**DOWN SYNDROME ASSOCIATION
OF MIDDLE TENNESSEE**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

<u>FOR THE YEAR END JUNE 30, 2007</u>

DOWN SYNDROME ASSOCIATION OF MIDDLE TENNESSEE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2007 AND 2006

ASSETS

	2007	2006
Current Assets:		
Cash	$ 62,988	$ 188,978
Accounts receivable - government grants	-	2,499
Current portion of mortgage receivable	1,328	1,328
Investment	89,920	-
Agency endowment fund	16,432	14,105
Total Current Assets	170,668	206,910
Furniture and Equipment:		
Furniture and equipment	18,586	18,586
Less: accumulated depreciation	(13,344)	(11,305)
Furniture and Equipment, net	5,242	7,281
Other Assets:		
Mortgage receivable, net of current portion	115,371	116,699
Total Assets	$ 291,281	$ 330,890

LIABILITIES AND NET ASSETS

	2007	2006
Current Liabilities		
Line of credit	$ -	$ 59,982
Accounts payable	902	1,843
Accrued payroll taxes	285	1,303
Total Current Liabilities	1,187	63,128
Net Assets		
Unrestricted	282,094	259,762
Temporarily restricted	-	-
Permanently Restricted	8,000	8,000
Total Net Assets	290,094	267,762
Total Liabilities and Net Assets	$ 291,281	$ 330,890

The accompanying notes are an integral part of this statement

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

Down Syndrome Association of Middle Tennessee (DSAMT) is a tax-exempt organization under 501(c)(3) of the Internal Revenue Code. DSAMT is a nonprofit organization whose mission is to enhance the quality of life throughout the life span of all individuals with Down Syndrome by providing support, information and education to families, professionals and communities. Activities of the Organization include development and distribution of educational materials relating to Down Syndrome affected persons, educational and support meetings, fund-raising activities, and a state approved service provider for Down Syndrome

Contributed Services:

During the years ended June 30, 2007 and 2006, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization at their fund-raising activities, but these services do not meet the criteria for recognition as contributed services.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment:

It is the Organization's policy to capitalize property and equipment over $1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

Federal Income Tax Status:

The Organization has been determined by the Internal Revenue Service to be exempt from federal income tax under section 501 (c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Accordingly, the financial statements do not reflect a provision for income taxes.

DOWN SYNDROME ASSOCIATION OF MIDDLE TENNESSEE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2007 AND 2006

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONT.

Financial Statement Presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not for-Profit Organizations." Under SFAS No. 117, the Organization 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 - 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. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally donors of these assets permit the Organization to use all or part of the income earned for general or specific purposes. The Organization currently has no permanently restricted 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 and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by law. Expiration of temporary restrictions on net assets (i.e. the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions:

The Organization uses the provisions of Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made," in accounting for contributions received. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted assets at June 30, 2007 and 2006 are time restricted and will be reclassified to unrestricted net assets upon expiration of the time restriction.

Cash Equivalents:

For purposes of the statement of cash flows, the Agency considers all highly liquid investments with an original maturity of three months of less to be cash equivalents.

DOWN SYNDROME ASSOCIATION OF MIDDLE TENNESSEE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2007 AND 2006

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONT.

Allowance for Doubtful Accounts:

No allowance for doubtful accounts is provided because of past experience with collections and estimated collectability of current receivables.

Functional Allocation of Expenses:

The costs of providing the Organization's various programs and other activities 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.

Investments:

Investments are composed of equity securities and are valued at fair value.

2. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

There were no temporarily restricted net assets at June 30, 2007 or 2006.

Permanently restricted net assets consist of the following:

	2007	2006
Endowment Funds	$ 8,000	$ 8,000

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2007	2006
Computer equipment	$ 7,871	$ 7,871
Furnishings	6,402	6,402
Leasehold improvements	4,313	4,313
	18,586	18,586
	(13,344)	(11,305)
	$ 5,242	$ 7,281

4. LINE OF CREDIT

The Organization maintains an unsecured line of credit with SunTrust Bank. The arrangement is structured as a demand instrument with interest only monthly payments with an annual rate of 9.25 % and 10.25% for the years ended June 30 2007 and 2006 respectively.

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5. MORTGAGE RECEIVABLE AND CONTINGENT LIABILITY

The Organization holds a first and second mortgage associated with the sale of a home constructed as part of the Home of Your Own program. The mortgage is secured by the home. The first mortgage in the original amount of $42,500 is a non-interest loan with 384 monthly principal payments of $110.68. The mortgage is services by Pinnacle National Bank. The second mortgage is also a non-interest loan with 384 payments of $104.17 that has an arrangement that forgives each monthly payments as it becomes due if the first mortgage is not in default.

The Organization holds a second mortgage associated with the sale of another home constructed as part of the Home of Your Own program. The mortgage is secured by the home. The mortgage is a $40,000 non-interest loan with 360 monthly principal payments of $111.11. There is an arrangement that forgives each monthly payments as it becomes due as long as the first mortgage is not in default. The Tennessee Housing Development Agency (THDA) holds the first mortgage.

If the owner defaults on the first mortgage held by THDA the Organization is obligated to purchase the mortgage form THDA at the unpaid balance amount plus any associated costs. At June 30, 2007 and 2006, the approximated balance on the loans was $40,611 and $42,028, respectively. The Organization would then be allowed to foreclose on and sell the property in order to satisfy the balance on both the first and second mortgages.

6. LEASE

The Organization's administrative office is leased on a 3 year term with monthly payments of $318 beginning September 1 2005 and ending August 31, 2008. The rent was scheduled to increase to $350 per month September 1, 2006.

Future scheduled lease payments are as follows for years ending June 30:

2008	$ 4,200
2009	700
	$ 4,900

7. CONCENTRATION OF CREDIT RISK

The Organization is highly dependent on grants and charitable contributions. If these funding sources decreased extensively, the Organization would experience serious difficulty in continuing operations.

The Organization maintains accounts at several financial institutions. The Federal Deposit Insurance Corporation (FDIC) secures these bank accounts up to $100,000. At June 30, 2007 and 2006, the Organization had uninsured amounts in the amount of $-0- and $70,512 respectively.

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Organization in estimating its fair value disclosure for financial statements:

Cash, accounts receivable, endowments, line of credit and payables: The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of these instruments.

Notes receivable: Based on the current interest rates, the fair value of the notes receivable at June 30, 2007 and 2006 is $51,839 And $53,662 respectively.

9. INVESTMENTS

Investments are stated at fair value and consist of equity securities:

	December 31, 2006		
	Cost or Donated Value	Fair Value	Unrealized Appreciation (Depreciation)
Equity securities	$ 90,525	$ 89,920	$ (605)

Investment return is summarized as follows:

Net realized and unrealized income (loss)	$ (605)