DOWN SYNDROME ASSOCIATION OF GREATER CINCINNATI

December 31, 2019

FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

down syndrome association of greater cincinnati

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VonLehman
CPA & ADVISORY FIRM

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed 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, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report of 2018 Financial Statements

The financial statements for the year ended December 31, 2018, were audited by us, and we have expressed an unmodified opinion on them in our report dated July 29, 2019, but we have not performed any auditing procedures since that date.

Emphasis of Matters

As discussed in the notes to the financial statements, during 2019, Down Syndrome Association of Greater Cincinnati adopted Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958) and ASU No. 2014-09 *Revenue from Contracts with Customers* (Topic 606), as amended. Our conclusion is not modified with respect to these matters.

VonLehman & Company Inc.

Fort Wright, Kentucky
June 9, 2020

DOWN SYNDROME ASSOCIATION OF GREATER CINCINNATI
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31, 2019 (Reviewed)	December 31, 2018 (Audited)
Current Assets		
Cash	$ 861,629	$ 109,537
Accounts Receivable	9,510	4,103
Grants Receivable	10,000	10,000
Investments	512,577	1,021,397
Prepaid Expenses	7,445	9,017
Total Current Assets	1,401,161	1,154,054
Property and Equipment, Net	39,020	64,507
Other Assets (Less Current Portion)		
Grants Receivable	-	10,000
Security Deposits	3,150	3,150
Total Other Assets	3,150	13,150
Total Assets	$ 1,443,331	$ 1,231,711

LIABILITIES AND NET ASSETS

	2019	2018
Current Liabilities		
Accounts Payable	$ 18,209	$ 1,834
Accrued Expenses and Other Liabilities	35,964	45,492
Deferred Rent	15,145	15,145
Deferred Income	29,249	-
Total Current Liabilities	98,567	62,471
Long Term Liabilities (Less Current Portion)		
Deferred Rent	-	15,145
Total Liabilities	98,567	77,616
Net Assets		
Without Donor Restrictions		
Undesignated	522,057	500,833
Board Designated	613,589	468,929
Total Without Donor Restrictions	1,135,646	969,762
With Donor Restrictions	209,118	184,333
Total Net Assets	1,344,764	1,154,095
Total Liabilities and Net Assets	$ 1,443,331	$ 1,231,711

See accountants' report and accompanying notes.

DOWN SYNDROME ASSOCIATION OF GREATER CINCINNATI
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019
(Reviewed)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Program Revenue	$ 39,765	$ -	$ 39,765
Contributions	252,400	20,084	272,484
Grants	42,416	94,034	136,450
Fundraising Events, Net	870,980	-	870,980
Net Investment Return	42,840	-	42,840
Loss on Disposal of Property and Equipment	(2,567)	-	(2,567)
Total Revenue, Support, and Gains	1,245,834	114,118	1,359,952
Net Assets Released From Restriction	89,333	(89,333)	-
Total Revenue, Support, Gains and Reclassifications	1,335,167	24,785	1,359,952
Expenses			
Program Services	786,448	-	786,448
Management and General	177,958	-	177,958
Fundraising and Development	204,877	-	204,877
Total Expenses	1,169,283	-	1,169,283
Change in Net Assets	165,884	24,785	190,669
Net Assets, Beginning of Year	969,762	184,333	1,154,095
Net Assets, End of Year	$ 1,135,646	$ 209,118	$ 1,344,764

See accountants' report and accompanying notes.

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

	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 accountants' report and accompanying notes.

