with 4 months' worth of operating cost and one year of rent.

**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, 2019.



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

**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, 2019, 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).

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

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, 2019, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization's tax years for 2014 through 2018 remain open and could be subject to the examination by the federal tax jurisdiction. For the state tax jurisdiction, the tax years 2013 through 2018 remain open and could be subject to examination.

**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, 2019 and 2018, the Organization had approximately \$83,483 and \$101,085, respectively, in excess of FDIC insured limits.

**Down Syndrome Connection of the Bay Area**  
**Notes to Financial Statements - Continued**  
**December 31, 2019**

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

Cash at December 31, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Schwab – Money Market	44,429	44,092
Mechanics Bank – General	286,954	304,561
Mechanics Bank – Savings	46,529	46,524
	<u>\$ 377,912</u>	<u>\$ 395,177</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>12/31/17</u>	<u>Deletions</u>	<u>12/31/18</u>	<u>Deletions</u>	<u>12/31/19</u>
Furniture/Equipment	5	\$ 25,796	\$ -	\$ 25,796	\$ -	\$ 25,796
Leasehold Improvement	30	21,246	226,045	247,291	-	247,291
Construction in Progress		180,544	(180,544)	-	-	-
Less Accumulated Depreciation		(47,042)	(25,116)	(72,158)	(25,116)	(97,274)
		<u>\$ 180,544</u>	<u>\$ 20,385</u>	<u>\$ 200,929</u>	<u>\$ (25,116)</u>	<u>\$ 175,813</u>

**NOTE 7 - RETIREMENT PLAN**

The organization offers to its employees a 403(b) retirement plan. It does not contribute to it.

**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
<b>Term 5 years</b>	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	
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, 2019. Subsequent events have been evaluated through February 29, 2020 the date the financial statements became available to be issued. The entity has not evaluated subsequent events after February 29, 2020.