

**DOWN SYNDROME CONNECTION
OF THE BAY AREA
(A Nonprofit Organization)**

**FINANCIAL STATEMENTS
DECEMBER 31, 2020
With Summarized Comparative Totals for
DECEMBER 31, 2019**

**CARATHIMAS AND ASSOCIATES
Certified Public Accountant**

DOWN SYNDROME CONNECTION OF THE BAY AREA
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Down Syndrome Connection of the Bay Area
101-J Town and Country Drive
Danville, CA 94526

I have audited the accompanying financial statements of the Down Syndrome Connection of the Bay Area (a non-profit organization), which comprise the statement of financial position as of December 31, 2020, the related statement of activities and functional expenses, and statement of 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

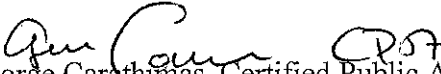
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Down Syndrome Connection of the Bay Area as of December 31, 2020, and the related statements of activities and functional expenses and statement of cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

I have previously audited the Down Syndrome Connection of the Bay Area 2019 financial statements, the report dated February 29, 2020. It expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.


George Carathimas, Certified Public Accountant
San Ramon, California
February 12, 2021

DOWN SYNDROME CONNECTION OF THE BAY AREA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020 and 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Current Assets		
Cash	\$ 718,215	\$ 377,912
Marketable Securities	4,472	5,232
Prepaid Expense	5,026	5,025
Total Current Assets	\$ 727,713	\$ 388,169
Fixed Assets		
Furniture and equipment	\$ 21,246	\$ 21,246
Leasehold Improvements	251,841	251,841
Less: Accumulated Depreciation/Amortization	(122,390)	(97,274)
Total Fixed Assets	\$ 150,697	\$ 175,813
Other Assets		
Deposits	\$ 4,244	\$ 4,244
Total Other Assets	\$ 4,244	\$ 4,244
Total Assets	\$ 882,654	\$ 568,226

LIABILITIES AND NET ASSETS

Liabilities

Current Liabilities		
Accounts Payable	\$ 8,757	\$ 5,534
Long-Term Liability		
SBA Loans	\$ 149,900	
Total Liabilities	\$ 158,657	\$ 5,534

Net Assets

With Donor Restrictions	\$ 122,000	\$ 52,000
Without Donor Restrictions	601,997	510,692
Total Net Assets	\$ 723,997	\$ 562,692
Total Liabilities and Net Assets	\$ 882,654	\$ 568,226

The accompanying notes to financial statements are an integral part of this report.

**DOWN SYNDROME CONNECTION OF THE BAY AREA
STATEMENT OF ACTIVITIES AND FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020 and 2019**

	2020		2019	
	Program	Fundraising	Administration	Total
Unrestricted Revenues				
Individual/Small Business Contributions	\$ 107,201	\$ -	\$ -	\$ 107,201
Fundraising Activities		502,831		502,831
Grants&Capital Grants	298,177			298,177
Program Service Fees	42,921			42,921
Investment Income (Loss)			(504)	(504)
Other Income			156,535	156,535
Total Unrestricted Revenues	\$ 448,299	\$ 502,831	\$ 156,031	\$ 1,107,161
				\$ 1,028,763
Expenses				
Salaries and Wages	\$ 542,537	\$ 20,061	\$ 67,989	\$ 630,587
Employee Benefits	51,768	2,148	7,090	61,006
Education and Advocacy	7,943	20,173		28,116
Fundraising Expenses		21,130	26,320	47,450
Professional Services	64,898		637	65,535
Supplies	18,200		1,272	19,472
Communications	38,686		5,824	44,510
Occupancy	63,515	830	581	64,926
Equipment Rental and Maintenance	5,230			5,230
Depreciation	25,116			25,116
Conference, Conventions and Meetings	3,212			3,212
Insurance	7,764	700	910	9,374
Staff Development	2,635			2,635
Affiliate Expense	5,288			5,288
Miscellaneous	2,692	707		3,399
Total Expenses	\$ 839,484	\$ 65,749	\$ 110,623	\$ 1,015,856
Increase (Decrease) in Unrestricted Net Assets	\$ (391,185)	\$ 437,082	\$ 45,408	91,305
Unrestricted Net Assets, Beginning of Year				510,692
Unrestricted Net Assets, End of Year				\$ 601,997
				\$ 510,692

The accompanying notes to financial statements are an integral part of this report.