DOWN SYNDROME ASSOCIATION OF GREATER CINCINNATI
STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2019 (Reviewed)				Year Ended December 31, 2018 (Audited)			
	Program Services	Management and General	Fundraising and Development	Total	Program Services	Management and General	Fundraising and Development	Total
Salaries and Wages	$ 365,899	$ 72,778	$ 139,078	$ 577,755	$ 353,124	$ 66,565	$ 132,200	$ 551,889
Payroll Taxes	28,002	5,512	10,583	44,097	27,359	5,130	10,259	42,748
Employee Benefits	19,688	4,782	23,978	48,448	25,768	5,871	10,201	41,840
Meetings	136,987	3,006	5,474	145,467	121,544	964	6,952	129,460
Dues	20,734	174	553	21,461	18,485	176	736	19,396
Occupancy	44,172	6,495	14,290	64,957	43,564	6,363	15,337	65,264
Depreciation	-	24,655	-	24,655	-	31,148	-	31,148
NDSAN	36,840	-	-	36,840	30,000	-	-	30,000
Supplies	13,601	807	1,779	16,187	22,645	1,711	4,237	28,592
Information Technology	26,243	2,487	-	28,730	17,612	2,229	-	19,841
Printing	13,805	1,344	2,835	17,984	15,100	-	4,020	19,120
Bank Charges	-	16,683	-	16,683	-	13,697	-	13,697
Conferences	9,434	-	-	9,434	13,110	115	124	13,349
Dues	-	14,350	-	14,350	-	12,303	-	12,303
Scholarships	45,423	-	-	45,423	10,301	-	-	10,301
Local Travel	7,783	276	1,616	9,675	8,520	128	1,320	9,968
Postage	5,404	538	1,832	7,774	5,742	525	2,204	8,472
Insurance	5,390	719	1,583	7,692	4,402	643	1,549	6,594
Accounting Fees	-	17,436	-	17,436	-	6,405	-	6,405
Printing and Copier	2,795	411	904	4,110	2,481	362	873	3,716
Professional Services	-	1,038	-	1,038	-	3,500	-	3,500
Payroll Processing	-	2,438	-	2,438	-	2,717	-	2,717
Books	2,038	48	27	2,113	1,995	-	-	1,995
Training	788	1,022	345	2,155	1,073	115	335	1,523
Telephone	1,422	959	-	2,381	503	847	-	1,350
Total Expenses by Function	$ 786,448	$ 177,958	$ 204,877	$ 1,169,283	$ 723,328	$ 161,514	$ 190,346	$ 1,075,188

See accountants' report and accompanying notes.

DOWN SYNDROME ASSOCIATION OF GREATER CINCINNATI
STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2019 (Reviewed)	2018 (Audited)
Cash Flows From Operating Activities		
Change in Net Assets	$ 190,669	$ 217,261
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	24,655	31,148
Net Investment Return on Investments	(42,840)	(4,122)
Loss on Disposal of Assets	2,567	-
Changes in Operating Assets and Liabilities		
Accounts Receivable	(5,407)	(3,502)
Grants Receivable	10,000	(20,000)
Prepaid Expenses	1,572	(9,017)
Accounts Payable	16,375	(12,075)
Accrued Expenses and Other Liabilities	(9,528)	4,403
Deferred Rent	(15,145)	(15,145)
Deferred Income	29,249	-
Net Cash Provided by Operating Activities	202,167	188,951
Cash Flows From Investing Activities		
Purchase of Investments	(451,897)	(142,512)
Proceeds from Sale of Investments	1,003,557	-
Purchase of Property and Equipment	(1,735)	(3,210)
Net Cash Provided (Used) by Investing Activities	549,925	(145,722)
Net Change in Cash	752,092	43,229
Cash, Beginning of Year	109,537	66,308
Cash, End of Year	$ 861,629	$ 109,537

See accountants' report and 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.

The Organization's viability is dependent on the success of program services, contributions and grants, etc. and the Organization's ability to collect on its contracts with customers.

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 both December 31, 2019 and 2018 since the Organization does not expect any material losses.

Contract Assets and Liabilities

Receivables from contracts with customers are reported as unbilled receivables in the accompanying statements of financial positions. Contract liabilities are reported as deferred income in the accompanying statements of financial position.

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 and 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, 2019 and 2018.

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 from Contracts with Customers

Revenue is measured as the amount of consideration expected to be received in exchange for providing services. The Organization recognizes contract revenue for financial reporting purposes at a point in time. Depending on the terms of the contract, the Organization may defer the recognition of revenue and record a contract liability when a further performance obligation has not yet occurred.

