DOWN SYNDROME ASSOCIATION OF GREATER CINCINNATI
FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016

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MADDOX & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

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

We have audited the accompanying financial statements of Down Syndrome Association of Greater Cincinnati (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 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 Cincinnati as of December 31, 2017 and 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.

Maddox & Associates CPAs Inc.

Fort Thomas, KY
October 31, 2018

DOWN SYNDROME ASSOCIATION OF GREATER CINCINNATI
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

	2017	2016
Assets		
Cash and cash equivalents	$ 66,308	$ 99,031
Investments	874,763	810,635
Property and equipment, net	92,445	123,328
Other assets	601	614
Deposits	3,150	3,150
Total assets	$ 1,037,267	$ 1,036,758
Liabilities		
Accounts payable	$ 13,909	$ 23,901
Accrued wages and taxes	9,320	14,502
Accrued pension payable	21,523	21,396
Deferred rent	45,435	60,580
Total liabilities	90,187	120,379
Net Assets		
Unrestricted	921,880	889,379
Temporarily restricted	25,200	27,000
Total net assets	947,080	916,379
Total liabilities and net assets	$ 1,037,267	$ 1,036,758

The accompanying notes are an integral part of these financial statements

DOWN SYNDROME ASSOCIATION OF GREATER CINCINNATI
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT						
Contributions	$ 236,025	$ 0	$ 236,025	$ 189,502	$ 0	$ 189,502
Program revenue	26,512	0	26,512	24,432	0	24,432
Grants	83,800	0	83,800	110,150	22,000	132,150
Fundraising events	778,339	0	778,339	780,490	0	780,490
Less direct expenses	(88,473)	0	(88,473)	(74,432)	0	(74,432)
Investment income	13,381	0	13,381	5,983	0	5,983
Other income	4,545	0	4,545	13,851	0	13,851
Released from restrictions	1,800	(1,800)	0	0	0	0
Total revenue and support	1,055,929	(1,800)	1,054,129	1,049,976	22,000	1,071,976
EXPENSES						
Program	687,111	0	687,111	682,147	0	682,147
General and administratvie	156,607	0	156,607	144,272	0	144,272
Fundraising	179,710	0	179,710	175,735	0	175,735
Total expenses	1,023,428	0	1,023,428	1,002,154	0	1,002,154
CHANGE IN NET ASSETS	32,501	(1,800)	30,701	47,822	22,000	69,822
Net assets - beginning of year	889,379	27,000	916,379	841,557	5,000	846,557
NET ASSETS - END OF YEAR	$ 921,880	$ 25,200	$ 947,080	$ 889,379	$ 27,000	$ 916,379

The accompanying notes are an integral part of these financial statements

DOWN SYNDROME ASSOCIATION OF GREATER CINCINNATI
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 30,701	$ 69,822
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	30,882	25,178
Changes in:		
Prepaid expenses	0	0
Other assets	13	(614)
Accounts payable	(9,991)	(4,339)
Accrued wages and taxes	(5,182)	4,017
Accrued pension expense	127	21,396
Deferred rent	(15,145)	(15,145)
Net cash provided by operating activities	31,405	100,315
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(27,766)
Purchase of investments	(64,128)	(157,923)
Proceeds from sale of investments	0	0
Net cash used in investing activities	(64,128)	(185,689)
Net change in cash	(32,723)	(85,374)
Cash - beginning of year	99,031	184,405
Cash - end of year	$ 66,308	$ 99,031

The accompanying notes are an integral part of these financial statements

DOWN SYNDROME ASSOCIATION OF GREATER CINCINNATI
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	Program Services	General and Administrative	Fundraising & Development	Total
Administration				
Depreciation	$ 0	$ 30,882	$ 0	$ 30,882
Insurance	4,758	552	1,185	6,495
Postage	4,751	397	1,670	6,818
Printing / copier	2,431	317	676	3,424
Supplies	16,491	1,125	2,470	20,086
Telephone	1,470	943	0	2,413
Banking / accounting				
Accounting fees	0	6,795	0	6,795
Bank charges	0	12,193	0	12,193
Dues	0	11,195	0	11,195
Payroll processing	0	2,358	0	2,358
Books	2,187	0	0	2,187
Dues	25,900	1,153	4,056	31,109
Meetings	117,969	2,638	4,113	124,720
Occupancy	41,597	5,419	11,571	58,587
Printing	13,347	310	5,243	18,900
Professional services	10,845	2,100	0	12,945
Scholarships	6,089	0	0	6,089
Staff				
Employee benefits	26,047	4,735	8,681	39,463
Payroll	317,249	64,978	127,408	509,635
Payroll taxes	24,391	4,996	9,796	39,183
NDSAN	31,350	0	0	31,350
Technology	26,078	2,517	0	28,595
Training/travel				
Conferences	4,480	350	732	5,562
Training	490	270	768	1,528
Local	7,500	384	1,341	9,225
Wish list	1,691	0	0	1,691
Total expenses	$ 687,111	$ 156,607	$ 179,710	$ 1,023,428

