DOWN SYNDROME ASSOCIATION OF GREATER CINCINNATI

December 31, 2018

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

down syndrome association of greater cincinnati

DOWN SYNDROME ASSOCIATION OF GREATER CINCINNATI
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VonLehman
CPA & ADVISORY FIRM

INDEPENDENT AUDITORS' REPORT

Board of Directors
Down Syndrome Association
of Greater Cincinnati
Cincinnati, OH

Report on the Financial Statements

We have audited the accompanying financial statements of Down Syndrome Association of Greater Cincinnati (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, 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.

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 required 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 auditors' 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 auditors consider 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.

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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 Cincinnati, as of December 31, 2018, 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.

Emphasis of Matter

As discussed in the notes to the financial statements, during 2018, Down Syndrome Association of Greater Cincinnati, adopted Accounting Standards Update (ASU) No 2016-14, *Not-for-Profit Entities (*Topic 958*): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

As discussed in the notes to the financial statements, the previously issued financial statements for the year ended December 31, 2017 have been restated for the correction of a material misstatement. Our opinion is not modified with respect to that matter.

Prior Period Financial Statements

The financial statements of Down Syndrome Association of Greater Cincinnati as of December 31, 2017, were audited by other auditors whose report dated October 31, 2018, expressed an unmodified opinion on those statements.

VonLehman & Company Inc.

Fort Wright, Kentucky
July 29, 2019

DOWN SYNDROME ASSOCIATION OF GREATER CINCINNATI
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31, 2018	December 31, 2017 (As Restated)
Current Assets		
Cash	$ 109,537	$ 66,308
Accounts Receivable	4,103	601
Grants Receivable	10,000	-
Investments	1,021,397	874,763
Prepaid Expenses	9,017	-
Total Current Assets	1,154,054	941,672
Property and Equipment, Net	64,507	92,445
Other Assets (Less Current Portion)		
Grants Receivable	10,000	-
Security Deposits	3,150	3,150
Total Other Assets	13,150	3,150
Total Assets	$ 1,231,711	$ 1,037,267

LIABILITIES AND NET ASSETS

	December 31, 2018	December 31, 2017 (As Restated)
Current Liabilities		
Accounts Payable	$ 1,834	$ 13,909
Accrued Expenses and Other Liabilities	45,492	41,089
Deferred Rent	15,145	15,146
Total Current Liabilities	62,471	70,144
Long Term Liabilities (Less Current Portion)		
Deferred Rent	15,145	30,289
Total Liabilities	77,616	100,433
Net Assets		
Without Donor Restrictions		
Undesignated	500,833	444,291
Board Designated	468,929	467,343
Total Without Donor Restrictions	969,762	911,634
With Donor Restrictions	184,333	25,200
Total Net Assets	1,154,095	936,834
Total Liabilities and Net Assets	$ 1,231,711	$ 1,037,267

See accompanying notes.

DOWN SYNDROME ASSOCIATION OF GREATER CINCINNATI
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Program Revenue	$ 48,477	$ -	$ 48,477
Contributions	258,526	110,000	368,526
Grants	57,070	96,000	153,070
Fundraising Events, Net	718,254	-	718,254
Net Investment Return	4,122	-	4,122
Total Revenue, Support, and Gains	1,086,449	206,000	1,292,449
Net Assets Released From Restriction	46,867	(46,867)	-
Total Revenue, Support, Gains and Reclassifications	1,133,316	159,133	1,292,449
Expenses			
Program Services	723,328	-	723,328
Management and General	161,514	-	161,514
Fundraising and Development	190,346	-	190,346
Total Expenses	1,075,188	-	1,075,188
Change in Net Assets	58,128	159,133	217,261
Net Assets, Beginning of Year	911,634	25,200	936,834
Net Assets, End of Year	$ 969,762	$ 184,333	$ 1,154,095

See accompanying notes.

DOWN SYNDROME ASSOCIATION OF GREATER CINCINNATI
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017
(AS RESTATED)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Program Revenue	$ 26,512	$ -	$ 26,512
Contributions	236,025	-	236,025
Grants	83,800	-	83,800
Fundraising Events, Net	689,866	-	689,866
Net Investment Return	13,381	-	13,381
Other Revenue	4,545	-	4,545
Total Revenue, Support, and Gains	1,054,129	-	1,054,129
Net Assets Released From Restriction	1,800	(1,800)	-
Total Revenue, Support, Gains and Reclassifications	1,055,929	(1,800)	1,054,129
Expenses			
Program Services	693,489	-	693,489
Management and General	157,912	-	157,912
Fundraising and Development	182,272	-	182,272
Total Expenses	1,033,673	-	1,033,673
Change in Net Assets	22,256	(1,800)	20,456
Net Assets, Beginning of Year	889,378	27,000	916,378
Net Assets, End of Year	$ 911,634	$ 25,200	$ 936,834

See accompanying notes.

