

INDEPENDENCE NOW, INC.

**Financial Statements Together with
Report of Independent Public Accountants**

For the Years Ended September 30, 2017 and 2016



SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

SEPTEMBER 30, 2017 AND 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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, 2017 and 2016, 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
May 2, 2018

S B & Company, LLC

INDEPENDENCE NOW, INC.**Statements of Financial Position
As of September 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 451,614	\$ 482,666
Investments	696,347	645,931
Grants and contracts receivable, net	182,648	134,115
Prepaid expenses and other current assets	3,345	13,676
Total Current Assets	<u>1,333,954</u>	<u>1,276,388</u>
Security deposit	7,624	7,824
Property and equipment, net	19,910	7,542
Total Assets	<u>\$ 1,361,488</u>	<u>\$ 1,291,754</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 31,114	\$ 27,048
Accrued expenses	66,497	61,774
Deferred revenue	-	21,676
Capital lease payable, current portion	2,841	3,034
Total Current Liabilities	<u>100,452</u>	<u>113,532</u>
Capital lease payable, net of current portion	14,256	-
Deferred rent	-	2,025
Total Liabilities	<u>114,708</u>	<u>115,557</u>
Net Assets		
Unrestricted	1,208,941	1,166,890
Temporarily restricted	37,839	9,307
Total Net Assets	<u>1,246,780</u>	<u>1,176,197</u>
Total Liabilities and Net Assets	<u>\$ 1,361,488</u>	<u>\$ 1,291,754</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, 2017 and 2016**

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue						
Federal grants	\$ 752,177	\$ 12,652	\$ 764,829	\$ 798,859	\$ -	\$ 798,859
Other grants	252,175	21,850	274,025	314,248	3,679	317,927
Fee for service	220,829	-	220,829	197,351	-	197,351
Contributions	5,805	-	5,805	1,159	-	1,159
Investment income, net	50,416	-	50,416	35,996	-	35,996
Other revenue	68,815	-	68,815	16,625	-	16,625
Total	1,350,217	34,502	1,384,719	1,364,238	3,679	1,367,917
Net Assets Released from Restrictions	5,970	(5,970)	-	1,761	(1,761)	-
Total Support and Revenue	1,356,187	28,532	1,384,719	1,365,999	1,918	1,367,917
Expenses						
Program services:						
Independent Living	276,451	-	276,451	385,928	-	385,928
Community Services	583,600	-	583,600	628,947	-	628,947
Work Incentives Planning and Assistance	236,967	-	236,967	265,506	-	265,506
Total program services	1,097,018	-	1,097,018	1,280,381	-	1,280,381
Supporting services:						
General and administrative	217,118	-	217,118	37,304	-	37,304
Total Expenses	1,314,136	-	1,314,136	1,317,685	-	1,317,685
Changes in Net Assets	42,051	28,532	70,583	48,314	1,918	50,232
Net Assets, Beginning of Year	1,166,890	9,307	1,176,197	1,118,576	7,389	1,125,965
Net Assets, End of Year	\$ 1,208,941	\$ 37,839	\$ 1,246,780	\$ 1,166,890	\$ 9,307	\$ 1,176,197

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

INDEPENDENCE NOW, INC.

Statements of Cash Flows For the Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 70,583	\$ 50,232
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation and amortization expense	5,388	5,621
Unrealized investment gains, net	(38,687)	(26,480)
Effects of changes in non-cash operating assets and liabilities:		
Grants and contracts receivable, net	(48,533)	48,747
Prepaid expenses and other current assets	10,331	(11,695)
Security deposit	200	(200)
Accounts payable	4,066	889
Accrued expenses	4,723	(9,602)
Deferred revenue	(21,676)	8,617
Deferred rent	(2,025)	2,025
Net Cash from Operating Activities	<u>(15,630)</u>	<u>68,154</u>
Cash Flows from Investing Activities		
Purchases of Investments	<u>(11,729)</u>	<u>(9,516)</u>
Cash Flows from Financing Activities		
Purchase of property and equipment	-	(2,729)
Payments on capital leases	(3,693)	(3,644)
Net Cash from Financing Activities	<u>(3,693)</u>	<u>(6,373)</u>
Net change in cash and cash equivalents	(31,052)	52,265
Cash and cash equivalents, beginning of year	<u>482,666</u>	<u>430,401</u>
Cash and Cash Equivalents, End of Year	<u>\$ 451,614</u>	<u>\$ 482,666</u>
Supplemental Disclosures		
Cash paid for interest	<u>\$ 680</u>	<u>\$ 605</u>

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

INDEPENDENCE NOW, INC.

