UNIVERSAL DISABILITY ADVOCATES D/B/A ALLIANCE OF DISABILITY ADVOCATES, CENTER FOR INDEPENDENT LIVING

FINANCIAL STATEMENTS

Year Ended September 30, 2018

UNIVERSAL DISABILITY ADVOCATES D/B/A ALLIANCE OF DISABILITY ADVOCATES,

CENTER FOR INDEPENDENT LIVING

CONTENTS

September 30, 2018

Williams Overman Pierce, LLP
Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Universal Disability Advocates d/b/a Alliance of Disability Advocates,
Center for Independent Living

We have audited the accompanying financial statements of Universal Disability Advocates d/b/a Alliance of Disability Advocates, Center for Independent Living, which are comprised of the statement of financial position as of September 30, 2018, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to 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 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 auditors' 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 Universal Disability Advocates d/b/a Alliance of Disability Advocates, Center for Independent Living as of September 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Williams Overman Pierce, LLP

Raleigh, North Carolina
January 10, 2019

UNIVERSAL DISABILITY ADVOCATES D/B/A ALLIANCE OF DISABILITY ADVOCATES,
CENTER FOR INDEPENDENT LIVING
STATEMENT OF FINANCIAL POSITION
September 30, 2018

ASSETS

Assets:		
Cash	$	75,843
Accounts receivable:		
Grants and contracts		89,871
Sales tax		2,851
Prepaid expenses		8,376
Property and equipment, net		34,384
	$	211,325

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable - trade	$	12,738
Accrued liabilities		16,003
Deferred rent		19,411
Deferred revenue		15,000
		63,152
Commitments and contingencies		
Net assets:		
Unrestricted		148,173
	$	211,325

See accompanying notes to financial statements.

UNIVERSAL DISABILITY ADVOCATES D/B/A ALLIANCE OF DISABILITY ADVOCATES,
CENTER FOR INDEPENDENT LIVING
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended September 30, 2018

Revenue and support:		
Federal grants	$	327,899
State contracts		208,456
Contributions		11,164
Local grants		264,295
Other income		112,677
Total revenue and support		924,491
Expenses:		
Program services		678,937
Management and general		216,246
Fundraising		6,271
Total expenses		901,454
Change in net assets		23,037
Net assets - unrestricted, beginning of year		125,136
Net assets - unrestricted, end of year	$	148,173

See accompanying notes to financial statements.

UNIVERSAL DISABILITY ADVOCATES D/B/A ALLIANCE OF DISABILITY ADVOCATES,
CENTER FOR INDEPENDENT LIVING
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2018

Cash flows from operating activities:		
Cash received from grantors and contributors	$	882,320
Cash paid to suppliers, employees, and grantees		(862,352)
Net cash provided by operating activities		19,968
Cash flows from investing activities:		
Purchases of property and equipment		(30,831)
Net cash used in investing activities		(30,831)
Net decrease in cash		(10,863)
Cash, beginning of year		86,706
Cash, end of year	$	75,843
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	$	23,037
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		5,846
(Increase) decrease in:		
Accounts receivable - grants and contracts		(40,550)
Accounts receivable - sales tax		(1,621)
Prepaid expenses		1,454
Increase in:		
Accounts payable - trade		5,315
Accrued liabilities		4,042
Deferred rent		7,445
Deferred revenue		15,000
Net cash provided by operating activities	$	19,968

Supplemental schedule of noncash operating activities:

During the year ended September 30, 2018, the Organization recognized contributed services totaling $103,423 for services received from third parties based on the fair value of comparable services. These amounts are shown in the statement of activites and changes in net assets as other income, along with the related expenses.

See accompanying notes to financial statements.

UNIVERSAL DISABILITY ADVOCATES D/B/A ALLIANCE OF DISABILITY ADVOCATES,
CENTER FOR INDEPENDENT LIVING
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies:

Organization and Nature of Activities:

Universal Disability Advocates d/b/a Alliance of Disability Advocates, Center for Independent Living ("ADA" or the "Organization") was formed to expand upon and respond to the needs and requests of individuals with disabilities within the target population: Orange, Durham, Wake, Franklin and Johnston Counties of North Carolina. Through the Organization, the independent living philosophy of dignity and consumer control shall be promoted and practiced. This philosophy along with self-help and self-advocacy; development of peer relationships and peer role models; and equal access of individuals with cross disabilities to society and to all services, programs, activities, resources, and facilities shall be practiced and promoted with all consumers.