DOWN SYNDROME ASSOCIATION OF GREATER CINCINNATI
STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2018				Year Ended December 31, 2017 (As Restated)			
	Program Services	Management and General	Fundraising and Development	Total	Program Services	Management and General	Fundraising and Development	Total
Salaries and Wages	$ 353,124	$ 66,565	$ 132,200	$ 551,889	$ 323,627	$ 66,283	$ 129,970	$ 519,880
Payroll Taxes	27,359	5,130	10,259	42,748	24,391	4,996	9,796	39,183
Employee Benefits	25,768	5,871	10,201	41,840	26,047	4,735	8,681	39,463
Meetings	121,544	964	6,952	129,460	117,969	2,638	4,113	124,720
Dues	18,485	176	736	19,396	25,900	1,153	4,056	31,109
Occupancy	43,564	6,363	15,337	65,264	41,597	5,419	11,571	58,587
Depreciation	-	31,148	-	31,148	-	30,882	-	30,882
NDSAN	30,000	-	-	30,000	31,350	-	-	31,350
Supplies	22,645	1,711	4,237	28,592	16,491	1,125	2,470	20,086
Information Technology	17,612	2,229	-	19,841	26,078	2,517	-	28,595
Printing	15,100	-	4,020	19,120	13,347	310	5,243	18,900
Bank Charges	-	13,697	-	13,697	-	12,193	-	12,193
Conferences	13,110	115	124	13,349	4,480	350	732	5,562
Dues	-	12,303	-	12,303	-	11,195	-	11,195
Scholarships	10,301	-	-	10,301	6,089	-	-	6,089
Local Travel	8,520	128	1,320	9,968	7,500	384	1,341	9,225
Postage	5,742	525	2,204	8,472	4,751	397	1,670	6,818
Insurance	4,402	643	1,549	6,594	4,758	552	1,185	6,495
Accounting Fees	-	6,405	-	6,405	-	6,795	-	6,795
Printing & Copier	2,481	362	873	3,716	2,431	317	676	3,424
Professional Services	-	3,500	-	3,500	10,845	2,100	-	12,945
Payroll Processing	-	2,717	-	2,717	-	2,358	-	2,358
Books	1,995	-	-	1,995	2,187	-	-	2,187
Training	1,073	115	335	1,523	490	270	768	1,528
Telephone	503	847	-	1,350	1,470	943	-	2,413
Wish List	-	-	-	-	1,691	-	-	1,691
Total Expenses by Function	$ 723,328	$ 161,514	$ 190,346	$ 1,075,188	$ 693,489	$ 157,912	$ 182,272	$ 1,033,673

See accompanying notes.

DOWN SYNDROME ASSOCIATION OF GREATER CINCINNATI
STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2018	Years Ended December 31, 2017 (As Restated)
Cash Flows From Operating Activities		
Change in Net Assets	$ 217,261	$ 20,456
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	31,148	30,882
Net Investment Return on Investments	(4,122)	(13,381)
Donated Stock	(142,512)	-
Changes in Operating Assets and Liabilities		
Accounts Receivable	(3,502)	-
Grants Receivable	(20,000)	-
Prepaid Expenses	(9,017)	13
Accounts Payable	(12,075)	(9,991)
Accrued Expenses and Other Liabilities	4,403	5,190
Deferred Rent	(15,145)	(15,145)
Net Cash Provided by Operating Activities	46,439	18,024
Cash Flows From Investing Activities		
Purchase of Investments	-	(50,747)
Purchase of Property and Equipment	(3,210)	-
Net Cash Used Investing Activities	(3,210)	(50,747)
Net Change in Cash	43,229	(32,723)
Cash, Beginning of Year	66,308	99,031
Cash, End of Year	$ 109,537	$ 66,308

See accompanying notes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Down Syndrome Association of Greater Cincinnati (the Organization) is a nonprofit organization established to empower individuals, educate families, enhance communities, and together, celebrate the extraordinary lives of people with Down Syndrome. The Organization envisions a community that embraces, supports and inspires individuals with Down Syndrome to live healthy, self-determined and fulfilling lives, and uses its resources to achieve that vision.