Notes to the Financial Statements For the Years Ended September 30, 2017 and 2016

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 For the Years Ended September 30, 2017 and 2016

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, 2017 and 2016, 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 For the Years Ended September 30, 2017 and 2016

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, 2017 and 2016 was \$6,300 and \$0, 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 For the Years Ended September 30, 2017 and 2016

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, 2017 and 2016.

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 For the Years Ended September 30, 2017 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Rent

Independence Now's deferred rent liability results from escalating rent payments over the life of the lease for its current office space, which expired in 2016. Independence Now is recording rent expense over the lease period on a straight-line basis with the difference between the current year's lease payment and the straight-line lease expense being recorded as deferred rent on the accompanying statements of financial position. As of September 30, 2017, there was no deferred rent. Deferred rent was \$2,025 as of September 30, 2016.

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, 2017 and 2016, 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. 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 For the Years Ended September 30, 2017 and 2016

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 year ended September 30, 2017, 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, 2017, the statute of limitations for fiscal years 2014 through 2017 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.

Accounting Changes

In August 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. ASU No. 2014-15 requires management to assess an entity's ability to continue as a going concern. Management should evaluate whether conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued. It is effective for annual reporting in fiscal year 2017, periods ending after December 31, 2016. Management has adopted ASU No. 2014-15. Its effect is not material to the consolidated financial statements.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, that creates a singular reporting model for leases. This standard will be effective for periods beginning after December 15, 2019.

INDEPENDENCE NOW, INC.

Notes to the Financial Statements For the Years Ended September 30, 2017 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements (continued)

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*, that provides updated guidance on the reporting model for not-for-profits and the statement of cash flows. These standards are effective for periods beginning after December 15, 2017 and December 15, 2018, respectively. Management is evaluating the effects of these pronouncements on the financial statements, and will implement these pronouncements by their effective dates. Management has adopted ASU No. 2016-14 and ASU No. 2016-15. Its effect is not material to the Plan's financial statements.

Subsequent Events

Independence Now's management evaluated subsequent events and transactions through May 2, 2018, 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 For the Years Ended September 30, 2017 and 2016

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, 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
Total	\$ 696,347	\$ -	\$ -	\$ 696,347

	As of September 30, 2016			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 316,986	\$ -	\$ -	\$ 316,986
Stocks:				
Financial institutions	6,716	-	-	6,716
Mutual funds:				
Equity fund	226,539	-	-	226,539
Equity income fund	76,760	-	-	76,760
Bond-debenture fund	18,930	-	-	18,930
Total	\$ 645,931	\$ -	\$ -	\$ 645,931

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

	2017	2016
Dividends and interest income	\$ 11,793	\$ 9,574
Net unrealized gains	38,687	26,480
Investment expenses	(64)	(58)
Total	\$ 50,416	\$ 35,996

INDEPENDENCE NOW, INC.

Notes to the Financial Statements For the Years Ended September 30, 2017 and 2016

4. PROPERTY AND EQUIPMENT

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

	<u>2017</u>	<u>2016</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 lease
Assets acquired under capital lease	<u>17,756</u>	<u>15,919</u>	or 5 years
Total	74,813	72,976	
Less: accumulated depreciation and amortization	<u>54,903</u>	<u>65,434</u>	
Property and equipment, net	\$ 19,910	\$ 7,542	

Depreciation and amortization expense was \$5,388 and \$5,621 for the years ended September 30, 2017 and 2016, which includes amortization expense for assets acquired under the capital lease of \$3,693 and \$3,184, respectively for years ended September 30, 2017 and 2016.

5. TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2017</u>	<u>2016</u>
American Disabilities Association	\$ 3,155	\$ 3,155
Developmental Disabilities Council	182	182
Aid Association of the Blind	21,849	5,970
Division of Rehabilitation Services - Independent Living	11,453	-
Youth Leadership Forum	10,535	-
Medicare Improvements for Patients and Providers Act	6,195	-
Total	\$ 53,369	\$ 9,307

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 \$950. This lease agreement was renewed for an additional year, which requires monthly payments of \$1,050.

Total occupancy costs for the fiscal years ended September 30, 2017 and 2016, was \$96,160 and \$98,239, respectively.

