

Financial Statements

**DOWN SYNDROME ASSOCIATION OF
CENTRAL FLORIDA, INC.**

July 31, 2009

DOWN SYNDROME ASSOCIATION OF CENTRAL FLORIDA, INC.

Financial Statements

July 31, 2009

(With Independent Auditors' Report Thereon)

DOWN SYNDROME ASSOCIATION OF CENTRAL FLORIDA, INC.

Financial Statements

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Independent Auditors' Report

The Board of Directors
Down Syndrome Association of Central Florida, Inc.:

We have audited the accompanying statement of financial position of Down Syndrome Association of Central Florida, Inc. (the Organization) as of July 31, 2009, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2008 financial statements and, in our report dated December 26, 2008, we expressed an unqualified opinion on those financial statements.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Down Syndrome Association of Central Florida, Inc. at July 31, 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended July 31, 2008, from which the summarized information was derived.

Schaffer, Tschopp, Whitcomb, Mitchell & Sheridan, LLP

January 13, 2010

DOWN SYNDROME ASSOCIATION OF CENTRAL FLORIDA, INC.

Statements of Financial Position

July 31, 2009 and 2008

Assets

	2009	2008
Current assets		
Cash and cash equivalents	\$ 198,481	182,852
Investments (note 2)	926,257	1,139,032
Total current assets	1,124,738	1,321,884
Property and equipment, net (note 3)	544,591	555,949
Total assets	\$ 1,669,329	1,877,833

Liabilities and Net Assets

Current liabilities:		
Accrued expenses	\$ 56	2,448
Current portion of long-term debt (note 4)	4,588	4,268
Total current liabilities	4,644	6,716
Long-term debt, less current portion (note 4)	257,288	261,876
Total liabilities	261,932	268,592
Unrestricted net assets:		
Undesignated	1,385,400	1,581,715
Board designated, scholarship	21,997	27,526
Total unrestricted net assets	1,407,397	1,609,241
Total liabilities and net assets	\$ 1,669,329	1,877,833

See accompanying notes to financial statements.

DOWN SYNDROME ASSOCIATION OF CENTRAL FLORIDA, INC.

Statement of Activities and Changes in Net Assets

Year ended July 31, 2009

(With summarized comparative data from the year ended July 31, 2008)

	<u>2009</u>	<u>2008</u>
Unrestricted net assets:		
Public support and revenue:		
Public support:		
Contributions	\$ 205,625	24,748
Special events	282,902	269,798
Less direct benefits to donors	(73,050)	(25,996)
Revenue:		
Investment income	(120,997)	(14,092)
Membership dues	9,952	5,273
Total support and revenue	<u>304,432</u>	<u>259,731</u>
Expenses:		
Program services	354,232	304,154
Supporting services:		
Management and general	117,119	47,972
Fund raising	34,925	8,845
Total expenses	<u>506,276</u>	<u>360,971</u>
Change in net assets	(201,844)	(101,240)
Net assets at beginning of year	<u>1,609,241</u>	<u>1,710,481</u>
Net assets at end of year	<u>\$ 1,407,397</u>	<u>1,609,241</u>

See accompanying notes to financial statements.

DOWN SYNDROME ASSOCIATION OF CENTRAL FLORIDA, INC.

Statement of Functional Expenses

Year ended July 31, 2009

(With summarized comparative data from the year ended July 31, 2008)

