DOWN SYNDROME ASSOCIATION OF GREATER ST. LOUIS

Audited Financial Statements
For the Year Ended
June 30, 2017

Down Syndrome Association of Greater St. Louis

Table of Contents

Independent Auditor's Report

HOLT & PATTERSON, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Down Syndrome Association of Greater St. Louis

Report on the Financial Statements

We have audited the accompanying financial statements of Down Syndrome Association of Greater St. Louis, which comprise the statement of financial position as of June 30, 2017, and the related statement of activities and 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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 Greater St. Louis as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

260 CHESTERFIELD INDUSTRIAL BLVD.
CHESTERFIELD, MO 63005
PHONE 636/530-1040
FAX 636/530-1101

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Holt & Patterson, LLC
Chesterfield, MO
January 31, 2018

DOWN SYNDROME ASSOCIATION OF GREATER ST. LOUIS
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2017

ASSETS

		2017
CURRENT ASSETS		
Cash & Equivalents	$	411,670
Investments - Note 8		757,466
Prepaid Expenses		7,100
Due from Employee		0
Other Current Assets		2,446
Total Current Assets		1,178,682
PROPERTY AND EQUIPMENT		
Furniture		3,726
Equipment		5,873
Software		32,005
Accumulated Depreciation and Amortization		(36,869)
Total Property and Equipment		4,735
Total Assets	$	1,183,417

DRAFT

LIABILITIES AND STOCKHOLDERS EQUITY

CURRENT LIABILITIES		
Accounts Payable	$	43,983
Accrued Payroll		8,112
Accrued Payroll Taxes		1,401
Deferred Revenue		-
Total Current Liabilities		53,496
Total Liabilities		53,496
NET ASSETS:		
Unrestricted		1,128,894
Temporarily Restricted		1,027
Permanently Restricted		-
Total Net Assets		1,129,922
Total Liabilities and Net Assets	$	1,183,417

See accompanying notes and independent auditor's report

DOWN SYNDROME ASSOCIATION OF GREATER ST. LOUIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	6/30/2017 Total
Support and Revenue				
Fundraising Income	$ 463,698	$ -	$ -	$ 463,698
Grant Income	49,425	-	-	49,425
Contributions	78,347	-	-	78,347
Conference	-	-	-	-
Memorials	23,531	-	-	23,531
Merchandise Sales, Net	5,456	-	-	5,456
Non-Cash Contributions	3,158	-	-	3,158
Program Income	18,980	6,426	-	25,406
Other Income	121	-	-	121
Total Support and Revenue	642,715	6,426	-	649,141
Net Assets Released from Restrictions	-	-	-	-
Total Revenue	642,715	6,426	-	649,141
Program Expenses	(504,306)	(5,399)		(509,705)
Total Program Expenses	(504,306)	(5,399)	-	(509,705)
Support Expenses				
Administration	(57,504)	-	-	(57,504)
Fundraising	(111,638)	-	-	(111,638)
Total Support Expenses	(169,143)	-	-	(169,143)
Total Expenses	(673,449)	1,027	-	(672,421)
Change in Net Assets from operations	(30,734)	1,027	-	(29,706)
Investment Activities				
Dividend & Interest income	25,617	-	-	25,617
Realized gain/(loss)	714	-	-	714
Unrealized gain/(loss)	45,059	-	-	45,059
Total Investment activity	71,390	-	-	71,390
Changes in Net Assets	40,656	-	-	40,656
Net Assets, Beginning of Year	1,088,238	-	-	1,088,238
Net Assets, End of Year	$ 1,128,894	$ 1,027	$ -	$ 1,129,922

