Audited Financial Statements,
Supplementary Information, and
Compliance Reports

ALLIANCE OF DISABILITY ADVOCATES

Years Ended September 30, 2022 and 2021

Audited Financial Statements, Supplementary Information, and Compliance Reports

Alliance of Disability Advocates

Years Ended September 30, 2022 and 2021

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Independent Auditor's Report

Board of Directors
Alliance of Disability Advocates
Raleigh, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Alliance of Disability Advocates (ADA-a nonprofit organization), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Alliance of Disability Advocates as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Alliance of Disability Advocates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Alliance of Disability Advocate's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Independent Auditor's Report--Continued

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Alliance of Disability Advocate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Alliance of Disability Advocate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2023 on our consideration of the ADA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ADA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ADA's internal control over financial reporting and compliance.

Romer, Wiggins + Company, L.L.P.

Raleigh, North Carolina
February 2, 2023

Statements of Financial Position

Alliance of Disability Advocates

September 30, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 38,414	$ 30,981
Accounts receivable:		
Grants and contracts receivable	183,329	142,276
Sales tax	1,417	160
Other	1,943	1,943
Accrued revenue	33,514	14,721
Prepaid expenses	7,932	4,667
TOTAL CURRENT ASSETS	266,549	194,748
Property and equipment, net	3,069	10,330
TOTAL ASSETS	$ 269,618	$ 205,078
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 25,538	$ 4,640
Accrued liabilities	44,465	13,410
Deferred rent	7,293	9,903
Grant overpayment	29,126	0
Note payable related party, current portion	32,500	0
TOTAL CURRENT LIABILITIES	138,922	27,953
Note payable related party, less current portion	0	0
TOTAL LIABILITIES	138,922	27,953
NET ASSETS		
Without donor restrictions	121,438	167,567
With donor restrictions	9,258	9,558
TOTAL NET ASSETS	130,696	177,125
TOTAL LIABILITIES AND NET ASSETS	$ 269,618	$ 205,078

See accompanying independent auditor's report and notes to financial statements.

Statement of Activities and Changes in Net Assets

Alliance of Disability Advocates

Year Ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total Net Asset Classes
SUPPORT AND REVENUE			
Federal grants	$ 377,751	$	$ 377,751
State grants	848,869		848,869
Contributions	81,666		81,666
Local grants			0
Other income	27,834		27,834
Net assets released from restrictions:			
Satisfaction of purpose restrictions	300	(300)	0
TOTAL REVENUES AND OTHER SUPPORT	1,336,420	(300)	1,336,120
EXPENSES			
Program Services	1,337,856		1,337,856
Fundraising	16,522		16,522
Management and general	28,171		28,171
TOTAL EXPENSES	1,382,549	0	1,382,549
CHANGE IN NET ASSETS	(46,129)	(300)	(46,429)
Net assets - beginning of year	167,567	9,558	177,125
NET ASSETS - END OF YEAR	$ 121,438	$ 9,258	$ 130,696

See accompanying independent auditor's report and notes to financial statements.

Statement of Activities and Changes in Net Assets

Alliance of Disability Advocates

Year Ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total Net Asset Classes
SUPPORT AND REVENUE			
Federal grants	$ 741,981	$	$ 741,981
State grants	582,715		582,715
Contributions	45,726	3,352	49,078
Local grants	15,383		15,383
Other income	24,286		24,286
Net assets released from restrictions:			
Satisfaction of purpose restrictions	15,169	(15,169)	0
TOTAL REVENUES AND OTHER SUPPORT	1,425,260	(11,817)	1,413,443
EXPENSES			
Program Services	1,195,740		1,195,740
Fundraising	965		965
Management and general	190,287		190,287
TOTAL EXPENSES	1,386,992	0	1,386,992
CHANGE IN NET ASSETS	38,268	(11,817)	26,451
Net assets - beginning of year	129,299	21,375	150,674
NET ASSETS - END OF YEAR	$ 167,567	$ 9,558	$ 177,125

See accompanying independent auditor's report and notes to financial statements.

