Audited Financial Statements

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

Year Ended September 30, 2019

Audited Financial Statements

Universal Disability Advocates d/b/a Alliance of Disability Advocates, Center for Independent Living

Year Ended September 30, 2019

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RW & Co.

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

Independent Auditors' Report

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 comprise the statement of financial position as of September 30, 2019, and the related statements of activities and changes in net assets, functional expenses, 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, 2019, and the changes in its net assets, functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Raleigh, North Carolina
December 12, 2019

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Statement of Financial Position

Universal Disability Advocates d/b/a Alliance of Disability Advocates, Center for Independent Living

September 30, 2019

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	90,775
Accounts receivable:		
Grants and contracts receivable		49,952
Sales tax		279
Other		1,030
Prepaid expenses		8,395
TOTAL CURRENT ASSETS		150,431
Property and equipment, net		26,366
TOTAL ASSETS	$	176,797
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable - trade	$	3,823
Accrued liabilities		18,268
Deferred rent		18,886
TOTAL CURRENT LIABILITIES		40,977
NET ASSETS		
Without donor restrictions		125,227
With donor restrictions		10,593
TOTAL NET ASSETS		135,820
TOTAL LIABILITIES AND NET ASSETS	$	176,797

See accompanying independent auditors' report and notes to financial statements.

Statement of Activities and Changes in Net Assets

Universal Disability Advocates d/b/a Alliance of Disability Advocates, Center for Independent Living

Year Ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total Net Asset Classes
SUPPORT AND REVENUE			
Federal grants	$ 372,321	$	$ 372,321
State grants	283,547		283,547
Contributions	39,133	10,593	49,726
Local grants	110,489		110,489
Other income	14,712		14,712
TOTAL REVENUES AND OTHER SUPPORT	820,202	10,593	830,795
EXPENSES			
Program Services	660,949		660,949
Fundraising	6,462		6,462
Management and general	175,737		175,737
TOTAL EXPENSES	843,148	0	843,148
CHANGE IN NET ASSETS	(22,946)	10,593	(12,353)
Net assets - beginning of year	148,173	0	148,173
NET ASSETS - END OF YEAR	$ 125,227	$ 10,593	$ 135,820

See accompanying independent auditors' report and notes to financial statements.

Statement of Functional Expenses

Universal Disability Advocates d/b/a Alliance of Disability Advocates, Center for Independent Living

Year Ended September 30, 2019

	Program Services	Fundraising	Management and General	Total
Wages and taxes	$ 481,831	$	$ 42,684	$ 524,515
Accounting and legal	1,209		76,240	77,449
Contract services	7,533			7,533
Insurance	451		719	1,170
Printing and publications	1,759		269	2,028
Office expense	19,601	205	11,160	30,966
Website maintenance	9,600			9,600
Information technology	12,129		4,757	16,886
Travel	55,217		116	55,333
Utilities and occupancy	61,521		13,223	74,744
Other program expenses	10,098		18,551	28,649
Fundraising		6,257		6,257
Depreciation			8,018	8,018
	$ 660,949	$ 6,462	$ 175,737	$ 843,148

See accompanying independent auditors' report and notes to financial statements.

Statement of Cash Flows

Universal Disability Advocates d/b/a Alliance of Disability Advocates, Center for Independent Living

Year Ended September 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	(12,353)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		8,018
Decrease (increase) in operating assets:		
Grants and contracts receivable		39,919
Sales tax receivable		2,572
Other receivables		(1,030)
Prepaid expenses		(19)
(Decrease) increase in operating liabilities:		
Accounts payable - trade		(8,915)
Accrued liabilities		2,265
Deferred rent		(525)
Deferred revenue		(15,000)
NET CASH PROVIDED BY OPERATING ACTIVITIES		14,932
NET CHANGE IN CASH AND CASH EQUIVALENTS		14,932
Cash and cash equivalents, beginning of year		75,843
CASH AND CASH EQUIVALENTS, END OF YEAR	$	90,775

SUPPLEMENTAL NONCASH OPERATING ACTIVITIES

During the year ended September 30, 2018, the Organization recognized contributed services totaling $13,455 for 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 auditors' report and notes to financial statements.