Basis of Accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The basis of accounting conforms to accounting principles generally accepted in the United States of America.

Revenue and Support:

Revenues received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support which increases those net asset classes. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Accounts Receivable:

Accounts receivable consist primarily of receivables related to the Organization's contracts and grants. The Organization maintains an allowance for potentially uncollectible accounts. When management determines that a receivable is uncollectible the balance is removed from the accounts receivable balance and is charged against the allowance. Subsequent recoveries of amounts previously written off are credited directly to earnings. Management believes that all accounts are collectible, therefore, there was no allowance recorded at September 30, 2018.

Contributions:

The Organization receives unconditional promises to provide future cash payments. The present value of these estimated future cash flows is recorded as pledges receivable. There were no unconditional promises to give at September 30, 2018.

Fixed Assets:

Fixed assets are stated at cost or, if donated, at the approximate fair value at the date of donation. It is the Organization's policy to capitalize expenditures for fixed asset items in excess of $1,000. Lesser amounts are expensed. Depreciation is computed using the straight-line method based on the following estimated useful lives:

Furniture and equipment	5-7 years
Leasehold improvements	15 years

Leases:

For lease agreements that provide for escalating rent payments or free-rent occupancy periods, the Organization recognizes rent expense on a straight-line basis over the noncancelable lease term. Deferred rent is included in liabilities on the statement of financial position.

Contributed Services:

The Organization 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. During the year ended September 30, 2018, the Organization recognized contributed services totaling $103,423 for contributed services received from third parties based on the fair value of comparable services. These amounts are shown in the statement of activites and changes in net assets as other income, along with the related expenses.

Advertising:

The Organization expenses advertising costs as incurred. During the year ended September 30, 2018, the Organization incurred $17,686 of advertising and promotion expenses.

Income Taxes and Uncertain Tax Positions:

The Organization is a non-profit organization exempt from federal and state income taxation under Section 501(c)(3) of the Internal Revenue Code. Income generated by activities that would be considered unrelated to the Organization and the Organization's mission would be subject to tax which, if incurred, would be recognized as a current expense. No such tax has been recognized as of September 30, 2018.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of September 30, 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes that it is no longer subject to income tax examinations for years prior to September 30, 2015.

Recent Accounting Pronouncements:

In May 2014, the FASB issued Accounting Standards Update ("ASU") No 2014-09, Revenue from Contracts with Customers ("Topic 606"), which supersedes the revenue recognition requirements in ASC 605, Revenue Recognition. This ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The effective date of ASU No. 2014-09 was amended by ASU No. 2015-14. Therefore, the ASU will be effective for the Organization for the year ended September 30, 2020 with earlier adoption permitted for annual periods beginning after December 15, 2016. Further ASUs (ASU 2016-08, 2016-10) have been issued to clarify ASC Topic 606 for principal and agent considerations and performance obligations and licensing implementation guidance. The Organization is assessing the potential effects on future financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases. Under the new guidance, lessees will be required to recognize a lease liability and a right-of-use asset for all leases (with the exception of short-term leases) at the commencement date. The ASU is effective for fiscal years and interim periods within those years beginning after December 15, 2018. The Organization is assessing the potential effects on future financial statements.

In August 2016, the FASB issued guidance to make targeted improvements to the not-for-profit financial reporting model, including changes in how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. The amendments will be effective for the Organization for fiscal years beginning after December 15, 2017 and interim periods within fiscal years beginning after December 15, 2018. The Organization is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

In August 2016, the FASB amended the Statement of Cash Flows topic of the Accounting Standards Codification to clarify how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The amendments will be effective for the Organization for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The Organization does not expect these amendments to have a material effect on its financial statements.

In June 2018, the FASB issued ASU No. 2018-08 to clarify and improve the scope and accounting guidance for contributions received and contributions made. The amendments are intended to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The amendments for contributions received will be effective for the Organization for the fiscal year ending September 30, 2019. The amendments for contributions made will be effective for the Organization for the fiscal year ending September 30, 2020. The Organization is assessing the potential effects on future financial statements.

