National Association for Down Syndrome

Financial Statements

Years Ended June 30, 2018 and 2017

NADS

WIPFLi LLP
CPAs and Consultants

National Association for Down Syndrome

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WIPFLi LLP

Independent Auditor's Report

To the Board of Directors
National Association for Down Syndrome
Park Ridge, Illinois

We have audited the accompanying financial statements of National Association for Down Syndrome (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, changes in net assets, 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 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 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 National Association for Down Syndrome as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Wipfli LLP

Wipfli LLP

October 28, 2018
Deerfield, Illinois

National Association for Down Syndrome

Statements of Financial Position

June 30, 2018 and 2017

Assets

		2018		2017
Current Assets				
Cash	$	96,333	$	44,753
Certificates of Deposit		-		106,257
Prepaid Expenses		8,136		15,603
Total Current Assets		104,469		166,613
Property and Equipment				
Furniture and Fixtures		5,997		5,997
Less Accumulated Depreciation		(5,154)		(4,117)
Net Property and Equipment		843		1,880
Other Asset				
Security Deposit		1,478		1,478
Total Assets	**$**	**106,790**	**$**	**169,971**

Liabilities and Net Assets

		2018		2017
Current Liabilities				
Accounts Payable	$	-	$	2,034
Accrued Wages		1,231		-
Deferred Revenue		3,755		-
Total Current Liabilities		4,986		2,034
Net Assets				
Unrestricted		75,798		141,931
Temporarily Restricted		26,006		26,006
Total Net Assets		101,804		167,937
Total Liabilities and Net Assets	**$**	**106,790**	**$**	**169,971**

See accompanying notes to the financial statements.

National Association for Down Syndrome

Statements of Activities

For the Years Ended June 30, 2018 and 2017

	2018	2017
Unrestricted Net Assets		
Changes in Unrestricted Net Assets		
Support and Revenue		
Public Support and Other Revenues	143,853	$ 125,409
Fundraising Events (Net of Expenses of $78,144 in 2018 and $38,917 in 2017)	46,710	84,090
In-Kind Contributions	44,698	-
NADS Conference	-	23,654
Investment Income	560	633
Total Unrestricted Support and Revenue	235,821	233,786
Expenses		
Program Services	161,925	205,361
Management and General Administrative	61,032	58,521
Fundraising	78,997	67,258
Total Expenses	301,954	331,140
Decrease in Unrestricted Net Assets	(66,133)	(97,354)
Temporarily Restricted Net Assets		
Changes in Temporarily Restricted Net Assets		
Contributions	-	26,006
Total Temporarily Restricted Support and Revenue	-	26,006
Change in Net Assets	**$ (66,133)**	**$ (71,348)**

See accompanying notes to the financial statements.

National Association for Down Syndrome

Statements of Changes in Net Assets

For the Years Ended June 30, 2018 and 2017

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Net Assets
Balance at June 30, 2016	$ 239,285	$ -	$ 239,285
Increase (Decrease) in Net Assets, Year Ended June 30, 2017	(97,354)	26,006	(71,348)
Balance at June 30, 2017	141,931	26,006	167,937
Decrease in Net Assets, Year Ended June 30, 2018	(66,133)	-	(66,133)
Balance at June 30, 2018	**$ 75,798**	**$ 26,006**	**$ 101,804**

See accompanying notes to the financial statements.

National Association for Down Syndrome

Statements of Functional Expenses

For the Years Ended June 30, 2018 and 2017

	2018	2017
Program Services		
Payroll and Payroll Taxes	$ 99,458	$ 97,305
Contribution - Adult Down Syndrome Center	-	126
Newsletter and Other Printing Expenses	17,291	19,322
Rent Expense	10,253	8,520
Supplies	5,070	5,765
Other Program Expenses	28,013	33,598
NADS Conference	-	39,161
Office Expenses	803	487
Depreciation	1,037	1,077
Total Program Services	161,925	205,361
Management and General Administrative		
Payroll and Payroll Taxes	41,155	39,716
Professional Fees	8,866	9,108
Rent Expense	4,243	3,478
Insurance	6,436	6,020
Office Expenses	332	199
Total Management and General Administrative	61,032	58,521
Fundraising		
Payroll and Payroll Taxes	30,867	61,560
Rent Expense	3,182	5,390
In-kind Expenses	44,698	-
Office Expenses	250	308
Total Fundraising	78,997	67,258
Total Expenses	**$ 301,954**	**$ 331,140**

See accompanying notes to the financial statements.

National Association for Down Syndrome

Statements of Cash Flows

For the Years Ended June 30, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Change in Net Assets	$ (66,133)	$ (71,348)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities		
Depreciation	1,037	1,077
(Increase) Decrease in:		
Other Receivables	-	4,191
Prepaid Expenses	7,467	(5,846)
Security Deposit	-	(145)
Increase (Decrease) in:		
Accounts Payable	(2,034)	(312)
Accrued Wages	1,231	-
Deferred Revenue	3,755	(2,175)
Total Adjustments	11,456	(3,210)
Net Cash Used by Operating Activities	(54,677)	(74,558)
Cash Flows from Investing Activites		
Maturities of Certificates of Deposit	106,257	64,926
Interest reinvested	-	(680)
Net Cash Provided by Financing Activities	106,257	64,246
Net Decrease in Cash	51,580	(10,312)
Cash, Beginning of Year	44,753	55,065
Cash, End of Year	**$ 96,333**	**$ 44,753**
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Income Taxes	**$ -**	**$ -**
Cash Paid for Interest	**$ -**	**$ -**

See accompanying notes to the financial statements.

