

DOWN SYNDROME GUILD OF GREATER KANSAS CITY, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2017



**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

DOWN SYNDROME GUILD OF GREATER KANSAS CITY, INC.  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Down Syndrome Guild of Greater Kansas City, Inc.  
Mission, Kansas

We have audited the accompanying financial statements of Down Syndrome Guild of Greater Kansas City, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 Guild of Greater Kansas City, Inc., as of December 31, 2017 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.

Dana J Cole + Company, LLP

Overland Park, Kansas  
March 24, 2018

DOWN SYNDROME GUILD OF GREATER KANSAS CITY, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2017

ASSETS

CURRENT ASSETS	
Cash in bank	1,248,181
Contributions receivable	2,375
Prepaid expenses	39,651
Total current assets	<u>1,290,207</u>
PROPERTY AND EQUIPMENT	
Leasehold improvements	21,423
Furniture and equipment	66,623
Webpage	3,935
Automobiles	9,750
Less accumulated depreciation	<u>(75,043)</u>
Net property and equipment	<u>26,688</u>
BOARD-DESIGNATED ASSETS	
Investment cash	45,225
Investments	542,587
Total Board-designated assets	<u>587,812</u>
TOTAL ASSETS	<u><u>1,904,707</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts payable	28,451
Accrued liabilities	38,192
Deferred revenues	225
Total liabilities	<u>66,868</u>
NET ASSETS	
Unrestricted	
Board-designated	587,812
Undesignated	1,134,112
Total unrestricted	<u>1,721,924</u>
Temporarily restricted	<u>115,915</u>
Total net assets	<u>1,837,839</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>1,904,707</u></u>

The accompanying notes are an integral part of these financial statements.

DOWN SYNDROME GUILD OF GREATER KANSAS CITY, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Totals
<b>REVENUES AND OTHER SUPPORT</b>			
Program revenue	29,264		29,264
Public support			
Contributions	541,517	71,029	612,546
Community Health Charities	23,219		23,219
Special events	656,602		656,602
Consulting income	7,877		7,877
Investment income	48,442		48,442
Other income	4,450		4,450
	<u>1,311,371</u>	<u>71,029</u>	<u>1,382,400</u>
Net assets released from restriction	68,821	(68,821)	
Total revenues and other support	<u>1,380,192</u>	<u>2,208</u>	<u>1,382,400</u>
<b>EXPENSES</b>			
Program expense	601,172		601,172
Fundraising	502,245		502,245
Management and general	258,231		258,231
Total expenses	<u>1,361,648</u>	<u>          </u>	<u>1,361,648</u>
<b>CHANGE IN NET ASSETS</b>	18,544	2,208	20,752
<b>NET ASSETS, beginning of year (See Note 3)</b>	<u>1,703,380</u>	<u>113,707</u>	<u>1,817,087</u>
<b>NET ASSETS, end of year</b>	<u>1,721,924</u>	<u>115,915</u>	<u>1,837,839</u>

The accompanying notes are an integral part of these financial statements.