The Organization's contract services include fees for services provided to individuals seeking down-syndrome related assistance, education, etc. as well as events aimed towards accomplishing these objectives. All revenue is recognized at a point in time, which is upon completion of these services or events.

Revenue from Contributions

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Advertising Costs

The Organization expenses advertising costs as they are incurred.

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.

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, 2019 or 2018. 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, 2019 or 2018.

Recently Issued Significant Accounting Standard

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, 2021.

The Organization is currently in the process of evaluating the impact of adoption of this ASU on its financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in Accounting Principle

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Organization has implemented Topic 606 and has adjusted the presentation in these financial statements accordingly.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements.

Collectively, the new Topic 606 and 958 will be referred to as the “new guidance.”

The Organization adopted the requirements of the new guidance as of January 1, 2019, utilizing the modified retrospective method of transition. However, the adoption of this new guidance did not result in the Organization changing its policies for recognizing revenue and thus no cumulative adjustment to the Organization’s net assets as of January 1, 2019 was necessary. The amounts reported in the financial statements for 2019 are the same amounts that would have been reported under the former guidance. The Organization did apply the new guidance using the practical expedient provided in Topic 606 and 958 that allows the guidance to be applied only to contracts and contributions that weren’t complete as of January 1, 2019. The effects of applying this practical expedient were not significant to the financial statements.

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,	
	2019	2018
Cash	$ 861,629	$ 109,537
Investments	512,577	1,021,397
Accounts Receivable	9,510	4,103
Grants Receivable	10,000	20,000
Assets Restricted by Donors	(209,118)	(184,333)
Assets Designated by the Board	(613,589)	(468,929)
Total Financial Assets Available	$ 571,009	$ 501,775

The Organization’s Board has designated an operating reserve as part of investments of $512,491 and $443,756 as of December 31, 2019 and 2018, respectively, for future needs of the Organization. Additionally, the Organization’s Board designated endowment of $101,098 and $25,173 as of December 31, 2019 and 2018, respectively, 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, 2019	December 31, 2018
Cash and Cash Equivalents	$ 34,357	$ 578,595
Mutual Funds	478,220	442,802
Total Investments	$ 512,577	$ 1,021,397

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, 2019 and 2018.

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.

All investments were valued at Level 1 at both December 31, 2019 and 2018.

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, 2019	December 31, 2018
Leasehold Improvements	$ 141,174	$ 141,174
Computers and Equipment	33,165	34,639
Furniture and Fixtures	6,095	6,095
	180,434	181,908
Less Accumulated Depreciation	141,414	117,401
Total Property and Equipment, Net	$ 39,020	$ 64,507

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.

NOTE 7 - ENDOWMENTS (Continued)

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, 2019 is as follows:

		Without Donor Restriction
Board-Designated Endowment Funds	$	101,098

Changes in endowment net assets for the year ended December 31, 2019 are as follows:

Endowment Net Assets, Beginning of Year	$	25,173
Transfers from Operating Funds		75,000
Investment Return, Net		925
Endowment Net Assets, End of Year	$	101,098

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

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 or Transfers		95
Investment Return, Net		126
Endowment Net Assets, End of Year	$	25,173

NOTE 8 - BOARD DESIGNATED NET ASSETS

The Board designated net assets for the following purposes:

	December 31, 2019	December 31, 2018
Endowment Purposes	$ 101,098	$ 25,173
Operating Reserve	512,491	443,756
	$ 613,589	$ 468,929

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	December 31, 2019	December 31, 2018
Subject to Expenditure for Specified Purpose		
Adult Program	$ 80,000	$ 95,000
Healthy Aging Program	10,000	20,000
iCan Bike Program	-	20,000
Summer Tutoring	-	12,000
Fine Arts	-	14,000
Outreach for Seniors	5,000	5,000
Adoption Costs	-	5,000
Educational Outreach	-	3,333
Family Coaching	-	10,000
DS Press	2,200	-
Educational Workshops	15,000	-
Youth Empowerment	10,000	-
Employment	25,000	-
Empowerment Center	60,084	-
Discover You	1,834	-
Total Net Assets with Donor Restrictions	$ 209,118	$ 184,333