The accompanying notes are an integral part of these financial statements

DOWN SYNDROME ASSOCIATION OF GREATER CINCINNATI
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	Program Services	General and Administrative	Fundraising & Development	Total
Administration				
Depreciation	$ 0	$ 25,178	$ 0	$ 25,178
Insurance	4,047	604	1,389	6,040
Postage	6,897	700	1,200	8,797
Printing / copier	2,548	440	681	3,669
Supplies	15,303	2,284	5,253	22,840
Telephone	1,900	200	292	2,392
Banking / accounting				
Accounting fees	0	5,998	0	5,998
Bank charges	0	16,291	0	16,291
Dues	0	11,881	0	11,881
Payroll processing	0	2,341	0	2,341
Books	3,202	0	0	3,202
Dues	23,625	713	3,869	28,207
Meetings	116,145	1,216	7,730	125,091
Occupancy	44,987	6,715	15,443	67,145
Printing	7,884	0	3,970	11,854
Professional services	9,750	0	0	9,750
Scholarships	6,894	0	0	6,894
Staff				
Employee benefits	26,263	4,474	8,170	38,907
Payroll	309,401	58,013	116,025	483,439
Payroll taxes	24,207	4,539	9,077	37,823
NDSAN	31,154	0	0	31,154
Technology	20,809	2,400	0	23,209
Training/travel				
Conferences	8,756	121	0	8,877
Training	665	40	479	1,184
Local	7,635	124	2,157	9,916
Wish list	10,075	0	0	10,075
Total expenses	$ 682,147	$ 144,272	$ 175,735	$ 1,002,154

The accompanying notes are an integral part of these financial statements

Note 1. Summary of Significant Accounting Policies

Nature of Activities
The Down Syndrome Association of Greater Cincinnati (DSAGC) is a charitable corporation established in 1981 under the laws of the State of Ohio. DSAGC is exempt from federal, state and local income taxes under Section 501(c)(3) of the Internal Revenue Code. The mission of DSAGC is to empower individuals, educate families, enhance communities, and together, celebrate the extraordinary lives of people with Down syndrome.

Basis of Accounting
The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

Basis of Presentation
The financial statements are presented in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codifications (ASC) 958, *Not-for-Profit Entities*. Under ASC 958, DSAGC is required to report information regarding is financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Fair Value Measurements
FASB guidance on fair value measurements defines fair value, establishes a framework for measuring fair value and expands disclosure of fair value measurements. The guidance applies to all assets and liabilities that are measured and reported on a fair value basis. The carrying amounts of financial instruments including cash, cash equivalents, investments, and payables approximate fair value due to their nature and duration.

Cash and Cash Equivalents
DSAGC considers deposits that can be redeemed on demand and investments that have original maturities of less than three months, when purchased, to be cash equivalents.

Revenue Recognition
Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. If a restriction is fulfilled in the same period in which the contribution is received, DSAGC reports the support as unrestricted. When a restriction expires, temporarily restricted net assets are reclassified as net assets released from restrictions.

Investments
Investments are reported at fair value. Investment income consists of interest income. Investment income is classified separately from operating revenue and support.

Property and Equipment

Property and equipment are recorded at cost. DSAGC capitalizes items of $1,000 or over. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method for financial statement purposes. The estimated useful lives for significant property and equipment categories are as follows:

Furniture and fixtures	3 to 5 years
Computer equipment	3 to 7 years
Leasehold improvements	6 years

Tax Status

DSAGC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. In addition, DSAGC qualifies for the charitable contribution deduction under Section 70(b)(10(A) and has been classified as an organization other than a private foundation under Section 509(a)(1). DSAGC has applied the provisions of FASB's ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Under ASC 740-10, nonpublic enterprises, including nonprofit organizations, are required to record a tax liability when substantial uncertainties exist as to whether certain income is exempt from federal, state, and local income tax. As of December 31, 2017, DSAGC had no substantial uncertain income tax provisions. DSAGCs federal tax returns are subject to examination by the Internal Revenue Service for a period of three years from the date they are filed

Contributed Services

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. No amounts have been reflected in the financial statements for contributed services. DSAGC pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist DSAGC.

