

**INDEPENDENCE NOW, INC.**

**Financial Statements and Supplemental Schedules Together with  
Reports of Independent Public Accountants**

**For the Years Ended September 30, 2018 and 2017**



**SB & COMPANY, LLC**  
KNOWLEDGE • QUALITY • CLIENT SERVICE

**SEPTEMBER 30, 2018 AND 2017**

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## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Board of Directors of  
Independence Now, Inc.

### **Report on the Financial Statements**

We have audited the accompanying statements of financial position of Independence Now, Inc. (Independence Now) as of September 30, 2018 and 2017, the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Independence Now, Inc. as of September 30, 2018 and 2017, 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.

***Other Matters***

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedules of functional expenses for the years ended September 30, 2018 and 2017, are presented for purposes of additional analysis, and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

Hunt Valley, Maryland  
March 29, 2019

*S B & Company, LLC*

**INDEPENDENCE NOW, INC.****Statements of Financial Position  
As of September 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 487,020	\$ 451,614
Investments	733,810	696,347
Grants and contracts receivable, net	134,565	182,648
Prepaid expenses and other current assets	16,056	3,345
<b>Total Current Assets</b>	<u>1,371,451</u>	<u>1,333,954</u>
Security deposit	7,624	7,624
Property and equipment, net	16,319	19,910
<b>Total Assets</b>	<u>\$ 1,395,394</u>	<u>\$ 1,361,488</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 40,016	\$ 31,114
Accrued expenses	71,030	66,497
Deferred revenue	8,135	-
Capital lease payable, current portion	3,201	2,841
<b>Total Current Liabilities</b>	<u>122,382</u>	<u>100,452</u>
Capital lease payable, net of current portion	11,054	14,256
<b>Total Liabilities</b>	<u>133,436</u>	<u>114,708</u>
<b>Net Assets</b>		
Unrestricted	1,183,629	1,208,941
Temporarily restricted	78,329	37,839
<b>Total Net Assets</b>	<u>1,261,958</u>	<u>1,246,780</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 1,395,394</u>	<u>\$ 1,361,488</u>

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

**INDEPENDENCE NOW, INC.**

**Statements of Activities and Changes in Net Assets  
For the Years Ended September 30, 2018 and 2017**

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>						
Federal grants	\$ 719,699	\$ 26,526	\$ 746,225	\$ 752,177	\$ 12,652	\$ 764,829
Other grants	189,020	19,533	208,553	252,175	21,850	274,025
Fee for service	268,021	-	268,021	220,829	-	220,829
Contributions	3,250	-	3,250	5,805	-	5,805
Investment income, net	36,952	-	36,952	50,416	-	50,416
Other revenue	69,967	-	69,967	68,815	-	68,815
<b>Total</b>	<b>1,286,909</b>	<b>46,059</b>	<b>1,332,968</b>	<b>1,350,217</b>	<b>34,502</b>	<b>1,384,719</b>
Net Assets Released from Restrictions	5,569	(5,569)	-	5,970	(5,970)	-
<b>Total Support and Revenue</b>	<b>1,292,478</b>	<b>40,490</b>	<b>1,332,968</b>	<b>1,356,187</b>	<b>28,532</b>	<b>1,384,719</b>
<b>Expenses</b>						
Program services:						
Independent Living	303,222	-	303,222	276,451	-	276,451
Community Services	539,831	-	539,831	583,600	-	583,600
Work Incentives Planning and Assistance	231,808	-	231,808	236,967	-	236,967
Total program services	1,074,861	-	1,074,861	1,097,018	-	1,097,018
Supporting services:						
General and administrative	242,929	-	242,929	217,118	-	217,118
<b>Total Expenses</b>	<b>1,317,790</b>	<b>-</b>	<b>1,317,790</b>	<b>1,314,136</b>	<b>-</b>	<b>1,314,136</b>
<b>Changes in Net Assets</b>	<b>(25,312)</b>	<b>40,490</b>	<b>15,178</b>	<b>42,051</b>	<b>28,532</b>	<b>70,583</b>
Net Assets, Beginning of Year	1,208,941	37,839	1,246,780	1,166,890	9,307	1,176,197
Net Assets, End of Year	\$ 1,183,629	\$ 78,329	\$ 1,261,958	\$ 1,208,941	\$ 37,839	\$ 1,246,780