DOWN SYNDROME GUILD OF GREATER KANSAS CITY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2017

EXPENSES	Program Services					Fundraising	Management and General	Total
	Community Support	Public Awareness	Public Education	Social	Total Program Services			
Auction items						52,565		52,565
Awards and gifts	450	6,885	2,564	10,878	20,777	69,967	856	91,600
Books/library materials		676	350		1,026			1,026
Bank and credit card fees		85	363	50	498	15,453	3,215	19,166
Contract labor				29	29	3,045	400	3,474
Copier/postage machine lease		919	1,225	613	2,757		5,062	7,819
Decorations	23		419	2,406	2,848	5,196	43	8,087
Dues and subscriptions	6	1,059	772	705	2,542	1,400	963	4,905
Entertainment	943	2,000	1,475	4,285	8,703	15,277	279	24,259
Equipment rental	414			3,871	4,285	11,764		16,049
Event supplies			4,332	710	5,042	10,114	24	15,180
Facility usage	1,004	145	19,780	12,693	33,622	28,900	48	62,570
Insurance - administrative			24		24		10,337	10,361
Insurance - event						3,200		3,200
Loss on disposal of assets							18,299	18,299
Marketing		513	100	464	1,077	3,225	225	4,527
Meals	4,459	4,978	10,690	22,757	42,884	54,860	1,629	99,373
Merchandise		604			604	476		1,080
Miscellaneous expenses - administrative						70		70
Miscellaneous expenses - program						3,177	3,000	6,177
Office supplies	50	625	1,739	3,300	5,714	192	4,217	10,123
Parking and traffic control			29	5	34	4,605	12	4,651
Participant fees			390		390	7,217		7,607
Postage and printing - program	264	1,451	6,882	5,099	13,696	8,168	567	22,431
Printing - administrative		7,149	15,210	2,903	25,262	205	3,955	29,422
Professional fees - administrative		18,395	23,484	10,517	52,396	20,166	72,588	145,150
Professional services - program		1,120	6,160		7,280			7,280
Promotional materials		1,504		360	1,864	53,896		55,760
Rent		16,435	21,913	10,956	49,304		5,478	54,782
Salaries and related expenses	4,910	85,357	117,377	66,934	274,578	127,227	98,428	500,233
Scholarships and donations		100	8,050	1,000	9,150	1,325		10,475
Speaker fees		624	4,750		5,374			5,374
Technology		27	181	40	248		1,917	2,165
Telephone/internet	80	1,005	1,330	657	3,072		2,511	5,583
Tickets/events	1,342		2,765	9,812	13,919			13,919
Travel expenses	121	1,472	8,995	1,585	12,173	555	5,846	18,574
Expenses before depreciation	<u>14,066</u>	<u>153,128</u>	<u>261,349</u>	<u>172,629</u>	<u>601,172</u>	<u>502,245</u>	<u>239,899</u>	<u>1,343,316</u>
Depreciation							18,332	18,332
TOTAL EXPENSES	<u>14,066</u>	<u>153,128</u>	<u>261,349</u>	<u>172,629</u>	<u>601,172</u>	<u>502,245</u>	<u>258,231</u>	<u>1,361,648</u>

The accompanying notes are an integral part of these financial statements.

DOWN SYNDROME GUILD OF GREATER KANSAS CITY, INC.  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2017

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	<u>20,752</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	18,332
Unrealized gain on investments	(18,145)
Loss on disposal of assets	18,299
(Increase) decrease in operating assets:	
Grants receivable	(1,875)
Prepaid expenses	(24,077)
Increase (decrease) in operating liabilities:	
Accounts payable	(13,084)
Accrued expenses	22,016
Deferred revenue	<u>(1,005)</u>
Total adjustments	<u>461</u>
Net cash provided by operating activities	<u>21,213</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	(30,054)
Purchase of property and equipment	<u>(3,737)</u>
Net cash used in investing activities	<u>(33,791)</u>
<b>DECREASE IN CASH</b>	<b>(12,578)</b>
CASH, beginning of year	<u>1,305,984</u>
CASH, end of year	<u><u>1,293,406</u></u>
<b>AS SHOWN ON THE STATEMENT OF FINANCIAL POSITION</b>	
Cash in bank	1,248,181
Cash in bank - Board-designated	<u>45,225</u>
	<u><u>1,293,406</u></u>

The accompanying notes are an integral part of these financial statements.



DOWN SYNDROME GUILD OF GREATER KANSAS CITY, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

The Down Syndrome Guild of Greater Kansas City, Inc. (hereinafter referred to as the Guild) is a nonprofit 501(c)(3) corporation whose mission is to provide support and resources for individuals with Down Syndrome and their families in the metropolitan Kansas City area and surrounding communities. The Guild seeks to provide the entire community with information and education to broaden awareness and foster positive attitudes regarding people with Down Syndrome. On January 1, 2017, the Guild merged operations with First Downs for Downs Syndrome, Inc. The combined organization will continue operations as the Down Syndrome Guild of Greater Kansas City, Inc.

Basis of Accounting

The policy of the Guild is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Contributions are recorded when received unless subject to accrual. Expenses are recognized when the obligation is incurred.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the FASB ASC 958-205, *Financial Statements of Not-for-Profit Organizations*. Under this standard, the Guild 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.

Unrestricted Net Assets

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains or losses on investments and any other assets or liabilities are reported as increases in unrestricted net assets unless their use is limited by donor stipulation or by laws.

Temporarily Restricted Net Assets

Temporarily restricted net assets include gifts for which donor-imposed restrictions have not been met, trust activity, deferred gifts, and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted or determined.

Permanently Restricted Net Assets

Permanently restricted net assets include gifts, trusts, and pledges receivable which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor. There were no permanently restricted net assets as of December 31, 2017.