Functional Allocation of Expenses

The costs of providing DSAGC's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Management Estimates

The preparation of DSAGC's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration of Credit and Market Risk
DSAGC maintains funds in checking and money market accounts at various financial institutions. From time to time, the DSAGC's cash balances at financial institutions may exceed the federal depository insurance coverage. Management considers this to be a normal business risk and DSAGC has not experienced any losses in such accounts.

DSAGC's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to DSAGCs financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among various asset classes should mitigate the impact of changes in any one class.

DSAGC received approximately 53% of its revenues from the Buddy Walk event and approximately 15% of its revenues from the golf event for the year ended December 31, 2017.

Note 2. Investments

Investments are carried at fair value and unrealized gains and losses are reflected in the Statement of Activities and Changes in Net Assets. DSAGC maintains an investment account with a brokerage firm. These funds are invested as follows:

December 31, 2017	Cost	Fair Market Value	Unrealized Gain
Money market fund	$ 433,318	$ 433,318	$ 0
Taxable bond fund	437,521	441,445	3,924
Total	$ 870,840	$ 874,763	$ 3,924

December 31, 2016	Cost	Fair Market Value	Unrealized Loss
Money market fund	$ 527,055	$ 527,055	$ 0
Taxable bond fund	285,919	283,580	(2,339)
Total	$ 812,974	$ 810,635	$ (2,339)

Investment earnings for the years ended December 31, 2017 and 2016 are summarized as follows:

	2017	2016
Realized gains	$ 131	$ 0
Unrealized gains	4,850	1,421
Interest and dividend income	8,400	4,562
Total investment income	$ 13,381	$ 5,983

Note 3. Deferred Rent

In conjunction with its operating lease (See Note 6), DSAGC recognized a deferred rent liability for improvement allowances from the landlord. The liability will be amortized over the life of the lease.

Note 4. Retirement Plan

DSAGC maintains a qualified Section 401(k) profit sharing plan for employees who meet certain employment requirements. Employees are eligible to participate in the plan if they are age 21 or over and work at least 500 hours per year. Employees may elect to defer a percentage of their wages into the plan. DSAGC makes an employer matching contribution to the plan that equals the employee contribution up to 3% of the employee's compensation. DSAGC at its discretion may make profit sharing contributions to the plan in addition to the required match. The Plan's assets are maintained in a separate investment account, with DSAGC as trustee. Employees are fully vested when the funds are deposited, and therefore these assets are not included in DSAGC's financial statements. Employee deferrals into the plan were $34,187 and $36,288 in 2017 and 2016, respectively. The Association's matching contributions were $11,887 and $11,638 for 2017 and 2016, respectively. The Association's discretionary contribution was $21,523 and $21,396 for 2017 and 2016 respectively.

Note 5. Fundraising Events

The Association conducts certain fundraising activities to generate revenues to assist in supporting its programs and activities. During the years ended December 31, 2017 and 2016, fundraising revenues and expenses were as follows:

Year ended December 31, 2017

	Revenue	Expense	Net Proceeds
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
Total	$ 778,339	$ 88,473	$ 689,866

Year ended December 31, 2016

	Revenue	Expense	Net Proceeds
Buddy Walk	$ 532,864	$ 16,495	$ 516,369
Golf outing	197,922	54,395	143,527
All other activities	49,704	3,542	46,162
Total	$ 780,490	$ 74,432	$ 706,058

Note 6. Operating Leases

The Association leases its general office space under an operating lease expiring in December 2020. Rental expenses under the lease were $58,587 and $67,145 in 2017 and 2016 respectively. Future remaining minimum lease payments under the lease agreement are as follows:

	Base Rent	Operating Expenses	Utiltities	Total Rent
2018	43,232	15,491	2,460	61,183
2019	44,950	15,491	2,460	62,901
2020	46,735	15,491	2,460	64,686
Total	$ 134,917	$ 46,473	$ 7,380	$ 188,770

Note 7. Fair Value Measurement

Generally accepted accounting principles establish a fair value measurement hierarchy that prioritizes the inputs to valuation techniques. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of unobservable inputs and have the lowest priority.

The following table summarizes the investments by fair value as of December 31, 2017 and 2016:

	2017	2016
	Level 1	Level 1
Money market fund	$433,318	$527,055
Taxable bond funds	441,445	283,580
Total	$874,763	$810,635

Note 8. Subsequent Events

Management evaluated subsequent events through October 31, 2018, which is the date the financial statements were available to be issued. No subsequent events were identified that required adjustment or disclosure within the financial statements.