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

**INDEPENDENCE NOW, INC.****Statements of Cash Flows  
For the Years Ended September 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ 15,178	\$ 70,583
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation and amortization expense	3,591	5,388
Unrealized investment loss/(gain), net	7,791	(38,687)
Effects of changes in non-cash operating assets and liabilities:		
Grants and contracts receivable, net	48,083	(48,533)
Prepaid expenses and other current assets	(12,711)	10,331
Security deposit	-	200
Accounts payable	8,902	4,066
Accrued expenses	4,533	4,723
Deferred revenue	8,135	(21,676)
Deferred rent	-	(2,025)
<b>Net Cash from Operating Activities</b>	<u>83,502</u>	<u>(15,630)</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of Investments	<u>(45,254)</u>	<u>(11,729)</u>
<b>Cash Flows from Financing Activities</b>		
Payments on capital leases	<u>(2,842)</u>	<u>(3,693)</u>
<b>Net change in cash and cash equivalents</b>	35,406	(31,052)
Cash and cash equivalents, beginning of year	451,614	482,666
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 487,020</u>	<u>\$ 451,614</u>
<b>Supplemental Disclosures</b>		
Cash paid for interest	<u>\$ 1,930</u>	<u>\$ 680</u>

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

## **INDEPENDENCE NOW, INC.**

### **Notes to the Financial Statements September 30, 2018 and 2017**

#### **1. BACKGROUND OF THE ORGANIZATION**

Independence Now, Inc. (Independence Now) is a 501(c)3 corporation and is a consumer controlled and directed non-profit organization which provides various independent living and other services to individuals with disabilities residing in Montgomery and Prince George's counties, in Maryland.

Organized in 1994 and opened during 1995, Independence Now offers the following services:

##### **Independent Living Services**

- *Independent Living Services* - Provides Independent Living Services to individuals with significant disabilities who reside in Montgomery and Prince George's counties so that they may live in the community. This is done primarily through peer counseling, advocacy and information and referral services. Independent living specialists meet and work with consumers on an individual basis.
- *Money Follows the Person Peer Outreach Project* - Performs peer outreach to nursing facility residents in Montgomery and Prince George's counties. The purpose of this effort is to offer nursing facility residents information about the option to receive services in the community and to refer those who are interested in exploring community-based options to resources for information and transition assistance.

##### **Community Services**

- *Assistive Technology* - Provides basic assistive technology to eligible individuals with significant disabilities when such services are needed to achieve the goal established under the Independent Living Plan. Assistive technology can include: aids for daily living, environmental control units, communication devices and hearing aids, etc. The program assists with purchases or repairs within the constraints of funding limits.
- *Employment Services*- Offers job development and job coaching to people with disabilities who are seeking employment and consumers of Department of Rehabilitation Services or Development Disabilities Council.
- *Youth Leadership Forum (YLF)* - Hosts an annual week-long leadership training program for high school students with disabilities. Students are given the opportunity to gain skills in self-advocacy and leadership, as well as learn about resources available to them. This event and Alumni events offer networking opportunities with other students and a chance to volunteer with the YLF.



# INDEPENDENCE NOW, INC.

## Notes to the Financial Statements September 30, 2018 and 2017

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Community Services (continued)

- *Work Incentives Planning and Assistance (WIPA)* - WIPA assists individuals with disabilities and members of the aging community who receive disability benefits from Social Security who want to explore returning to work. People who request services receive individual assistance from a Certified Community Work Incentives Coordinator who helps to identify employment goals and options to achieve those goals.
- *Supports Planning* - From a consumer driven and person-centered perspective we assist and support individuals to remain in community settings, transition from nursing facilities, and coordinate care. This is a Medicaid case management program for individuals on a Home and Community Based waiver.

#### Basis of Accounting

The accompanying financial statements of Independence Now are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of support and revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### Cash and Cash Equivalents

Independence Now considers all cash in the bank and other short-term investments with original maturities of less than 90 days to be cash and cash equivalents. Cash equivalents as of September 30, 2018 and 2017, consisted of money market funds.

#### Grants and Contracts Receivable, Net

Grants and contracts receivable are stated at their net realizable value and represent amounts owed to Independence Now for cost reimbursable program expenses. On a periodic basis, management evaluates its grants and contracts receivable balance and establishes an allowance for doubtful accounts, based upon management's estimate of the amounts which are ultimately realizable pursuant to the applicable terms of the various grants and commitments.

## **INDEPENDENCE NOW, INC.**

### **Notes to the Financial Statements September 30, 2018 and 2017**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Grants and Contracts Receivable, Net (continued)**

Grants and contracts receivable are written off at the time management determines that the receivable will not be collected. The allowance for uncollectible accounts as of September 30, 2018 and 2017, was \$13,720 and \$6,300, respectively.