Use of Estimates

The process of preparing financial statements in conformity with U.S. GAAP requires the use of estimates and assumptions regarding certain types of assets, liabilities, support, revenues, and expenses. Certain estimates relate to unsettled transactions and events as of the date of the financial statements. Other estimates relate to assumptions about the ongoing operations and may impact future periods. Accordingly, upon settlement, actual results may differ from estimated amounts.

Accounts and Grants Receivable

Accounts receivable and grants receivable are stated at contractual outstanding balances, net of any allowance for doubtful accounts. Accounts and grants are considered past due if any portion of an account or grant has not been paid in full within the contractual terms of the account or the anticipated due date. The Organization begins to assess its ability to collect receivables that are over 90 days past due and provides for an adequate allowance for doubtful accounts based on the Organization's collection history, the financial stability and recent payment history of the grantors and clients, and other pertinent factors. Accounts and grants receivables are written off as uncollectible after the Organization has used reasonable collection efforts and deems them uncollectible. Based on these criteria, no allowance for doubtful accounts has been provided at December 31, 2018 and 2017 since the Organization does not expect any material losses.

Investments

Investments if purchased are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less any external and direct internal investment expenses. Cash equivalents, and other securities and investments held in brokerage accounts are protected by the Securities Investor Protection Corporation (SIPC) in the event of broker-dealer failure, up to $500,000 of protection for each brokerage account with a limit of $250,000 for claims of uninvested cash balances. The SIPC insurance does not protect against market losses on investments.

Property and Equipment

Property and equipment are stated at cost, or if donated, at fair value at the date of donation, and depreciated over the estimated useful lives of the related assets. Depreciation is computed using the straight-line method for financial reporting purposes. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized for items in excess of $2,500.

The useful lives of property and equipment for purposes of computing depreciation are:

Leasehold Improvements	6 Years
Furniture & Fixtures, Computers, and Equipment	5 Years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Lived Assets

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are measured based on the fair value of the asset, and long-lived assets to be disposed of by sale are reported at the lower of the carrying amount or fair value less costs to sell. Long-lived assets were measured for impairment, and no adjustments were deemed necessary during both the years ended December 31, 2018 and 2017.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue and Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Retirement Plan

The Organization has an employee sponsored 401(k) profit sharing plan, which covers substantially all employees. The Organization makes a matching contribution equal to the employee contributions up to 3% of the employee's compensation. Organization profit sharing contributions to the plan are discretionary. By its nature, the plan is fully funded.

Donated Services, Equipment, and In-Kind Contributions

Donations of equipment and in-kind contributions are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Donated services are recognized as contributions if the services a) create or enhance nonfinancial assets or b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

The Organization has significant time contributed to its mission through volunteers, however, the statements of activities does not reflect the value of these services as they do not meet recognition criteria required under U.S. GAAP.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs

The Organization expenses advertising costs as they are incurred.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. All expenses are allocated on the basis of estimates of time and effort of employees.

Income Tax Status

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to the Internal Revenue Code.

The Organization has adopted the provisions of the accounting pronouncement related to accounting for uncertainty in income taxes. The Organization recognized no interest or penalties in the statements of activities for either of the years ended December 31, 2018 and 2017. If the situation arose in which the Organization would have interest to recognize, it would recognize this as interest expense and penalties would be recognized in other expenses. Currently, the prior three years are open under federal and state statute of limitations and remain subject to review and change. The Organization is not currently under audit, nor has the Organization been contacted by these jurisdictions.

Based on the evaluation of the Organization's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for either of the years ended December 31, 2018 or 2017.

Reclassifications

Certain amounts in the prior period financial statements have been reclassified for comparative purposes to confirm with the presentation in the current year. The reclassifications had no impact on the previously reported net assets.

Recently Issued Significant Accounting Standards

Revenue Recognition Standards

In May, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). The core principle of Topic 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. This standard may have an impact on the timing of when an entity recognizes certain revenue. The ASU is effective for nonpublic entities for years beginning after December 15, 2018.