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:

	2019	2018
Satisfaction of Purpose Restrictions		
Educational Outreach	$ -	$ 23,617
iCan Bike Program	20,000	10,000
Adult Program	15,000	5,000
Family Coaching	10,000	8,250
Summer Tutoring	12,000	-
Fine Arts	14,000	-
Adoption Costs	5,000	-
Educational Outreach	3,333	-
Healthy Aging Program	10,000	-
Total Net Assets Released From Restrictions	$ 89,333	$ 46,867

NOTE 10 - FUNDRAISING EVENTS

The Organization had fundraising revenues and expense as follows:

	Year Ended December 31, 2019		
	Revenue	Expenses	Net
Buddy Walk	$ 724,865	$ 19,547	$ 705,318
Golf Outing	258,929	158,019	100,910
All Other Activities	76,772	12,020	64,752
	$ 1,060,566	$ 189,586	$ 870,980

	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

In 2019 and 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 years ended December 31, 2019 and 2018 were $100,911 and $68,388, respectively.

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 $3,232 and $3,167 for 2019 and 2018, respectively.

The Organization leases its office space under an operating lease. During the year, the lease was expanded to include additional space to begin in occupancy in 2021 and was extended through December 2025. The lease carries a monthly payment of $3,831, plus taxes and utilities. Due to the expansion into the additional space, the monthly payment is set to increase $6,499 in June 2020. Lease expense, including utilities and taxes, was $63,985 and $62,842 for 2019 and 2018, respectively. In conjunction with this operating lease the Organization recognized a deferred rent liability for improvement allowances from the landlord. The liability is amortized over the life of the lease.

NOTE 11 - OPERATING LEASES AND DEFERRED RENT (Continued)

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

Years Ending December 31,	Equipment	Office Space	Total
2020	$ 2,004	$ 64,648	$ 66,652
2021	420	77,992	78,412
2022	105	79,577	79,682
2023	-	81,162	81,162
2024	-	82,747	82,747
Thereafter	-	84,412	84,412
	$ 2,529	$ 470,538	$ 473,067

NOTE 12 - RETIREMENT PLAN

During the years ended December 31, 2019 and 2018, the Organization incurred expenses related to the Organization sponsored retirement plan in the amounts of $43,994 and $34,602, respectively.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

The Organization has a commitment for the renovation of expanded office space at December 31, 2019 for approximately $25,000. The commitment is due at the completion of renovations, which are expected to be completed in May 2020.

NOTE 14 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 9, 2020, which is the date the financial statements were available to be issued.

Subsequent to the date of these financial statements, the world has been responding to an outbreak of a respiratory disease caused by a novel coronavirus. This coronavirus outbreak has been declared a pandemic by the World Health Organization, and declared a national emergency in the United States of America. The outbreak and response has impacted financial and economic markets across the world and within the United States of America. The Organization applied for relief funding that is being provided as a result of the pandemic and received approximately $130,000 as part of the Paycheck Protection Program. While the Organization continues to monitor this emergency and adjust accordingly, the impact to the Organization is uncertain as of the date of these financial statements, and as such no adjustment has been made to these financial statements as a result.

The Organization has evaluated events and conditions related to the valuation of its investment portfolio to determine if an impairment exists. In order to determine if an impairment is other-than-temporary, the Organization considers all available information relevant to the collectability of the security, including past events, current conditions, and reasonable and supportable forecasts. Evidence considered in this assessment includes the reasons for the decline in value, the severity of the impairment, changes in value subsequent to year-end, forecasted performance of the investee, and the general market condition in the geographic area or industry in which the investee operates. Based on the above criteria, management has determined that an other-than-temporary impairment does not exist as of December 31, 2019.