	Year ended July 31, 2009				Year ended
	Program	Management and General	Fund Raising	Total	July 31, 2008
Payroll and related expenses	\$ 99,265	9,969	28,631	137,865	118,652
Conferences	43,957	6,040	-	49,997	33,840
Telephone	-	8,099	-	8,099	5,670
Service charges and fees	-	1,118	-	1,118	550
Dues	-	1,815	-	1,815	882
Newsletter	22,802	-	-	22,802	15,123
Insurance	-	7,968	-	7,968	4,678
Office supplies	-	10,874	-	10,874	4,173
Scholarships	31,440	-	-	31,440	85,275
Resource development	-	-	-	-	36,273
Medical clinic	118,400	-	-	118,400	-
Board development	-	902	-	902	712
Family emergency fund	2,000	-	-	2,000	3,696
Professional fees	-	30,179	-	30,179	8,000
Meeting expense	1,092	-	-	1,092	2,817
Lending library and literature	5,293	-	-	5,293	3,349
Evaluation	1,765	-	-	1,765	1,240
Education consult	1,145	-	-	1,145	310
Workshops	1,125	-	-	1,125	4,087
Special events	-	-	6,294	6,294	2,912
Other	11,599	-	-	11,599	3,943
Adoption	-	-	-	-	2,000
Adolescent social	862	-	-	862	1,850
Member support	715	-	-	715	3,423
Utilities	-	2,815	-	2,815	837
Marketing	12,772	-	-	12,772	6,441
Depreciation	-	11,358	-	11,358	3,786
Interest	-	19,155	-	19,155	6,452
Property tax	-	4,231	-	4,231	-
Maintenance	-	2,596	-	2,596	-
	<u>\$ 354,232</u>	<u>117,119</u>	<u>34,925</u>	<u>506,276</u>	<u>360,971</u>

See accompanying notes to financial statements.

DOWN SYNDROME ASSOCIATION OF CENTRAL FLORIDA, INC.

Statements of Cash Flows

Years ended July 31, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Change in net assets	\$ (201,844)	(101,240)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	11,358	3,786
Unrealized loss on investments	33,610	105,101
Change in operating assets and liabilities:		
Accrued expenses	(2,392)	116
Net cash (used in) provided by operating activities	(159,268)	7,763
Cash flows from investing activities:		
Purchase of property	-	(559,735)
Proceeds from sale of investments	179,165	244,156
Net cash provided by (used in) investing activities	179,165	(315,579)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	-	267,500
Principal payments on long-term debt	(4,268)	(1,356)
Net cash (used in) provided by financing activities	(4,268)	266,144
Change in cash and cash equivalents	15,629	(41,672)
Cash and cash equivalents at beginning of year	182,852	224,524
Cash and cash equivalents at end of year	\$ 198,481	182,852

See accompanying notes to financial statements.

DOWN SYNDROME ASSOCIATION OF CENTRAL FLORIDA, INC.

Notes to Financial Statements

July 31, 2009

(1) **Summary of Significant Accounting Policies**

(a) **General**

Down Syndrome Association of Central Florida, Inc. (the Organization) is a not-for-profit Florida corporation, incorporated in 1992. Down Syndrome Association of Central Florida, Inc. is organized and operated exclusively for educational, scientific, and charitable purposes. The mission of the Organization is to be the leading voice for individuals with Down syndrome and their families. The Organization offers hope, encouragement and acceptance through advocacy, education and awareness so that each may realize their potential as members of our community.

(b) **Basis of Presentation**

The Organization has adopted the provisions of Statements of Financial Accounting Standards No. 116, Accounting for Contributions Received and Contributions Made (SFAS No. 116) and Statement of Financial Accounting Standards No. 117, Financial Statements for Not-for-Profit Organizations, (SFAS No. 117).

SFAS No. 116 requires that unconditional promises to give (pledges) be recorded as receivables and revenue and requires the Organization to distinguish between promises received for each net asset category in accordance with donor restrictions, if any.

Under SFAS No. 117, net assets and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- ◆ Unrestricted net assets---Net assets that are not subject to donor-imposed stipulations.
- ◆ Temporarily restricted net assets---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.
- ◆ Permanently restricted net assets---Net assets subject to donor-imposed stipulations that will be maintained permanently by the Organization. Donors of these assets permit the Organization to use all, or part of, the earnings on related investments for general or specific purposes.

(Continued)

DOWN SYNDROME ASSOCIATION OF CENTRAL FLORIDA, INC.

Notes to Financial Statements

July 31, 2009

(1) **Summary of Significant Accounting Policies - Continued**

(b) **Basis of Presentation (Continued)**

Contributions received with donor imposed restrictions that are met in the same year as they are received are reported as unrestricted support. In addition, absent explicit donor stipulations about how long fixed assets must be maintained, the Organization reports expirations of donor restrictions on cash or cash equivalents that must be used to acquire fixed assets when the fixed assets begin construction and/or are acquired.