In June, 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). The core principle of Topic 958 is to clarify and improve current guidance about whether a transfer of assets is a contribution or an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. The ASU is effective for nonpublic entities for years beginning after December 15, 2018.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Lease Accounting Standard

In February, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases that are not excluded by this standard. Such leases create an asset and a liability for the lessee in accordance with FASB Concepts Statement No. 6, *Elements of Financial Statements,* and therefore, recognition of those lease assets and lease liabilities represents an improvement over previous GAAP, which did not require lease assets and lease liabilities to be recognized for most leases. The ASU is effective for nonpublic entities for years beginning after December 15, 2019.

The Organization is currently in the process of evaluating the impact of adoption of these ASUs on i financial statements.

Change in Accounting Principle

In August, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities* (Topic 958). The core principles of the guidance are a reduction in the number of net asset categories from three to two, reporting investment return net of external and internal investment expenses, the placed-in-service approach for reporting expirations of restrictions on donated assets and enhanced disclosures regarding designations and donor restrictions, qualitative and quantitative liquidity information, expense allocation methods, expenses by natural classification and function and underwater endowments. The Organization implemented ASU 2016-14 and adjusted presentation in these statements accordingly. The ASU has been applied retrospectively to all periods presented with no change to net assets.

Subsequent Events

The Organization has evaluated subsequent events through July 29, 2019, which is the date the financial statements were available to be issued.

NOTE 2 - LIQUIDITY

Financial assets available for general use and without donor or other restrictions limiting their use, within one year of the statement of financial position are comprised of the following:

	December 31, 2018
Cash	$ 109,537
Investments	1,021,397
Accounts Receivable	4,103
Grants Receivable	20,000
Assets Restricted by Donors	(184,333)
Assets Designated by the Board	(468,929)
Total Financial Assets Available	$ 501,775

The Organizations board has designated an operating reserve as part of investments of $443,756 for future needs of the Organization. Additionally, the Organization’s Board designated endowment of $25,173 is subject to a zero spending policy until it reaches $1,000,000. Although the Organization does not intend to spend from this Board designated endowment prior to reaching their goal of funds held these funds are available if deemed necessary.

NOTE 3 - CASH AND CASH FLOWS

For purposes of the statements of cash flows, cash includes cash on hand and cash in checking and savings accounts.

At various times throughout the year, the Organization may have cash in financial institutions in excess of insured limits. The Federal Deposit Insurance Corporation (FDIC) insures account balances up to $250,000 for each business depositor.

NOTE 4 - INVESTMENTS

Investments consisted of the following:

	December 31, 2018	December 31, 2017
Cash and Cash Equivalents	$ 578,595	$ 433,318
Mutual Funds	442,802	441,445
Total Investments	$ 1,021,397	$ 874,763

NOTE 5 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value 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 or liabilities in active markets that the Organization has the ability to access.

LEVEL 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. 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 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's 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 are descriptions of the valuation methodologies used for marketable securities measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

Cash and Cash Equivalents – Fair value approximates carrying value due to the initial maturities of the instruments being three months or less.

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

NOTE 5 - FAIR VALUE MEASUREMENTS (Continued)

The preceding methods described may provide a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization 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 operating date.

The following assets were measured at fair value as of December 31, 2018:

Assets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and Cash Equivalents	$ 578,595	$ -	$ -	$ 578,595
Mutual Funds	442,802	-	-	442,802
Total Assets at Fair Value	$ 1,021,397	$ -	$ -	$ 1,021,397

The following assets were measured at fair value as of December 31, 2017:

Assets	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	$ 433,318	$ -	$ -	$ 433,318
Mutual Funds	441,445	-	-	441,445
Total Assets at Fair Value	$ 874,763	$ -	$ -	$ 874,763

Risks and Uncertainties

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credits risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect account balances and amounts reported in the statements of financial position.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment and related accumulated depreciation consisted of the following:

	December 31, 2018	December 31, 2017
Leasehold Improvements	$ 141,174	$ 141,174
Computers and Equipment	34,639	36,687
Furniture and Fixtures	6,095	6,095
	181,908	183,956
Less Accumulated Depreciation	117,401	91,511
Total Property and Equipment, Net	$ 64,507	$ 92,445

NOTE 7 - ENDOWMENTS

The Organization's endowment consists of funds established to achieve a long-term investment objective. The endowment includes funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted an investment policy, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a checking account, which is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity.