##### **Property and Equipment, Net**

Property and equipment are recorded at cost. Donated furniture and equipment are capitalized at the estimated fair market value on the date received. Property and equipment with costs in excess of \$2,500, and useful lives of more than one year are capitalized and recorded at cost. The cost of maintenance and repairs is charged to expense, as incurred. Depreciation of furniture and fixtures is recorded on a straight-line basis over the estimated useful lives of the assets ranging from five to seven years.

##### **Fair Value Measurement and Income Recognition for Investments**

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes Independence Now's gains and losses on investments bought and sold as well as held during the year.

Accounting standards generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

## INDEPENDENCE NOW, INC.

### Notes to the Financial Statements September 30, 2018 and 2017

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Fair Value Measurement and Income Recognition for Investments (continued)

The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used as of September 30, 2018 and 2017.

*Cash equivalents:* include investments with original maturities of three months or less, and are rendered Level 1 due to their frequent pricing and ease of converting to cash.

*Stocks and mutual funds:* Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Independence Now believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

# **INDEPENDENCE NOW, INC.**

## **Notes to the Financial Statements September 30, 2018 and 2017**

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Net Assets**

Unrestricted net assets are assets and contributions that are not restricted by donors or for which restrictions have expired.

Temporarily restricted net assets are those whose use by Independence Now has been limited by donors primarily for a specific time period or purpose. When a donor restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets. If a donor restriction is met in the same reporting period in which the contribution is received, the contribution (to the extent that the restrictions have been met) is reported as unrestricted net assets.

Permanently restricted net assets consist of contributions received from donors, which are subject to restrictions of gift instruments requiring, in perpetuity, that the principal be invested and only the investment income be used. Investment income earned from such contributions is temporarily restricted to support the purpose designated. As of September 30, 2018 and 2017, there were no permanently restricted net assets.

#### **Restricted and Unrestricted Support and Revenue**

Amounts received under grants and contracts are recognized as revenue when the related expenses are incurred. Amounts received for services provided are recognized as the services are provided. Funds received for services and benefits that have not yet been provided or events that have not yet occurred are recorded as deferred revenue.

Contributions received are recorded as unrestricted, temporarily or permanently restricted support, depending on the existence and/or nature of any donor imposed restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of these assets. When a donor restriction expires, that is, when some stipulated time restriction ends or purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

# INDEPENDENCE NOW, INC.

## Notes to the Financial Statements September 30, 2018 and 2017

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated between the program services and general and administrative services that benefit from those costs. General and administrative expenses include those expenses that are not directly identified with any other specific function, but provide for the overall support and direction of Independence Now.

#### Income Taxes

Independence Now is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition of tax positions taken or expected to be taken in a tax return. Independence Now performed an evaluation of uncertain tax positions for the years ended September 30, 2018 and determined that there were no matters that would require recognition in the financial statements or which may have any effect on its tax-exempt status. For the year ended September 30, 2018, the statute of limitations for fiscal years 2015 through 2018 remains open with the U.S. Federal jurisdiction or the various states and local jurisdictions in which Independence Now files tax returns. It is Independence Now's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

#### Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases*, which creates a singular reporting model for leases. This standard will require the entity to record changes to its statement of financial position to reflect balances for current leases that are not shown in the statement of financial position. In July 2018, the FASB issued ASU No. 2018-10, *Codification Improvements to Topic 842, Leases and Leases (Topic 842): Targeted Improvements*, which provide further clarity and transition options for adoption of FASB ASU No. 2016-02. These standards will be effective for periods beginning after December 15, 2019.

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* and ASU No. 2016-15, *Classification of Certain Cash Receipts and Cash Payments*. ASU No 2016-14 provides updated guidance on the reporting model for not-for-profit organizations and is effective for periods beginning after December 15, 2017. ASU No. 2016-15 provides guidance on the statement of cash flows and is effective for periods beginning after December 15, 2018.

## **INDEPENDENCE NOW, INC.**

### **Notes to the Financial Statements September 30, 2018 and 2017**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Recent Accounting Pronouncements (continued)**

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which improves the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations and business enterprises. This standard is effective for periods beginning after December 15, 2019.

Management is evaluating the effects of these pronouncements on the financial statements, and will implement these pronouncements by their effective dates. Management does not believe the adoption of these pronouncements will have a material effect on the financial statements.