DOWN SYNDROME GUILD OF GREATER KANSAS CITY, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

The Guild utilizes FASB ASC 958-605, *Not-for-Profit Entities Revenue Recognition*. This standard requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the Guild to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Contributed Materials and Services

Donated materials, equipment, and services are reflected as contributions by the Guild. Contributed services are recognized at fair market value if the services received (a) increase or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

Volunteers

Many individuals volunteer their time and perform a variety of tasks that assist the Guild with their operations. Volunteer hours have not been recorded in the financial statements since those services do not meet the criteria for recognition.

Recognition of Donor-Restricted Contributions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restrictions expire in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Use of Estimates

The preparation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

DOWN SYNDROME GUILD OF GREATER KANSAS CITY, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Guild considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity of three months or less at the time of purchase. Excluded from this definition of cash equivalents are such amounts that represents funds that have been designated by the Board for investment. As of December 31, 2017, the Guild held no cash equivalents.

Accounts Receivable

The Guild's receivables as of December 31, 2017, consisted of grants and contributions receivable.

Receivables have been adjusted for all know uncollectible accounts. No allowance for bad debts is considered necessary at year-end.

Investments

The Guild has adopted FASB ASC 958-320, *Not-for-Profit Entities, Investments - Debt and Equity Securities*. FASB ASC 958-320 establishes standards of reporting at fair value certain investments, debt and equity securities, held by not-for-profit organizations.

Therefore, investments in equity securities that have a readily determinable fair value and all investments in debt securities are stated at fair value, with gains and losses included in the statement of activities. Fair value is determined by quoted market valued.

Property and Equipment

All acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment are recorded at cost if purchased or fair market value, on the date received as a donation for use in operations. Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Depreciation

The Guild provides for depreciation of property and equipment using annual rates which are sufficient to amortize the cost of depreciable assets using the straight-line method over their estimated useful lives which range from 5 to 40 years. Depreciation expense for the year ended December 31, 2017, was \$18,332.

Advertising

Advertising expenses are expensed as incurred. Advertising expenses for the year ended December 31, 2017, was \$4,527.

DOWN SYNDROME GUILD OF GREATER KANSAS CITY, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Guild is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Guild's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Guild qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Guild utilizes the provisions of FASB ASC 740-10, *Accounting for Uncertain Tax Positions*. The Guild continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings. Management believes that it has the appropriate support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Compensated Absences

The Guild's Employee Handbook states that all full-time employees who have successfully completed their 90-day probationary period are eligible for paid time off. Paid time off days are fully accrued after the probation period and at the employee's anniversary date.

All employees are eligible to receive, after successful completion of their probationary period, thirteen (13) paid time off days in a one year period to be used for sick leave, personal business, or vacation time.

For employees with five to ten years of service, the accrual is eighteen (18) paid time off days per year. Any unused time cannot be carried over at the end of an employee's anniversary year.

The Guild will pay out any accrued, unused paid time off at an employee's resignation or termination at their regular rate with proper notice. As of December 31, 2017, the amount expensed for compensated absences was \$6,523.

Functional Expenses

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

NOTE 2. REQUIRED SUPPLEMENTARY DISCLOSURE FOR STATEMENT OF CASH FLOWS

For the year ended December 31, 2017, there were no cash expenditures for income taxes or interest.

DOWN SYNDROME GUILD OF GREATER KANSAS CITY, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 3. BUSINESS COMBINATION

On January 1, 2017, the Down Syndrome Guild of Greater Kansas City, Inc. (the Guild) and First Downs for Downs Syndrome, Inc. (FDFDS) completed a merger of their operations. Both the Guild and FDFDS worked to broaden awareness of Down Syndrome and create/foster positive images and attitudes regarding people with Down Syndrome.

Through this merger, the combined organization seeks to further their common mission by achieving economics of scale and other synergies through integrating their services. As a result of the merger, the combined organization will continue to operate as the Down Syndrome Guild of Greater Kansas City, Inc.