(c) **Property and Equipment**

Property and equipment are stated at cost, or estimated market value at the date of receipt if donated, less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. All property expenditures in excess of \$500 are capitalized; maintenance and renewals are charged to expense as incurred.

(d) **Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

(e) **Public Support and Revenue**

All contributions are considered available for the general programs of the Organization, unless specifically restricted by the donor.

(f) **Contributions**

Contributions of services are recognized when they are received if the services (a) create or enhance non-financial assets or (b) require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not donated. During the year ended July 31, 2009, the Organization recorded \$173,400 of in-kind contributions.

(Continued)

DOWN SYNDROME ASSOCIATION OF CENTRAL FLORIDA, INC.

Notes to Financial Statements

July 31, 2009

(1) **Summary of Significant Accounting Policies - Continued**

(g) **Long-Lived Assets**

The Organization follows the policy of lifting restrictions on contributions of cash and other assets received for the acquisition of long-lived assets when the long-lived assets are acquired.

(h) **Use of Estimates**

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

(i) **Functional Allocation of Expenses**

The costs of providing Organization programs and the administration of the Organization 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.

(j) **Cash and Cash Equivalents**

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(k) **Income Taxes**

The Organization is exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code. Consequently, no provision for income taxes has been included in the accompanying financial statements.

(l) **Financial Instruments Fair Value, Concentration of Business and Credit Risks**

The carrying amount reported in the balance sheet for cash and cash equivalents, accounts receivable, and accrued expenses approximates fair value because of the immediate or short-term maturity of these financial instruments.

(Continued)

DOWN SYNDROME ASSOCIATION OF CENTRAL FLORIDA, INC.

Notes to Financial Statements

July 31, 2009

(1) **Summary of Significant Accounting Policies - Continued**

(m) **Subsequent Events**

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition and disclosure through December 31, 2009, which is the date the financial statements were available to be issued.

(2) **Investments**

Investments held by the Organization consist of equity securities, mutual funds, and certain government and corporate fixed income securities and are stated at market value.

The Organization follows the provisions of FASB Statement No. 157, *Fair Value Measurements* ("FAS 157"), which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. FAS 157 currently applies to all financial assets and liabilities, as well as for any other assets and liabilities that are carried at fair value on a recurring basis. The adoption of the provisions of FAS 157 did not impact the Organization's financial position or results of operations.

FAS 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FAS 157 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

FAS 157 describes three levels of inputs used to measure fair value:

Level 1: quoted prices in active markets for identical assets or liabilities

Level 2: quoted prices for similar assets and liabilities in active markets or inputs that are observable

Level 3: inputs that are unobservable (for example, cash flow modeling based on assumptions)

The Organization did not change its valuation techniques during the year and continues to use Level 1 inputs to measure the fair value of its investments.

(Continued)

DOWN SYNDROME ASSOCIATION OF CENTRAL FLORIDA, INC.

Notes to Financial Statements

July 31, 2009

(2) Investments

The following table summarizes the valuation of the Organization's financial assets measured at fair value on a recurring basis as of July 31, 2009, based on the level of input utilized to measure fair value:

	Fair Value	Cost	Unrealized Gains (Losses)
Fixed income securities	\$ 393,009	392,608	401
Common stock	533,248	567,259	(34,011)
	\$ 926,257	959,867	(33,610)

(3) Property and Equipment

Major classifications of property and equipment at July 31, 2009 are summarized below:

Land	\$ 83,600
Buildings and improvement	476,135
	559,735
Accumulated depreciation	(15,144)
	\$ 544,591

(4) Long-Term Debt

Long-term debt is comprised of the following at July 31, 2009:

7.25% mortgage note payable due in monthly installments of \$1,952, including interest; secured by land and building in Winter Park, Florida; matures March 2015.	\$ 261,876
Less current portion	4,588
	\$ 257,288

(Continued)

DOWN SYNDROME ASSOCIATION OF CENTRAL FLORIDA, INC.

Notes to Financial Statements

July 31, 2009

(4) Long-Term Debt (Continued)

Maturities of long-term debt for the years ending July 31, are as follows:

<u>Year</u>	<u>Maturities</u>
2010	\$ 4,588
2011	4,932
2012	5,302
2013	5,699
2014	6,126
2015	235,229
	<hr/>
	\$ 261,876
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