Note 1 – Summary of Significant Accounting Policies

Organization
National Association for Down Syndrome ("the Association") is an Illinois not-for-profit corporation organized to promote the welfare of individuals with Down syndrome of all ages in the Chicago metropolitan area by fostering the advancement of innovative programs to promote health, advocacy, education and research. Public awareness is also a major goal attained by developing a broader public understanding and knowledge of Down syndrome and by serving as a clearing house for gathering and disseminating information. Members of the Association can be found throughout the United States and across the globe. The Association was founded in 1961 and incorporated in 1963.

Basis of Accounting
The financial statements of the Association have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments
The fair value of financial instruments including cash, certificates of deposit, prepaid expenses, accounts payable and accruals, and deferred revenue approximates the carrying values, principally because of the short maturity of those items.

Contributions
All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes would be reported as temporarily restricted or permanently restricted support that would increase those net asset classes. Contributions that are restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the contributions are made.

Cash
For purposes of the statements of cash flows, the Association considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. There are no cash equivalents as of June 30, 2018 and 2017.

Note 1 – Summary of Significant Accounting Policies (Continued)

Property & Equipment
The Association follows the practice of capitalizing all expenditures in excess of $1,000 for furniture and equipment at cost; the fair value of donated fixed assets used by the Association is similarly capitalized. Assets are depreciated over their estimated economic useful lives, ranging from five to seven years, using the straight line method. Gains and losses from the sale or disposition of property are included in income. Maintenance and repairs are charged to operations.

Investments
Investments in marketable securities are stated at their fair values. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment income and gains are recorded as unrestricted net assets unless restricted by the donor or by law.

The Association adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820-10, which provides a framework for measuring fair value under GAAP. That standard defines fair value as the exchange price that would be received for an asset or paid for a liability in an orderly transaction between market participants on the measurement date. FASB ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The standard also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Level 1 investments are at quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 investments are for inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 investments are for unobservable inputs for the asset or liability.

The Association has no investments that qualify for level 1, level 2 or level 3 treatment as of June 30, 2018 and 2017, respectively.

Deferred Revenue
Revenue related to special events taking place during the subsequent calendar year is recorded as deferred revenue.

Financial Statement Presentation
Financial statement presentation follows FASB ASC 958-210-45. Under ASC 958-210-45, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. For the years ended June 30, 2018 and 2017, the Association had no permanently restricted net assets.

Note 1 – Summary of Significant Accounting Policies (Continued)

Income Taxes
The Association has been classified by the Internal Revenue Service as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code,

The Association files U.S. federal and Illinois state informational tax returns. The federal and state informational tax returns of the Association for tax years 2017, 2016 and 2015 can be subject to examinations by tax authorities, generally for three years after they were filed. The Association recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. At June 30, 2018 and 2017, there was no interest or penalties relating to income taxes recognized in the statement of activities. The Association does not believe they have taken any uncertain tax positions that would result in a tax liability.

Functional Allocation of Expenses
Salaries and related employee expenses are allocated to program and supporting service functions based on actual or estimated time employees spend on each function. The remaining expenses are specifically allocated whenever practical, or are allocated based on salaries or space utilization.

Subsequent Events
Management has evaluated subsequent events through October 28, 2018, the date the financial statements were available to be issued.

Recently Issued Accounting Standards
In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB ASC Topic 605, Revenue Recognition, and most industry-specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic entities for annual periods beginning after December 15, 2018. The Association is currently evaluating the impact of the provisions of ASC 606.

On August 18, 2016, the FASB issued ASU 2016-14 (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities ("Update"). The Update reduces the number of net asset classes from three to two, those with donor restrictions and those without, requires all nonprofit organizations to report expenses by nature and function and improves information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance, and cash flows. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments in this Update is permitted. The Association is currently in the process of determining the impact of the new standard, and has not elected to early implement the amendments.

Note 2 – Lease Commitments

The Association leases office space under a lease classified as an operating lease with an initial expiration date of August 31, 2018. The Association extended the lease through August 31, 2020.

Total minimum future rentals for the above operating lease as of June 30, 2018 are as follows:

Year Ending June 30,	Amount
2019	$ 12,206
2020	11,290
2021	1,888
Total	$ 25,384

Total rent expense for June 30, 2018 and 2017 $17,678 and $17,388, respectively.

Note 3 – Temporarily Restricted Net Assets

Temporarily restricted net assets are assets restricted for the basket program. Total assets temporarily restricted were $26,006 at June 30, 2018 and 2017.

Note 4 – In-Kind Donations

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The Association benefited from donated services and perishable goods valued at $44,698 and $-0- during the years ended June 30, 2018 and 2017, respectively. These amounts have been reported as both in-kind contribution revenue and in-kind fundraising expense on the statements of activities. The Association recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Association receives services from a large number of volunteers who give significant amounts of their time to the Association's programs and fund-raising events but which do not meet the criteria for financial statement recognition.

Note 5 – Decrease in Net Assets and Management Plans

As indicated in the accompanying financial statements, the Association showed a decrease in net assets of $66,133 and $71,348 during the years ended June 30, 2018 and 2017, respectively. The Board of Directors has instituted changes to address consecutive years of significant decreases in net assets. Changes in personnel, increased involvement by the officers in the daily operations, and improved oversight of results is anticipated to resolve the issue.