See accompanying notes and independent auditor's report

DOWN SYNDROME ASSOCIATION OF GREATER ST. LOUIS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

		2017
Cash flow from operating activities:		
Net income (loss)	$	(29,706)
Adjustments to reconcile net income to		
net cash provided (used) by operating activities:		
Depreciation		2,147
Changes in operating assets and liabilities:		
Due from Employee		322
Prepaid expenses		(4,075)
Payables		23,271
Accrued Expenses		1,017
Unearned Revenue		(4,450)
Net cash provided (used) by operating activities		(11,475)
Cash flows from investing activities:		
Purchases of fixed assets		(3,000)
Disposal of fixed asset		
Purchase of investments		(41,183)
Net Realized/Unrealized Gain/Loss, Dividend Income		71,390
Net cash provided (used) by investing activities		27,207
Net increase (decrease) in cash		15,732
Cash at the beginning of the year		395,938
Cash at the end of the year	$	411,670
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	$	-
Taxes	$	-

See accompanying notes and independent auditor's report

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The mission of the Down Syndrome Association of Greater St. Louis (the Association) is to benefit the lives of people with Down Syndrome and their families through individual and family support, education, public awareness and advocacy.

The Association runs 24 programs under three core service areas. A program listing follows:

Individual and Family Support

- New Parent Support
- First Birthday Program/Celebration Baskets
- Parent to Parent Network and Mentor Program
- Ages and Stages Book Program
- Volunteer Staffing for Down Syndrome Center at Children's Hospital
- Regional Community Groups
- Family Events (family picnics, holiday party)
- Sharing our Strategies Resource Network
- Information and Referral
- Resource Library
- Health Professional Outreach

Education

- Small Steps therapy Camp and Therapeutic Playgroups
- DSAGSL Rocks Music Program
- Lydia Faith Cox Memorial Bike Camp
- Conferences, Seminars & Workshops
- Steps to Independence Classes for Adults with Down Syndrome
- Down Syndrome Education Specialists Program
- Ready to Work Employment Initiative
- Community Education and Outreach

Awareness & Advocacy

- Step Up For Down Syndrome (SUDS) Awareness Walk
- Walk in the Park
- Relay and Run for 21 Half Marathon
- World Down Syndrome Day
- Down Syndrome Awareness Month
- Friends for All Seasons Calendar
- Awareness Bracelets and Apparel
- Social Media Campaigns
- DSAGSL E-Communications
- DSAGSL Publications
- Legislative Advocacy

Basis of Accounting:

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation:

Net assets, receipts, and disbursements are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets - Net assets that are subject to donor-imposed stipulations that may be satisfied either by actions of the Association or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Association. Generally, the donors of these assets permit the Association to use all or part of the income earned on any related investments for general or specific purposes. The Association presently has no permanently restricted net assets.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents:

The Association considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investment Valuation and Income Recognition:

The investments are carried at fair value. Quoted market prices are used to value investments. Shares of mutual funds are valued at quoted market prices that represent the net assets of shares held at year-end. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Promises to Give:

Contributions are recognized when certain donors make unconditional promises to give to the Association. Donor-restricted contributions are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. Promises to give are reported at the amount management expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and writes off, as of year-end, all balances that are determined to be uncollectible.

Furniture and Equipment:

Furniture and equipment are stated at cost, if purchased, or at fair value, if donated, less accumulated depreciation computed using the straight-line method over periods ranging from five

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Contributions and Support (continued)

to ten years. Software is amortized using the straight-line method over a three year period. Depreciation and amortization charged against income was $2,147 as of June 30, 2017.

Contributions and Support:

Program service revenues are recorded as unrestricted support when earned. Contributions and unconditional promises to give are recorded as temporarily restricted, permanently restricted, or unrestricted support depending on the existence or nature of any donor restrictions. When restrictions expire, restricted net assets are reclassified to unrestricted net assets. The Association records restricted contributions whose restrictions are met in the same reporting period as unrestricted.

Tax Status:

The Association is exempt from federal income taxes under Section 501 (c)(3) of the internal revenue code and therefore has made no provision for federal income taxes in the accompanying financial statements.

The Association adopted the provisions of Accounting for Uncertainty in Income Taxes on July 1, 2010. The adoption of that guidance resulted in no change to the financial statements for prior periods. As of June 30, 2017, no amounts have been recognized for uncertain tax positions. Any applicable tax related penalties and interest recognized are expensed as incurred. The Association's tax returns filed prior to fiscal 2014 are closed.