Notes to Financial Statements

Universal Disability Advocates d/b/a Alliance of Disability Advocates, Center for Independent Living

Year Ended September 30, 2019

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization: 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.

Net Asset Presentation: The accompanying financial statements have been prepared in accordance with FASB Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which was first effective for fiscal years beginning after December 15, 2017. The Organization is thereby required to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions: Net assets without donor restrictions are resources available to support the Organization's operations that are not subject to donor-imposed restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its formation documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions: Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. 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. At September 30, 2019, the Organization has no net assets with donor restrictions that require resources to be maintained in perpetuity.

The Organization has implemented ASU 2016-14 retrospectively for all periods presented. The Organization is now required to report expenses by nature and function in one location in the financial statements, and to include both quantitative and qualitative disclosures with regard to the availability and liquidity of assets (as described in *Note B--Availability and Liquidity of Assets)*.

Revenue with and without Donor Restrictions: Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Method of Accounting: The financial statements are prepared on the accrual basis of accounting.

Recognition of Support: Revenues received are recorded as without donor restrictions and with donor restrictions, 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 with donor restrictions support which increases those net asset classes. When a restriction expires, net assets with restrictions are reclassified to net assets without donor restrictions.

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.

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.

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, 2019.

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, 2019.

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 $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, 2019, the Organization recognized contributed services totaling $13,455 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.

Advertising: The Organization expenses advertising costs as incurred. During the year ended September 30, 2019, the Organization incurred $0 of advertising and promotion expenses.

Functional Allocation of Expenses: The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Expenses that can be identified with a specific program and support service are allocated directly thereto. Certain indirect costs have been allocated among programs and support services based on estimated usage and/or benefit.

Universal Disability Advocates d/b/a Alliance of Disability Advocates, Center for Independent Living

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

Income Tax Status: 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, 2019.

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, 2019, 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, 2016.

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, 2019, 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.

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 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, 2020. The amendments for contributions made will be effective for the Organization for the fiscal year ending September 30, 2021. 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

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.

Financial assets at year-end (cash and receivables)	$ 142,036
Less those unavailable for general expenditures within one year, due to:	
Net assets with donor-imposed purpose restrictions	(10,593)
Financial assets available to meet cash needs for general expenditures within one year	$ 131,443

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, 2019, 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 88% of total revenue and support for the year ended September 30, 2019. Support earned and grant receivables from these grants were as follows:

	2019 Support	Percentage of Support	Grant Receivables at September 30, 2019	Percentage of Grant Receivables
Grantor A	$ 372,321	45%	$ 15,738	32%
Grantor B	246,741	30%	24,824	50%
Grantor C	110,489	13%	1,728	3%
	$ 729,551	88%	$ 42,290	85%

Universal Disability Advocates d/b/a Alliance of Disability Advocates, Center for Independent Living

NOTE E -- CONDITIONAL PROMISE TO GIVE

At September 30, 2019, the Organization was due $841,217 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, 2019:

Furniture and equipment	$	40,137
Leasehold improvements		1,000
		41,137
Less: Accumulated depreciation		(14,771)
Total	$	26,366

Depreciation and amortization expense approximated $8,000 for 2019.

NOTE G -- 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, 2019 for office space are as follows:

Year ending September 30:		
2020	$	77,321
2021		79,660
2022		59,361
2023		0
2024		0
Thereafter		0
	$	216,342

Rent expense amounted to $74,745 for the year ended September 30, 2019.

Universal Disability Advocates d/b/a Alliance of Disability Advocates, Center for Independent Living

NOTE H -- 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, 2019:

Caswell	$ 1,391
Disaster preparedness	5,355
Paralympic sports club	912
Carolina sled hockey	2,935
	$ 10,593

NOTE I -- COMMITMENTS AND CONTINGENCIES

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. This employee submitted his letter of resignation and the Board agreed to release him from his employment effective December 31, 2018.

NOTE J -- SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 12, 2019, the date on which the financial statements were available to be issued.

No additional significant subsequent events were identified by management.