Statement of Functional Expenses

Alliance of Disability Advocates

Year Ended September 30, 2022

	Program Services	Fundraising	Management and General	Total
Wages, taxes and benefits	$ 834,421	$ 1,455	$ 61,363	$ 897,239
Accounting and legal			84,571	84,571
Contract services				0
Insurance			693	693
Printing, publications and dues	208		1	209
Office expense	35,368	293	7,439	43,100
Website maintenance	4,360			4,360
Information technology	42,111		34,331	76,442
Travel	60,992		25	61,017
Utilities and occupancy	76,284	134	5,889	82,307
Other program expenses	258,471	6,207	(173,572)	91,106
Volunteer services	25,541		170	25,711
Fundraising	100	8,433		8,533
Depreciation			7,261	7,261
	$ 1,337,856	$ 16,522	$ 28,171	$ 1,382,549

See accompanying independent auditor's report and notes to financial statements.

Statement of Functional Expenses

Alliance of Disability Advocates

Year Ended September 30, 2021

	Program Services	Fundraising	Management and General	Total
Wages, taxes and benefits	$ 783,492	$ 849	$ 54,715	$ 839,056
Accounting and legal			83,169	83,169
Contract services				0
Insurance			664	664
Printing, publications and dues	76		37	113
Office expense	25,468		5,347	30,815
Website maintenance	3,027		24	3,051
Information technology	16,453		27,783	44,236
Travel	41,948		80	42,028
Utilities and occupancy	80,296	116	(2,807)	77,605
Other program expenses	234,491		52	234,543
Volunteer services	10,077		13,205	23,282
Fundraising	412			412
Depreciation			8,018	8,018
	$ 1,195,740	$ 965	$ 190,287	$ 1,386,992

See accompanying independent auditor's report and notes to financial statements.

Statements of Cash Flows

Alliance of Disability Advocates

Years Ended September 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (46,429)	$ 26,451
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	7,261	8,018
Decrease (increase) in operating assets:		
Grants and contracts receivable	(41,053)	(89,506)
Sales tax receivable	(1,257)	221
Other receivables	0	(1,000)
Accrued revenue	(18,793)	30,266
Prepaid expenses	(3,265)	(845)
(Decrease) increase in operating liabilities:		
Accounts payable	20,898	(15,424)
Accrued liabilities	31,055	(19,412)
Deferred rent	(2,610)	(6,780)
Grant overpayment	29,126	0
NET CASH USED IN OPERATING ACTIVITIES	(25,067)	(68,011)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings - related party	32,500	0
NET CASH PROVIDED BY FINANCING ACTIVITIES	32,500	0
NET CHANGE IN CASH AND CASH EQUIVALENTS	7,433	(68,011)
Cash and cash equivalents, beginning of year	30,981	98,992
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 38,414	$ 30,981

SUPPLEMENTAL NONCASH OPERATING ACTIVITIES

During the years ended September 30, 2022 and 2021, the Organization recognized contributed services totaling $25,711 and $23,283, respectively, for services received from third parties based on the fair value of comparable services. These amounts are shown in the statement of activities and changes in net assets as other income, along with the related expenses.

See accompanying independent auditor's report and notes to financial statements.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization: Alliance of Disability Advocates formerly known as 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 Organization's financial statements are prepared on the accrual basis of accounting, whereby income is recognized when earned and expenses are recognized when incurred. This basis of accounting conforms to U.S. generally accepted accounting principles.

Adoption of ASU 2014-09: Effective July 1, 2020, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, using the modified retrospective method of transition. The core principle of the guidance in ASU 2014-09 is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. The standard also requires additional disclosures related to contracts with customers. The adoption of ASU 2014-09 resulted in no changes in revenues recognized for the year ended September 30, 2021.

Net Assets: The Organization's net assets have been grouped into the following classes:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.