NOTE 2 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Costs are allocated between fundraising, administration or the appropriate program based on evaluations of the related benefits. Administrative expenses include those expenses which were not directly identifiable with any other specific functions but provide for the overall support and direction of the Association.

NOTE 3 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 31, 2018, the date which the financial statements were available for issue.

NOTE 4 – LEASES

In December 2013, the Association entered into a lease agreement with I-170 Distribution Center II, LLC for the use of office space. The lease period is for 87 months with payments of $2,570 per month. The base rent increases by $.55 per square foot by May 2015 to April 2020 and $.50 by May 2020 through April 2021.

Minimum future lease payments under the above leases are as follows:

NOTE 4 – LEASES (continued)

Year ended June 30,	Amount
2018	$ 35,480
2019	35,480
2020	34,023
2021	28,408
	$ 133,391

Expenses associated with these leases for the year ended June 30, 2017 was $33,327.

NOTE 5 – CONCENTRATION OF CREDIT RISK

The Association had depository accounts with PNC Bank totaling $283,637 as of June 30, 2017. The balance is in excess of the federally insured limit of $250,000 per depositor. The Association had cash deposits and securities in a brokerage account with Benjamin F. Edwards & Co. of $885,498 as of June 30, 2017. This balance is in excess of the Securities Investor Protection Corporation insurance limit of $500,000 per investor.

NOTE 6 – NON-CASH CONTRIBUTIONS

The Association receives donations of professional services and products from various sources. During the fiscal year 2016, the Association received donated professional services, which has been recognized as revenue and expense in the financial statements at a fair market value of $3,158. A significant number of volunteer hours were contributed to the Association. However, those activities have not been recognized as revenue because the criteria for recognition of volunteer efforts have not been satisfied.

NOTE 7– INVESTMENTS

Fair Value Measurements
Included in the financial statements are certain financial instruments carried at fair value. The fair value of an asset is the amount at which the asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced liquidation sale. The fair value of a liability is the amount at which that liability could be incurred or settles in a current transaction between willing parties, that is, other than in a forced or liquidation sale. FASB ASC 820, *Fair Value Measurements and Disclosures,* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

NOTE 7 – INVESTMENTS - Fair Value Measurements (continued)

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market rates and volatilities, spreads and yield curves. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Association's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2017.

Common stocks, corporate bonds, and U.S. government bonds and securities – Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds – Valued at the net asset value (NAV) of shares held by the Plan at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables sets forth by level, within the fair value hierarchy, the Association's assets at fair value as of June 30, 2017:

	Level 1	Level 2	Level 3	Total
Equities	118,560	-	-	118,560
Mutual funds & ETFs	638,906	-	-	638,906
Total at fair value	$ 757,466	-	-	$ 757,466

DOWN SYNDROME ASSOCIATION OF GREATER ST. LOUIS
SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	Program Expenses	General & Administration	Fundraising	Total
Salaries	168,383	25,388	24,527	218,298
Payroll Taxes	13,139	3,063	1,900	18,103
Advocacy	108,509	-	4,830	113,339
Fundraising	-	-	56,185	56,185
Credit card and bank fees	6,542	818	894	8,253
Depreciation	1,718	215	215	2,147
Dues and subscriptions	4,310	326	121	4,757
Equipment Rental	19,944	2,323	2,801	25,068
Investments	-	9,171	-	9,171
Insurance	21,848	1,232	7,517	30,598
Meals	4,130	69	25	4,225
Miscellaneous expense	1,388	20	320	1,728
Other program expenses	27,201	-	-	27,201
Postage	6,734	532	1,251	8,517
Printing	12,300	314	5,195	17,809
Professional fees	74,190	2,578	2,033	78,801
Rent	26,661	3,333	3,333	33,327
Supplies	2,950	297	313	3,560
Telephone	2,999	374	374	3,747
Travel	12,330	93	583	13,006
Training	970	-	40	1,010
Total	516,247	50,144	112,456	678,847