**DOWN SYNDROME CONNECTION OF THE BAY AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020 and 2019**

Cash Flows from Operations:	<u>2020</u>	<u>2019</u>
Change in Net Assets	\$ 91,305	\$ 23,143
Add: Depreciation/Amortization	25,116	25,116
Adjustments to Reconcile - Operations		
Increase (Decrease) in Prepaid Expense	-	3,854
Increase (Decrease) in Accounts Payable	3,223	(5,444)
Increase (Decrease) in Net Assets with Donor Restrictions		(63,369)
Adjustments to Reconcile - Investing Activities		
(Increase) Decrease in Marketable Securities	759	(565)
SBA Loan	149,900	-
Increase (Decrease) in Cash	<u>270,303</u>	<u>(17,265)</u>
Cash, Beginning of Year	<u>377,912</u>	<u>395,177</u>
Cash, End of Year	<u>\$ 648,215</u>	<u>\$ 377,912</u>

The accompanying notes to financial statements are an integral part of this report.

DOWN SYNDROME CONNECTION OF THE BAY AREA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 – ORGANIZATION

2020 was their 21st year serving the community and once again they had a very positive income year thanks to significant growth in fundraising efforts with their annual walk and spring gala raising \$372,000 alone. The Down Syndrome Connection (DSCBA) is highly thought of by the community. Outside service groups, corporations and other community members raised \$130,408 through fundraising efforts that benefitted the DSCBA.

The organization continued to grow during COVID 19 adding Spanish speaking Music Therapy classes and Thrive classes have grown to 12. Moving them to Zoom, which was great for families farther from our office who had trouble attending in person. The classes are able to reach students in other states who have moved away via Zoom.

2020 also brought significant growth in membership welcoming 36 new babies and their families, as well as many others of all ages with Down syndrome and their families.

Community Impact: Food Relief Program Raised more than \$17,000 from John Muir Health, the Lowell Berry Foundation, the Global Down Syndrome Foundation, and our general operating fund to provide six weeks of weekly fresh food boxes to 65 families (300 individuals fed) with a child or adult with Down Syndrome in the Bay Area who have been experiencing food insecurity due to the COVID-19 pandemic. The boxes included fresh fruits and vegetables, meat, eggs, milk, and other staples and were delivered straight to families across the East Bay and Greater.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The net assets, revenues, gains and losses, other support and expenses and other charges in the accompanying financial statements are classified based on the existence or absence of donor-imposed restrictions. Accordingly, for reporting purposes net assets of the Organization and changes therein are classified as follows:

Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. There were no temporarily restricted net assets at December 31, 2020.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Recognition of Donor Restrictions - Support that is restricted by the donor is reported as an increase in with or without donor restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to without donor restricted assets.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total by net class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Use of Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

The Organization is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and from state franchise tax under Revenue and Taxation Code Section 23701(d), but is subject to taxes on unrelated business income when earned. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

DOWN SYNDROME CONNECTION OF THE BAY AREA
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

As of December 31, 2020, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization's tax years for 2015 through 2019 remain open and could be subject to the examination by the federal tax jurisdiction. For the state tax jurisdiction, the tax years 2014 through 2019 remain open and could be subject to examination.

Property and Equipment

All acquisitions of property and equipment in excess of \$2,499 are capitalized while expenditures for repairs and maintenance that do not improve or extend the useful lives of respective assets are expensed currently. Property and equipment are carried at cost. Depreciation for property and equipment is computed using the straight-line method over 3 to 30 years. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method.

Compensated Absences

Only salaried permanent employees have vacation time allotted. Vacation is agreed upon in their employment contracts as a negotiated benefit. Vacation may not be carried over into following year when unused in given year without written agreement between employee and the Executive Director. If carry over is approved, only a maximum of one week will be allowed.