Net Assets With Donor Restrictions: Net assets subject to restrictions imposed by donors and grantors. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that require resources to be maintained in perpetuity. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions. Refer also to *Note I--Net Assets With Donor Restrictions.*

Recognition of Support: The Organization evaluates contributions, contracts, and grants to determine whether the transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred, or (2) a contribution. If determined to be an exchange transaction, revenue is recognized in accordance with ASC Topic 605. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based on whether the agreement includes both (1) one or more barriers that must be overcome and (2) either a right of return of assets transferred or a right of release from the donor's obligation to transfer assets. Grants and contributions requiring a match are considered conditional until the match is satisfied, wholly or in part, as defined by agreement. Cost-reimbursement grants are considered conditional until qualifying expenditures are incurred. Event sponsorships are considered conditional until the event is held. Amounts received in advance of conditions being met are included in deferred support in the statement of financial position. Support from unconditional grants and contributions is recognized as an increase in either net assets without donor restrictions or net assets with donor restrictions, based on the absence or presence of any donor-imposed restrictions.

Alliance of Disability Advocates

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- Continued

Donated Property and Equipment: Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets 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 those 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.

Recognition of Revenue: The Organization recognizes revenue when performance obligations in an exchange transaction are satisfied. Revenue from service contracts is recognized as services are provided in an amount that reflects the consideration the Organization expects to be entitled to receive in exchange for those services. Amounts collected in advance are included in deferred revenue.

Cash Equivalents: The Organization considers all highly liquid investments having an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents for purposes of the statements of cash flows exclude permanently restricted cash and cash equivalents.

Grants and Contracts Receivable: Receivables consist primarily of grant awards from federal and state agencies. The Organization has provided no provision for uncollectible accounts since management believes all amounts are collectible. Receivables are scheduled for funding within a year and are primarily unsecured.

Property and Equipment: 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 $5,000. 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

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value.

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 years ended September 30, 2022 and 2021, the Organization recognized contributed services totaling $25,711 and $23,283, respectively, for contributed services received from third parties based on the fair value of comparable services. These amounts are shown in the statement of activities and changes in net assets as other income, along with the related expenses.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- Continued

Functional Expenses: The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Certain indirect expenses are allocated to program and support services based on estimated usage and/or estimated benefit.

Tax Status: The Organization is a not-for-profit exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and the applicable state tax statutes. Therefore, no provision for federal or state income taxes has been made in the financial statements. In addition, the Internal Revenue Service has determined that the Organization is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(2)(a). The Organization had no income subject to taxation as unrelated business income for the years ended September 30, 2022 and 2021.

The Organization evaluates its uncertain tax positions using provisions of Financial Accounting Standards Board Accounting Standards Codification (ASC) 740-10-25, *Recognition of a Tax Position.* Accordingly, it is the Organization's policy to record a liability for any tax position taken that is beneficial to the Organization, including any related interest and penalties, when it is more likely than not the position of management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of September 30, 2022 or 2021. Tax years subsequent to 2018 remain subject to examination by major tax jurisdictions.

Fair Value of Financial Instruments: The carrying values of cash equivalents, receivables, accounts payable, and other accrued liabilities is considered by management to approximate fair value of such at September 30, 2022, based on the short-term maturity of these financial instruments.

Use of Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the use of management's estimates. These estimates affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Upcoming Adoptions of New Accounting Standards: In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021, as most recently deferred by ASU 2020-05. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Management is currently evaluating the impact of the adoption of the new standard, including amendments thereto, on future financial statements.

NOTE B -- AVAILABILITY AND LIQUIDITY OF ASSETS

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of certain donor-imposed restrictions and cash held in agency.

	September 30, 2022	2021
Financial assets at year-end (cash and receivables)	$ 225,103	$ 175,360
Less those unavailable for general expenditures within one year, due to:		
Net assets with donor-imposed purpose restrictions	(9,258)	(9,558)
Financial assets available to meet cash needs for general expenditures within one year	$ 215,845	$ 165,802

The majority of net assets with donor-imposed restrictions are expected to be funded and expended within one year in connection with the Organization's ongoing program services. As part of the Organization's liquidity management, it invests cash in excess of short-term requirements in an interest-bearing account with a bank.

NOTE C -- CONCENTRATION 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, 2022 and 2021, the Organization's cash balances were fully insured.