##### **Subsequent Events**

Independence Now's management evaluated subsequent events and transactions through March 29, 2019, the date these financial statements were available for issue, and has determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

# INDEPENDENCE NOW, INC.

## Notes to the Financial Statements September 30, 2018 and 2017

### 3. INVESTMENTS

The following tables set forth by level, within the fair value hierarchy, Independence Now's investments at fair value:

	As of September 30, 2018			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 317,296	\$ -	\$ -	\$ 317,296
Stocks:				
Financial institutions	9,548	-	-	9,548
Mutual funds:				
Equity fund	93,352	-	-	93,352
Equity income fund	292,021	-	-	292,021
Bond-debenture fund	21,593	-	-	21,593
<b>Total</b>	<b>\$ 733,810</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 733,810</b>

	As of September 30, 2017			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 317,129	\$ -	\$ -	\$ 317,129
Stocks:				
Financial institutions	9,074	-	-	9,074
Mutual funds:				
Equity fund	262,154	-	-	262,154
Equity income fund	87,435	-	-	87,435
Bond-debenture fund	20,555	-	-	20,555
<b>Total</b>	<b>\$ 696,347</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 696,347</b>

Activities on investments for the years ended September 30, were as follows:

	2018	2017
Dividends and interest income	\$ 44,798	\$ 11,793
Net unrealized (loss)/gain	(7,791)	38,687
Investment expenses	(55)	(64)
<b>Total</b>	<b>\$ 36,952</b>	<b>\$ 50,416</b>

## INDEPENDENCE NOW, INC.

### Notes to the Financial Statements September 30, 2018 and 2017

#### 4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of September 30:

	<u>2018</u>	<u>2017</u>	<u>Useful Life</u>
Furniture and fixtures	\$ 52,057	\$ 52,057	5 to 7 years
Website	5,000	5,000	5 years
			shorter of life of
Assets acquired under capital lease	17,756	17,756	lease or 5 years
<b>Total</b>	<b>74,813</b>	<b>74,813</b>	
Less: accumulated depreciation and amortization	58,494	54,903	
<b>Property and equipment, net</b>	<b>\$ 16,319</b>	<b>\$ 19,910</b>	

Depreciation and amortization expense was \$3,591 and \$5,388 for the years ended September 30, 2018 and 2017, respectively.

#### 5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following as of September 30:

	<u>2018</u>	<u>2017</u>
Aid Association of the Blind	\$ 25,310	\$ 21,860
Division of Rehabilitation Services - Independent Living	5,885	11,453
Division of Rehabilitation Services - Assistive Technology	7,553	-
Maryland Technology Assistance Program	5,133	-
MFP - Maryland Department of Disabilities	25,920	4,526
Youth Leadership Forum	1,968	-
HTF - Maryland Department of Disabilities	6,560	-
<b>Total</b>	<b>\$ 78,329</b>	<b>\$ 37,839</b>

#### 6. COMMITMENTS AND CONTINGENCIES

##### Operating leases

In March 2016, Independence Now entered into a 5-year operating lease for its office space, which requires monthly payments of \$7,089. The annual base rent will increase by 2% each year.

Independence Now entered into an additional lease agreement in September 2016, for office space under which it is required to make monthly payments of \$1,150. This lease agreement was automatically renewed each year. The monthly payment will increase \$100 each year.

Total occupancy costs for the fiscal years ended September 30, 2018 and 2017, was \$101,775 and \$96,160, respectively.



# INDEPENDENCE NOW, INC.

## Notes to the Financial Statements September 30, 2018 and 2017

### 6. COMMITMENTS AND CONTINGENCIES (continued)

#### Capital leases

During 2017, the Organization obtained a new copier through a 5-year capital lease agreement which requires monthly payment of \$395. As of September 30, 2018, the copier was capitalized at \$17,756 and accumulated amortization was \$3,501.

Interest expense was \$1,930 and \$680, for the years ended September 30, 2018 and 2017, respectively.

Future minimum payments on all leases were as follows as of September 30, 2018 for the fiscal years ending September 30:

<u>Years Ending</u>	<u>Capital Lease</u>	<u>Operating Lease</u>
2019	\$ 3,201	\$ 89,537
2020	3,607	91,328
2021	4,064	38,367
2022	3,383	-
<b>Total</b>	<u>\$ 14,255</u>	<u>\$ 219,232</u>

#### Governmental Grants

The Organization receives financial assistance from Federal agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Additionally, management has allocated costs and recognized certain revenue pursuant to their understanding of the terms of Independence Now's grants. Management's allocations of such costs are subject to retrospective reviews or audits and, accordingly, are subject to adjustment and or disallowance. Management is unable, however, to estimate whether any allocated costs may ultimately become subject to disallowance and/or whether any related revenue might not be fully realizable. Reduction of this source of support would have a significant impact on Independence Now's programs and activities. Management believes such disallowance, if any, would be immaterial.