UNIVERSAL DISABILITY ADVOCATES D/B/A ALLIANCE OF DISABILITY ADVOCATES, CENTER FOR INDEPENDENT LIVING
NOTES TO FINANCIAL STATEMENTS

2. Concentrations of Credit Risk:

The Organization maintains cash balances at financial institutions located in Raleigh, North Carolina. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. At September 30, 2018, the Organization's cash balances were fully insured.

3. Major Grants:

The Organization performed work under three major grants which together accounted for approximately 71% of total revenue and support for the year ended September 30, 2018. Support earned and grant receivables from these grants were as follows:

	2018 Support	Percentage of Support	Grant Receivables at September 30, 2018	Percentage of Grant Receivables
Grantor A	$ 327,899	35%	$	0%
Grantor B	237,146	26%	42,978	48%
Grantor C	95,396	10%		0%
	$ 660,441	71%	$ 42,978	48%

4. Conditional Promise to Give:

At September 30, 2018, the Organization was due $266,814 from grantors. Receipt of these funds is conditional upon using the funds for allowable expenses. These grants are identified as cost reimbursement grants and the amounts are not recorded in the financial statements until the conditions which have been placed upon them have been met.

5. Property and Equipment:

The following is a summary of property and equipment as of September 30, 2018:

Furniture and equipment	$ 40,137
Leasehold improvements	1,000
	41,137
Less: accumulated depreciation	(6,753)
Total	$ 34,384

6. Rent:

The Organization conducts its operations from office space leased under a noncancelable operating lease expiring in May 2022.

In addition, the Organization is leasing additional office space under a noncancelable lease expiring in July 2022.

Future minimum lease payments under leases in effect at September 30, 2018 for office space are as follows:

Year ending September 30:	Amount
2019	$ 115,966
2020	77,321
2021	79,660
2022	59,361
	$ 332,308

Rent expense amounted to $62,160 for the year ended September 30, 2018.

7. Commitments and Contingencies:

The Organization entered into a written lease agreement with Lessor for office space on February 16, 2015. The lease term was from March 16, 2015 to March 15, 2019. The leased space did not meet the needs of the Organization, as the lessor did not respond to repeated requests by the lessee to ensure that the space was compliant with provisions of the Americans with Disabilities Act. The Organization gave notice to Lessor that they intended to move out of the leased space and turn the space back over to Lessor by February 28, 2017. Attorneys of the Organization have requested meetings with Lessor to turn over keys to the leased space. To date, Lessor has not responded. The potential liability for previous years ending September 30, 2015 through September 30, 2018 totals approximately $350,000. This liability has not been recorded at September 30, 2018 as management has taken the position that they do not have an obligation for these amounts. Future commitments on this lease at September 30, 2018, totaling approximately $40,000, are included in future payments disclosed in Note 6.

The Organization entered into a 3 year employment contract with an employee effective June 1, 2017. This contract specifies that if the employee's employment is terminated without cause, the Organization shall pay the employee the balance of the unpaid contract amount as if fully performed and worked by the employee. Subsequent to year end, this employee submitted his letter of resignation.

8. Subsequent Events:

The Organization has evaluated subsequent events through January 10, 2019, the date which the financial statements were available to be issued.

Subsequent to year end, an employee under an employment contract with the Organization submitted his letter of resignation. See Note 7.

No additional significant subsequent events were identified by management.

SUPPLEMENTARY INFORMATION

UNIVERSAL DISABILITY ADVOCATES D/B/A ALLIANCE OF DISABILITY ADVOCATES,
CENTER FOR INDEPENDENT LIVING
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2018

	Program Services	Management and General	Fundraising	Total
Accounting and legal	$	$ 76,742	$	$ 76,742
Contract services	71,041			71,041
Consumer expense	2,544			2,544
Insurance	415	530		945
Printing and publications	5,099	1,288		6,387
Office expense	52,101	13,153		65,254
Advertising and promotion		17,686		17,686
Information technology	12,481	3,153		15,634
Travel	46,258	30,065		76,323
Utilities and occupancy	55,792	14,092		69,884
Other program expense	129,456			129,456
Wages and taxes	299,083	58,358		357,441
Fundraising			6,271	6,271
Depreciation	4,667	1,179		5,846
	$ 678,937	$ 216,246	$ 6,271	$ 901,454