NOTE D -- MAJOR GRANTS

The Organization performed work under three major grants which together accounted for approximately 65% and 75% of total revenue and support for the years ended September 30, 2022 and 2021, respectively. Support earned and grant receivables from these grants were as follows:

	2022 Support	Percentage of Support	Grant Receivables at September 30, 2022	Percentage of Grant Receivables
Grantor A	$ 334,811	25%	$ 24,085	13%
Grantor B	349,510	26%	33,884	18%
Grantor C	186,723	14%	24,936	14%
	$ 871,044	65%	$ 82,905	45%

	2021 Support	Percentage of Support	Grant Receivables at September 30, 2021	Percentage of Grant Receivables
Grantor A	$ 384,945	27%	$ 12,366	9%
Grantor B	321,228	23%	35,567	25%
Grantor C	351,857	25%	4,472	3%
	$1,058,030	75%	$ 52,405	37%

NOTE E -- CONDITIONAL PROMISES TO GIVE

At September 30, 2022 and 2021, the Organization was due $696,116 and $391,859, respectively, 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.

NOTE F -- PROPERTY AND EQUIPMENT

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

	2022	2021
Furniture and equipment	$ 40,137	$ 40,137
Leasehold improvements	1,000	1,000
	41,137	41,137
Less: Accumulated depreciation	(38,068)	(30,807)
Total	$ 3,069	$ 10,330

Depreciation and amortization expense approximated $7,300 and $8,000 for 2022 and 2021, respectively.

NOTE G -- NOTE PAYABLE – RELATED PARTY

The Organization has an unsecured, interest-free note that is payable to the Executive Director of the Organization with principal outstanding of $32,500 at the end of 2022 and $0 at the end of 2021. The note is due in five monthly installments of $6,500 beginning January 2023.

NOTE H -- GRANT OVERPAYMENT (including a subsequent event)

In August 2022, the Organization received a duplicate payment from one of its grantors for expenditures incurred in May 2022. This overpayment of $29,126 was reimbursed to the grantor subsequent to September 30, 2022.

NOTE I -- RENT

The Organization conducts its operations from office space leased under a noncancelable operating lease expiring in November 2027.

Future minimum lease payments under leases in effect at September 30, 2022 for office space are as follows:

Year ending September 30:	
2023	$ 87,018
2024	89,619
2025	92,306
2026	95,099
2027	97,939
Thereafter	16,727
	$ 478,708

Rent expense amounted to $74,640 and $74,597 for the years ended September 30, 2022 and 2021, respectively.

NOTE J -- NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors as follows at September 30:

	2022	2021
Consumer Permanent Housing	$ 300	$ 0
NCCDD match	0	7,500
Carolina sled hockey	0	7,669
	$ 300	$ 15,169

NOTE K -- NET ASSETS WITH DONOR RESTRICTIONS

Grants and other contract support are reported as with donor restrictions support until the program services for which the restrictions were imposed have been satisfied. Once the restrictions have been satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Net assets with donor restrictions are available for the following purposes at September 30:

	2022	2021
Caswell	$ 790	$ 790
Disaster preparedness	3,886	3,886
Consumer permanent housing	1,242	1,542
Youth transition	3,340	3,340
	$ 9,258	$ 9,558

NOTE L -- COMMITMENTS AND CONTINGENCIES

Contingencies: Financial awards from federal, state and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. The Organization currently has a pending audit outstanding with one of its grantors. Management believes the final resolution of the audit will not have a material effect on the financial statements. No provision has been made for any liabilities that may arise from audits since the amounts, if any, cannot be determined or are considered immaterial.

COVID-19: On March 11, 2020, the World Health Organization declared COVID-19 a global health pandemic. The State of North Carolina operated under a "Stay at Home" order from March 27, 2020 to May 8, 2020 during which only *essential* service providers were permitted to have their employees continue to work on-site.

The Organization closed its offices at the close of business on March 13, 2020 due to the pandemic. The Organization's employees continue to work remotely to provide program and support services to clients via phone, video conferences, and e-mail.

At the date on which the financial statements were available to be issued, the Organization's employees continue to work remotely and the State is working to ensure that every North Carolinian has access to a COVID-19 vaccine. Certain public health restrictions remain in effect to protect against the spread of the virus and its variants. Management continues to monitor the situation; however, the resulting impact of COVID-19 on the Organization's operations cannot be reasonably estimated at this time.