### 7. RETIREMENT BENEFIT PLAN

Independence Now provides a defined contribution retirement plan under section 403(b) of the Internal Revenue Code. The plan is administered by a life insurance company. Under the terms of the plan, all full and part time employees who are at least twenty-one years of age and have completed ninety days of employment are eligible to participate. Employees may make contributions up to the maximum allowed by law. The plan does not allow for employer contributions.

## **SUPPLEMENTAL INFORMATION**

**INDEPENDENCE NOW, INC.**

**Supplemental Schedule of Functional Expenses  
For the Year Ended September 30, 2018, with comparative totals for 2017**

	Program Services			Total Program Services	General and Administrative	2018 Total	2017 Total
	Independent Living	Community Service	WIPA				
Salaries	\$ 194,403	\$ 323,282	\$ 92,672	\$ 610,357	\$ 81,857	\$ 692,214	\$ 684,164
Payroll taxes	15,611	25,781	5,956	47,348	6,807	54,155	58,555
Fringe benefits	5,077	14,818	2,910	22,805	11,433	34,238	47,431
Occupancy	62,688	9,146	2,765	74,599	27,176	101,775	96,160
Amortization and depreciation	-	-	-	-	3,591	3,591	5,388
Lobbying	-	-	-	-	1,042	1,042	-
Professional fees	11,458	114,210	123,849	249,517	78,893	328,410	312,833
Staff development	2,446	1,482	100	4,028	537	4,565	4,373
Insurance	894	-	-	894	6,126	7,020	9,955
Supplies	1,789	2,287	268	4,344	2,861	7,205	6,964
Travel	2,007	24,872	1,232	28,111	1,231	29,342	30,823
Postage and printing	11	520	548	1,079	2,595	3,674	1,989
Training and conference	585	10,097	-	10,682	460	11,142	14,490
Interest and bank charges	-	-	-	-	2,399	2,399	1,489
Membership	1,053	1,775	98	2,926	2,174	5,100	1,910
Equipment expense	-	424	-	424	915	1,339	5,855
Telephone	5,132	11,038	1,410	17,580	4,317	21,897	20,531
Bad debt expense	-	-	-	-	7,420	7,420	8,725
Fee for Service	-	-	-	-	-	-	1,950
Miscellaneous	68	99	-	167	1,095	1,262	551
<b>Total</b>	<b>\$ 303,222</b>	<b>\$ 539,831</b>	<b>\$ 231,808</b>	<b>\$ 1,074,861</b>	<b>\$ 242,929</b>	<b>\$ 1,317,790</b>	<b>\$ 1,314,136</b>

**INDEPENDENCE NOW, INC.**

**Supplemental Schedule of Functional Expenses  
For the Year Ended September 30, 2017**

	Program Services			Total Program Services	General and Administrative	2017 Total
	Independent Living	Community Service	WIPA			
Salaries	\$ 156,193	\$ 342,074	\$ 89,614	\$ 587,881	\$ 96,283	\$ 684,164
Payroll taxes	14,017	31,705	6,642	52,364	6,191	58,555
Fringe benefits	17,116	16,872	5,377	39,365	8,066	47,431
Occupancy	62,660	19,478	2,706	84,844	11,316	96,160
Amortization and depreciation	-	-	-	-	5,388	5,388
Professional fees	8,286	115,705	128,479	252,470	60,363	312,833
Staff development	1,779	1,442	-	3,221	1,152	4,373
Insurance	3,334	-	-	3,334	6,621	9,955
Supplies	1,568	2,671	494	4,733	2,231	6,964
Travel	3,773	25,797	1,194	30,764	59	30,823
Postage & printing	215	37	105	357	1,632	1,989
Training and conference	1,993	12,446	-	14,439	51	14,490
Interest and bank charges	97	-	-	97	1,392	1,489
Membership	-	-	160	160	1,750	1,910
Equipment expense	528	3,002	-	3,530	2,325	5,855
Telephone	4,892	12,371	2,196	19,459	1,072	20,531
Bad debt expense	-	-	-	-	8,725	8,725
Fee for Service	-	-	-	-	1,950	1,950
Miscellaneous	-	-	-	-	551	551
<b>Total</b>	<u>\$ 276,451</u>	<u>\$ 583,600</u>	<u>\$ 236,967</u>	<u>\$ 1,097,018</u>	<u>\$ 217,118</u>	<u>\$ 1,314,136</u>