Employees will not be paid for unused vacation. All vacation must be used in given years unless otherwise negotiated in writing.

NOTE 3 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject Down Syndrome Connection of the Bay Area to concentrations of credit risk consist principally of cash deposits. The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$250,000 at each institution. At December 31, 2020 and 2019, the Organization had approximately \$423,540 and \$83,483, respectively, in excess of FDIC insured limits.

Down Syndrome Connection of the Bay Area
Notes to Financial Statements - Continued
December 31, 2020

NOTE 4 - CASH ON HAND AND CASH IN BANK

Cash at December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Schwab – Money Market	46,538	44,429
Mechanics Bank – General	627,002	286,954
Mechanics Bank – Savings	44,675	46,529
	<u>\$ 718,215</u>	<u>\$ 377,912</u>

*The balance at Mechanic's Bank is insured by Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The brokerage account is insured by the Securities Investors Protection Corporation (SIPC) up to \$250,000 at Charles Schwab.

NOTE 5 - MARKETABLE SECURITIES

Marketable Securities are valued at their fair market value.

NOTE 6 - FIXED ASSETS

Fixed assets are being depreciated utilizing the straight-line method over ten years.

		<u>Fixed</u>		<u>Fixed</u>		<u>Fixed</u>
	<u>Life</u>	<u>Assets</u>	<u>Additions/</u>	<u>Assets</u>	<u>Additions/</u>	<u>Assets</u>
		<u>12/31/18</u>	<u>Deletions</u>	<u>12/31/19</u>	<u>Deletions</u>	<u>12/31/20</u>
Furniture/Equipment	5	\$ 25,796	\$ -	\$ 25,796	\$ -	\$ 25,796
Leasehold Improvement	30	247,291	-	247,291	-	247,291
Less Accumulated Depreciation		(72,158)	(25,116)	(97,274)	(25,116)	(122,390)
		<u>\$ 200,929</u>	<u>\$ (25,116)</u>	<u>\$ 175,813</u>	<u>\$ (25,116)</u>	<u>\$ 150,697</u>

NOTE 7 - OTHER INCOME

Other income includes:

1. \$43,410 of unclaimed funds received from the State of California. Proceeds from the closure years ago of another nonprofit, that were under dispute.
2. \$113,125 of Payroll Protection Plan Loan proceeds. The proceeds are considered income due to their forgiveness, because of fulfillment of certain conditions, by the SBA.

NOTE 8 - LONG TERM DEBT

Long term debt consists of an SBA Loan totaling \$150,000 funded July 22, 2020. It accrues interest at 2.75% per annum, with monthly payments of \$641, starting July 22, 2021, over 30 years. It is collateralized by all tangible and intangible personal property currently owned or acquired in the future by DSCBA. It was repaid to SBA in January 2021.

Payments due 5 years beyond:

	Total		
	Payment	Principle	Interest
2021	\$ 3,065	\$ 1,349	\$ 1,716
2022	7,692	3,302	4,390
2023	7,692	3,394	4,298
2024	7,692	3,488	4,204
2025	7,692	3,585	4,107
Beyond	186,527	134,782	51,745
Total	<u>\$ 220,360</u>	<u>\$ 149,900</u>	<u>\$ 70,460</u>

NOTE 9 - LEASE AGREEMENT

The main facility comprising of about 2,632 square feet at 101 Town & County Drive, Danville, CA is leased under following terms;

		Rate per month
Term 5 years	4/1/2020 - 3/31/2021	5,177
	4/1/2021 - 3/31/2022	5,332

There is an option available to renew the lease for 5 years with a minimum 3% increase per year at a base renewal rate in 5 years at 95% of the fair market value.

The Organization is committed into a lease agreement for a copier effective July 2017 for 39 months at \$324 per month.

Total Lease Commitments

Year	
2021	63,519
2022	15,996

NOTE 10 - SUBSEQUENT EVENTS

The Organization did not have any subsequent events that required recognition or disclosure in the financial statements for the year ended December 31, 2020. Subsequent events have been evaluated through February 12, 2020 the date the financial statements became available to be issued. The entity has not evaluated subsequent events after February 12, 2020.