Therefore, the Organization expects its endowment assets, over time, to appreciate without exposure to unnecessary risk. Actual returns in any given year may vary. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy. The Organization has not adopted a spending policy. The Organization has a goal to build the endowment to $1,000,000 prior to allowing any distributions. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

Endowment net asset composition by type of fund as of December 31, 2018 is as follows:

		Without Donor Restriction
Board-Designated Endowment Funds	$	25,173

Changes in endowment net assets for the year ended December 31, 2018 are as follows:

Endowment Net Assets, Beginning of Year	$	24,952
Contributions		95
Investment Return, Net		126
Endowment Net Assets, End of Year	$	25,173

Endowment net asset composition by type of fund as of December 31, 2017 is as follows:

Board-Designated Endowment Funds	$	24,952

Changes in endowment net assets for the year ended December 31, 2017 are as follows:

Endowment Net Assets, Beginning of Year	$	-
Contributions		24,950
Investment Return, Net		2
Endowment Net Assets, End of Year	$	24,952

NOTE 8 - BOARD DESIGNATED NET ASSETS

The Board designated net assets for the following purposes:

	December 31, 2018	December 31, 2017
Endowment Purposes	$ 25,173	$ 24,952
Operating Reserve	443,756	442,391
	$ 468,929	$ 467,343

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	2018	2017
Subject to Expenditure for Specified Purpose:		
Adult Program	$ 95,000	$ -
Healthy Aging Program	20,000	-
iCan Bike Program	20,000	-
Summer Tutoring	12,000	-
Fine Arts	14,000	-
Outreach for Seniors	5,000	-
Adoption Costs	5,000	-
Educational Outreach	3,333	16,950
Family Coaching	10,000	8,250
Total Net Assets with Donor Restrictions	$ 184,333	$ 25,200

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

	2018	2017
Satisfaction of Purpose Restrictions:		
Educational Outreach	$ 23,617	$ 1,800
iCan Bike Program	10,000	-
Adult Program	5,000	
Family Coaching	8,250	-
Total Net Assets Released From Restrictions	$ 46,867	$ 1,800

NOTE 10 - FUNDRAISING EVENTS

The Organization had fundraising revenues and expense as follows:

	Year Ended December 31, 2018		
	Revenue	Expenses	Net
Buddy Walk	$ 570,533	$ 20,545	$ 549,988
Golf Outing	245,471	127,093	118,378
All Other Activities	59,069	9,181	49,888
	$ 875,073	$ 156,819	$ 718,254

	Year Ended December 31, 2017		
	Revenue	Expenses	Net
Buddy Walk	$ 557,014	$ 14,959	$ 542,055
Golf Outing	162,485	66,220	96,265
All Other Activities	58,840	7,294	51,546
	$ 778,339	$ 88,473	$ 689,866

In 2018, the Organization collaborated with another local nonprofit organization with a similar mission to jointly organize their golf outing. The golf outing is planned jointly with the expenses all recorded though the Organization. Once all revenue is determined an allocation of revenues based on a predetermined sliding scale is remitted to the local nonprofit organization. Total fundraising expenses remitted for the year ended December 31, 2018 were $68,388.

NOTE 11 - OPERATING LEASES AND DEFERRED RENT

The Organization has various leases for equipment that are classified as operating leases. The monthly payments total $299. The leases have various expiration dates through March, 2022. Lease expense was $3,167 and $3,088 for 2018 and 2017, respectively.

The Organization leases its office space under an operating lease, which carries a monthly payment of $3,685, plus taxes and utilities, and is set to expire in December, 2020. Lease expense including utilities and taxes was $62,842 and $58,030 for 2018 and 2017, respectively. In conjunction with this operating lease the Organization recognized a deferred rent liability for improvements allowances from the landlord. The liability is amortized over the life of the lease.

The following are the net minimum lease payments for the remainder of these leases:

Years Ending December 31,	Equipment	Office Space	Total
2019	$ 3,232	$ 45,966	$ 49,198
2020	2,004	47,813	49,817
2021	420	-	420
2022	105	-	105
	$ 5,761	$ 93,779	$ 99,540

NOTE 12 - RETIREMENT PLAN

During the years ended December 31, 2018 and 2017, the Organization incurred expenses related to the Organization sponsored retirement plan in the amounts of $34,602 and $33,284, respectively.

NOTE 13 - PRIOR PERIOD ADJUSTMENT

The accompanying financial statements for December 31, 2017 have been restated to recognize accrued expenses as they relate to payroll expenses incurred in December, 2017 and paid in January, 2018. The effect of the restatement was to increase accrued expenses and payroll expenses by $10,246 for the year ended December 31, 2017.