DOWN SYNDROME ASSOCIATION OF GREATER ST. LOUIS

Audited Financial Statements
For the Year Ended
June 30, 2016

HOLT &
PATTERSON, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Directors
Down Syndrome Association of Greater St. Louis

We have audited the accompanying financial statements of Down Syndrome Association of Greater St. Louis, which comprise the statements of financial position as of June 30, 2016, and the related statements 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, 2016, and the changes in its net assets and its cash flows for the years 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 on page 10 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

Holt & Patterson, LLC
Chesterfield, MO 63005
May 8, 2017

Down Syndrome Association of Greater St. Louis

Table of Contents

DOWN SYNDROME ASSOCIATION OF GREATER ST. LOUIS
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2016

ASSETS

		2016
CURRENT ASSETS		
Cash & Equivalents	$	395,938
Investments - Note 8		716,283
Prepaid Expenses		3,025
Due from Employee		322
Other Current Assets		2,446
Total Current Assets		1,118,014
PROPERTY AND EQUIPMENT		
Furniture		3,726
Equipment		5,873
Software		29,005
Accumulated Depreciation and Amortization		(34,722)
Total Property and Equipment		3,882
Total Assets	$	1,121,896

LIABILITIES AND STOCKHOLDERS EQUITY

CURRENT LIABILITIES		
Accounts Payable	$	20,712
Accrued Payroll		7,251
Accrued Payroll Taxes		1,245
Deferred Revenue		4,450
Total Current Liabilities		33,658
Total Liabilities		33,658
NET ASSETS:		
Unrestricted		1,088,238
Temporarily Restricted		-
Permanently Restricted		-
Total Net Assets		1,088,238
Total Liabilities and Net Assets	$	1,121,896

DOWN SYNDROME ASSOCIATION OF GREATER ST. LOUIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	6/30/2016 Total
Support and Revenue				
Fundraising Income	$ 491,054	$ -	$ -	$ 491,054
Grant Income	1,400	-	-	1,400
Contributions	162,012	-	-	162,012
Memorials	36,632	-	-	36,632
Merchandise Sales, Net	7,989	-	-	7,989
Non-Cash Contributions	53,200	-	-	53,200
Program Income	47,272	-	-	47,272
Other Income	114	-	-	114
Total Support and Revenue	799,673	-	-	799,673
Net Assets Released from Restrictions	-	-	-	-
Total Revenue	799,673	-	-	799,673
Program Expenses	(523,106)			(523,106)
Total Program Expenses	(523,106)	-	-	(523,106)
Support Expenses				
Administration	(62,125)	-	-	(62,125)
Fundraising	(116,642)	-	-	(116,642)
Total Support Expenses	(178,767)	-	-	(178,767)
Total Expenses	(701,873)	-	-	(701,873)
Change in Net Assets from operations	97,800	-	-	97,800
Investment Activities				
Investment income	27,769	-	-	27,769
Realized gain/(loss)	2,790	-	-	2,790
Unrealized gain/(loss)	(13,696)	-	-	(13,696)
Total Investment activity	16,863	-	-	16,863
Changes in Net Assets	114,663	-	-	114,663
Net Assets, Beginning of Year	973,575	-	-	973,575
Net Assets, End of Year	$ 1,088,238	$ -	$ -	$ 1,088,238

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, 2016

		2016
Cash flow from operating activities:		
Net income (loss)	$	114,663
Adjustments to reconcile net income to		
net cash provided (used) by operating activities:		
Depreciation		2,024
Changes in operating assets and liabilities:		
Due from Employee		(322)
Prepaid expenses		(71)
Other Assets (Current & Non-Current)		(0)
Payables		(25,586)
Accrued Expenses		(2,083)
Unearned Revenue		(2,994)
Net cash provided (used) by operating activities		85,630
Cash flows from investing activities:		
Purchases of fixed assets		(1,160)
Disposal of fixed asset		268
Purchase of investments		91,198
Net Realized/Unrealized Gain/Loss, Dividend Income		
Net cash provided (used) by investing activities		90,306
Net increase (decrease) in cash		175,936
Cash at the beginning of the year		220,002
Cash at the end of the year	$	395,938
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
- Volunteer Staffing for Down Syndrome Center at Children's Hospital
- Community Groups
- Family Events (family picnics, holiday party)
- Sharing our Strategies
- Information and Referral
- Friend 2 Friend Mentoring Program