As of January 1, 2017, the major classes of assets, liabilities, and net assets of the Guild and FDFDS were as follows:

	The Guild	FDFDS	Total DSG
<b>ASSETS</b>			
Cash	1,259,480	46,504	1,305,984
Grants receivable	500		500
Prepaid expenses	13,271	2,303	15,574
Property and equipment, net	32,927	26,655	59,582
Board-designated assets	<u>494,388</u>		<u>494,388</u>
<b>TOTAL ASSETS</b>	<u><u>1,800,566</u></u>	<u><u>75,462</u></u>	<u><u>1,876,028</u></u>
<b>LIABILITIES</b>			
Accounts payable	35,065	6,470	41,535
Accrued expenses	13,595	2,581	16,176
Deferred revenues	<u>1,230</u>		<u>1,230</u>
Total liabilities	<u>49,890</u>	<u>9,051</u>	<u>58,941</u>
<b>NET ASSETS</b>			
Board restricted	494,388		494,388
Unrestricted	1,158,581	50,411	1,208,992
Temporarily restricted	<u>97,707</u>	<u>16,000</u>	<u>113,707</u>
Total net assets	<u><u>1,750,676</u></u>	<u><u>66,411</u></u>	<u><u>1,817,087</u></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>1,800,566</u></u>	<u><u>75,462</u></u>	<u><u>1,876,028</u></u>

Prior to the merger, FDFDS reported on the modified cash basis of accounting, while the Guild reported on GAAP. There were no material adjustments to confirm the accounting policies of the combining organizations.

DOWN SYNDROME GUILD OF GREATER KANSAS CITY, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 4. LEASE COMMITMENTS

In May 2013, the Guild entered into an agreement to conduct its operations with offices leased under a seven year noncancellable lease expiring on April 30, 2020. In January 2017, the lease was modified whereby the Guild would pay a reduced rent amount commencing March 1, 2017. Lease expense for the year ending December 31, 2017, was \$54,783.

Future minimum lease payments for office space at December 31, 2017, are:

Year Ending December 31,		
2018		52,460
2019		52,460
2020		17,488
		<u>122,408</u>

In December 2015, the Guild entered into a copier and paper folder lease which is set to expire on December 2, 2020. This lease included service and a set number of color and black/white images. In February 2016, FDFDS entered into a 36-month lease for a copier. When the operations merged, the Guild assumed this copier lease as well. Total copier lease expenses incurred in December 31, 2017, amounted to \$18,342. This amount includes both lease expense and some excess printing charges.

Future minimum copier lease payments at December 31, 2017, are:

Year Ending December 31,		
2018		14,328
2019		12,078
2020		11,628
		<u>38,034</u>

NOTE 5. FAIR VALUE MEASUREMENTS

The Guild utilizes FASB ASC 820-10, *Fair Value Measurements*, which provides a framework for measuring fair value under accounting principles generally accepted in the United States of America. FASB ASC 820-10 applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in FASB ASC 820-10, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Guild uses various methods including market, income, and cost approaches.

DOWN SYNDROME GUILD OF GREATER KANSAS CITY, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 5. FAIR VALUE MEASUREMENTS (Continued)

Based on these approaches, the Guild often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique.

These inputs can be readily observable, market-corroborated, or generally unobservable inputs. The Guild utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Guild is required to provide the following information according to the fair value hierarchy.

The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, including option-pricing models, discounted cash flow models, and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

For the year ended December 31, 2017, the application of valuation techniques applied to similar assets has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Investments

The fair value of investments is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers.

If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

DOWN SYNDROME GUILD OF GREATER KANSAS CITY, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 5. FAIR VALUE MEASUREMENTS (Continued)

Fair Value on a Recurring Basis

The table below presents the balances of assets measured at December 31, 2017, at fair value on a recurring basis.

	Total	Level 1	Level 2	Level 3
Investments - mutual funds				
International	129,852	129,852		
U.S. equities	153,032	153,032		
Real estate securities	16,232	16,232		
Commodities	21,642	21,642		
Fixed income	205,598	205,598		
Other	16,231	16,231		
Total	<u>542,587</u>	<u>542,587</u>		

The carrying amounts, market value, unrealized gains, and unrealized losses of the Level 1 investments at December 31, 2017, are disclosed in Note 6.

NOTE 6. INVESTMENTS

Investments as of December 31, 2017, are summarized as follows:

	Cost	Unrealized Appreciation (Depreciation)	Fair Value
Mutual Funds			
Russell Lifepoint Balanced Strategy	<u>530,427</u>	<u>12,160</u>	<u>542,587</u>

Investment income for the year ended December 31, 2017, is comprised of the following:

Interest	12,983
Net unrealized gain	18,145
Capital gains	<u>17,314</u>
Total investment income	<u>48,442</u>

NOTE 7. CREDIT RISK

The Guild had deposits at two financial institutions in excess of the \$250,000 federally insured limit by the Federal Deposit Insurance Corporation. At December 31, 2017, the amounts of deposits not covered were \$556,309.