NOTE M -- SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 2, 2023, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards

Alliance of Disability Advocates

Year Ended September 30, 2022

Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
Federal Awards				
U.S. Department of Health and Human Services:				
2021 CILs	93.432		$ 334,811 *	$
2020 ILC3-CARES	93.432		35,003	
FY21 Part C CILs Access to COVID-19 Vaccines	93.432		7,937	
N.C. Department of Health and Human Services:				
Pass-through from North Carolina Council on Developmental Disabilities: Administration for Community Living	93.630		186,723	
Pass-through from Eastpointe: Transitions to Community Living Initiative	93.958		349,510 *	
U.S. Department of Education:				
N.C. Department of Health and Human Services: Division of Vocational Rehabilitation Services: Independent Living State Grant	93.369		40,267	
Total Expenditures of Federal Awards			$ 954,251	$ 0

* Awards having compliance requirements that could have a direct and material effect on the Organization's financial statements.

See independent auditor's report as pertains to supplementary information and notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Alliance of Disability Advocates

Year Ended September 30, 2022

NOTE A -- BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Alliance of Disability Advocates (ADA) for the year ended September 30, 2022. Federal expenditures are presented on the accrual basis of accounting in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of ADA, it is not intended to, and does not present the financial position, changes in net assets, or cash flows of ADA.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and U.S. Department of the Treasury's guidance and FAQs published in the *Federal Register*, as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C -- INDIRECT COST RATE

ADA has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

COMPLIANCE REPORTS

RW & Co.

ROMEO, WIGGINS & COMPANY, L.L.P. *Certified Public Accountants*

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Alliance of Disability Advocates
Raleigh, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Alliance of Disability Advocates (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 2, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Alliance of Disability Advocate's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alliance of Disability Advocate's internal control. Accordingly, we do not express an opinion on the effectiveness of Alliance of Disability Advocate's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alliance of Disability Advocate's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Romeo, Wiggins & Company, L.L.P.

Raleigh, North Carolina
February 2, 2023

Independent Auditor's Report on Compliance
for Each Major Program and on Internal Control
Over Compliance Required by the Uniform Guidance

Board of Directors
Alliance of Disability Advocates
Raleigh, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Alliance of Disability Advocate's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Alliance of Disability Advocate's major federal programs for the year ended September 30, 2022. Alliance of Disability Advocate's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Alliance of Disability Advocates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Alliance of Disability Advocates and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Alliance of Disability Advocate's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Alliance of Disability Advocate's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Alliance of Disability Advocate's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Alliance of Disability Advocate's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Alliance of Disability Advocate's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Alliance of Disability Advocate's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Alliance of Disability Advocate's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Romeo, Wiggins & Company, L.L.P.

Raleigh, North Carolina
February 2, 2023

Schedule of Findings and Questioned Costs

Alliance of Disability Advocates

Year Ended September 30, 2022

Section I - Summary of Auditor's Results

Type of auditor's report issued on financial statements: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? ____ yes __X__ no
- Significant deficiency (ies) identified? ____ yes __X__ none reported

Noncompliance material to financial statements noted. ____ yes __X__ no

Federal Awards

Internal control over major federal award programs:

- Material weakness(es) identified? ____ yes __X__ no
- Significant deficiency (ies) identified? ____ yes __X__ none reported

Noncompliance material to major federal award programs? ____ yes __X__ no

Type of auditor's report issued on compliance for major federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ____ yes __X__ no

Identification of major federal program(s):

CFDA Number(s)	Program Name
93.630	Administration for Community Living
93.958	Transitions to Community Living Initiative

Dollar threshold used to distinguish between type A and type B programs: $ 750,000

Auditee qualified as low-risk auditee? ____ yes __X__ no

Schedule of Findings and Questioned Costs--Continued

Alliance of Disability Advocates

Year Ended September 30, 2022

Section II - Financial Statement Findings

There were no such findings to report.

Section III - Federal Award Findings and Questioned Costs

There were no such findings to report.

Summary Schedule of Prior Audit Findings

Alliance of Disability Advocates

Year Ended September 30, 2022

No federal award findings were reported in connection with the prior audit.