Education

- Lydia Faith Cox Memorial Bike Camp
- Medical Outreach
- Conferences, Seminars & Workshops
- DSA University (DSAGSL WORD Masters Toastmasters, Steps to Independence, Bike Camp, Therapeutic Playgroup, Self-Advocates for Greater Experiences)
- Resource Library
- Down Syndrome Education Specialists Program
- DSA Sports (football camp, hockey camp and summer tennis program)

Awareness & Advocacy

- Step Up For Down Syndrome (SUDS)
- Walk in the Park
- World Down Syndrome Day
- Down Syndrome Awareness Month
- Calendar
- Awareness Bracelets and Apparel
- Social Media
- DSAGSL E-Communications
- DSAGSL Publications

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.

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:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Basis of Presentation (continued)

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.

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 to ten years. Software is amortized using the straight-line method over a three year period. Depreciation and amortization charged against income was $2,024 for fiscal year 2016.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2016, 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 May 8, 2017, the date which the financial statements were available for issue.

NOTE 4 – LEASES

In April 2012, the Association entered into a copier lease agreement with GFI Digital, Inc. The lease period is for 60 months with payments of $220 per month. This lease was terminated in December 2015 and paid off by DNT. The Association then entered into a copier lease agreement with Document & Network Technologies, Inc. The lease period is for 60 months with payments of $245 per month.

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:

Year ended June 30,	Amount
2017	$ 35,480
2018	35,480
2019	35,480
2020	34,023
2021	28,408
	$ 168,871

NOTE 4 – LEASES (continued)

Expenses associated with these leases for the year ended June 30, 2016 was $35,135.

NOTE 5 – CONCENTRATION OF CREDIT RISK

The Association had depository accounts with PNC Bank totaling $288,480 as of June 30, 2016. 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 $716,283 as of June 30, 2016. 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 2015, the Association received donated radio and television air-time, and other professional services, which has been recognized as revenue and expense in the financial statements at a fair market value of $52,000. 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.

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.

NOTE 7 – INVESTMENTS - Fair Value Measurements (continued)

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, 2016.

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, 2016:

	Level 1	Level 2	Level 3	Total
Equities	121,498	-	-	121,498
Mutual funds & ETFs	594,785	-	-	594,785
Total at fair value	$ 716,283	-	-	$ 716,283

SUPPLEMENTARY

INFORMATION

DOWN SYNDROME ASSOCIATION OF GREATER ST. LOUIS
SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	Program Expenses	General & Administration	Fundraising	Total
Salaries	170,568	25,815	24,845	221,228
Payroll Taxes	13,082	3,617	1,905	18,604
Advertising	39,000	-	13,000	52,000
Advocacy	99,068	-	-	99,068
Fundraising	-	-	42,392	42,392
Credit card and bank fees	3,787	9,391	-	13,178
Depreciation	-	2,024	-	2,024
Dues and subscriptions	3,899	361	18	4,278
Equipment Rental	9,569	501	5,184	15,254
Investments	-	8,595	-	8,595
Insurance	22,659	739	4,376	27,774
Meals	4,255	32	289	4,576
Miscellaneous expense	567	235	110	912
Other program expenses	29,959	-	-	29,959
Postage	4,727	3,677	2,015	10,419
Printing	21,009	8	6,581	27,598
Professional fees	54,789	2,312	8,774	65,876
Rent	28,119	3,540	5,114	36,772
Supplies	3,775	520	686	4,981
Telephone	3,840	438	459	4,737
Travel	7,276	52	894	8,222
Training	3,157	-	-	3,157
Gain/Loss on Asset Disposal	-	268	-	268
Total	523,106	62,125	116,642	701,873