DOWN SYNDROME GUILD OF GREATER KANSAS CITY, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 7. CREDIT RISK (Continued)

Management monitors the soundness of the financial institutions and feels the Guild's risk is negligible.

Funds totaling \$9,593 were received and recorded as a deposit in transit on December 31, 2017. The deposit was recognized by the bank in January, 2018.

Financial instruments which potentially subject the Guild to concentrations of credit risk consist principally of grants and pledge receivable from several grantors. Such credit risk is considered by the Guild to be limited due to commitment of the grantor, their financial resources, and their support of the program for which the grant is intended. As of December 31, 2017, the Guild had no significant concentrations of credit risk.

NOTE 8. TEMPORARILY RESTRICTED NET ASSETS

The Guild's temporarily restricted net assets as of December 31, 2017, are as follows:

Club 321	2,163
Parent to Parent	435
Prom	77,989
Public Education (Employment Program)	4,968
Discretionary Contributions - Children's Mercy	8,359
STARS	<u>22,001</u>
 Total	 <u>115,915</u>

NOTE 9. TEMPORARILY RESTRICTED NET ASSETS RELEASED FROM RESTRICTION

Net assets were released from donor restrictions through the expiration of time or satisfaction of the donor's restrictions as follows:

Club 321	10,592
Prom	22,361
Public Education (Employment Program)	448
STARS	19,420
Wine Auction	<u>16,000</u>
 Total	 <u>68,821</u>

NOTE 10. UNRESTRICTED - BOARD-DESIGNATED NET ASSETS

As of December 31, 2017, the Board of Directors had designated \$587,812 of unrestricted net assets as a general endowment fund to support the mission of the Guild. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted Board-designated net assets.

DOWN SYNDROME GUILD OF GREATER KANSAS CITY, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 10. UNRESTRICTED - BOARD-DESIGNATED NET ASSETS (Continued)

The Guild has adopted a spending policy whereas all funds will be reinvested until \$25,000 is accumulated. After \$25,000 is accumulated, 50% of earnings may be spent, subject to Board approval as outlined in the Endowment Fund Bylaws. After \$50,000 is accumulated, all earnings shall constitute spendable income, subject to Board approval.

The Guild reserves the right to invade the corpus of the Endowment Fund only for exceptional purposes as outlined in the Endowment Fund Bylaws and Guidelines which is required to be authorized by a two-thirds vote of the Finance Committee and Board of Directors.

To achieve that objective, the Guild has adopted an investment policy that attempts to provide a combination of growth and income while accepting a moderate risk tolerance. The Guild is willing to accept controlled risk for above average return on investments.

Risk in the portfolio is managed through asset class diversification, balanced sector/security weighting, asset quality, and investment prudence. Funds may not be invested in companies with known discriminatory practices against individuals with disabilities. Investments in margin purchases, commodities, and private placements or other restricted securities are prohibited.

Board-designated net assets, beginning of year	494,387
Interest income	11,223
Net unrealized gain	18,145
Realized gain	17,314
Board-designated contributions	<u>46,743</u>
Board-designated net assets, end of year	<u>587,812</u>

NOTE 11. RETIREMENT PLAN

Beginning January 1, 2012, the Guild has set up a SIMPLE IRA plan in which eligible employees may voluntarily participate with a matching contribution equal to 100% of their elective deferrals up to a limit of 3% of their compensation for the calendar year. Employees are 100% vested immediately. Retirement expense for the year ended December 31, 2017, was \$8,674.

NOTE 12. NONCASH CONTRIBUTIONS

During the year ended December 31, 2017, the Guild received noncash donations for totaling \$101,247. The majority of in-kind contributions were for the Guild's largest fund-raising events: the Step Up for Down Syndrome Walk and the Private Cellar Wine Tasting

DOWN SYNDROME GUILD OF GREATER KANSAS CITY, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 12. NONCASH CONTRIBUTIONS (Continued)

and Auction. In-kind contributions for the Wine Auction consisted of auction items, services, and food totaling \$57,265. Food and beverages donated by a local business for the Step Up Walk totaled \$35,382. The remaining balance of in-kind contributions consisted of donated event space and prizes for Guild gatherings and events.

These contributions have been reflected in the Guild's financial statements as contributions. Amounts reflected in the financial statements as in-kind support are offset by like amounts included in expenses.

NOTE 13. SUBSEQUENT EVENTS

In preparing the financial statements, the Guild has evaluated events and transactions for potential recognition or disclosure through March 24, 2018, the date the financial statements were available to be issued.