INDEPENDENCE NOW, INC.

Notes to the Financial Statements For the Years Ended September 30, 2017 and 2016

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, 2017 the copier was capitalized at \$17,756 and accumulated amortization was \$659.

During 2012, the Organization obtained a new copier through a 5-year capital lease agreement which required monthly payment of \$354. As of September 30, 2016, the copier was capitalized at \$15,919 and accumulated amortization was \$12,736.

Interest expense was \$680 and \$605, for the years ended September 30, 2017 and 2016, respectively.

Future minimum payments on all leases were as follows as of September 30, 2017 for the fiscal years ending September 30:

<u>Years Ending</u>	<u>Capital Lease</u>	<u>Operating Lease</u>
2018	\$ 2,841	\$ 99,332
2019	3,201	89,537
2020	3,607	91,328
2021	4,065	38,367
2022	3,383	-
	<u>\$ 17,097</u>	<u>\$ 318,564</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.

INDEPENDENCE NOW, INC.

Notes to the Financial Statements For the Years Ended September 30, 2017 and 2016

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, 2017, with comparative totals for 2016**

	Program Services			Total Program Services	General and Administrative	2017 Total	2016 Total
	Independent Living	Community Service	WIPA				
Salaries	\$ 156,193	\$ 342,074	\$ 89,614	\$ 587,881	\$ 96,283	\$ 684,164	\$ 704,021
Payroll taxes	14,017	31,705	6,642	52,364	6,191	58,555	65,964
Fringe benefits	17,116	16,872	5,377	39,365	8,066	47,431	51,152
Occupancy	62,660	19,478	2,706	84,844	11,316	96,160	98,239
Amortization and depreciation	-	-	-	-	5,388	5,388	5,621
Professional fees	8,286	115,705	128,479	252,470	60,363	312,833	286,120
Staff development	1,779	1,442	-	3,221	1,152	4,373	3,989
Insurance	3,334	-	-	3,334	6,621	9,955	7,411
Supplies	1,568	2,671	494	4,733	2,231	6,964	8,160
Travel	3,773	25,797	1,194	30,764	59	30,823	35,608
Postage and printing	215	37	105	357	1,632	1,989	5,822
Training and conference	1,993	12,446	-	14,439	51	14,490	10,888
Interest and bank charges	97	-	-	97	1,392	1,489	740
Membership	-	-	160	160	1,750	1,910	3,434
Equipment expense	528	3,002	-	3,530	2,325	5,855	4,169
Telephone	4,892	12,371	2,196	19,459	1,072	20,531	15,311
Bad debt expense	-	-	-	-	8,725	8,725	9,960
Fee for Service	-	-	-	-	1,950	1,950	-
Miscellaneous	-	-	-	-	551	551	1,076
Total	\$ 276,451	\$ 583,600	\$ 236,967	\$ 1,097,018	\$ 217,118	\$ 1,314,136	\$ 1,317,685

INDEPENDENCE NOW, INC.

**Supplemental Schedule of Functional Expenses
For the Year Ended September 30, 2016**

	Program Services			Total Program Services	General and Administrative	2016 Total
	Independent Living	Community Service	WIPA			
Salaries	\$ 260,648	\$ 335,082	\$ 99,931	\$ 695,661	\$ 8,360	\$ 704,021
Payroll taxes	24,538	32,828	7,762	65,128	836	65,964
Fringe benefits	16,983	24,022	7,161	48,166	2,986	51,152
Occupancy	51,846	31,480	14,913	98,239	-	98,239
Amortization and depreciation	-	-	-	-	5,621	5,621
Professional fees	10,430	138,257	129,860	278,547	7,573	286,120
Staff development	2,094	1,440	455	3,989	-	3,989
Insurance	2,617	2,911	955	6,483	928	7,411
Supplies	3,968	3,492	700	8,160	-	8,160
Travel	3,576	31,385	647	35,608	-	35,608
Postage & printing	2,009	2,122	1,612	5,743	79	5,822
Training & conference	182	10,706	-	10,888	-	10,888
Interest & bank charges	163	-	-	163	577	740
Membership	1,487	1,804	143	3,434	-	3,434
Equipment expense	1,968	2,201	-	4,169	-	4,169
Telephone	3,419	10,525	1,367	15,311	-	15,311
Bad debt expense	-	-	-	-	9,960	9,960
Miscellaneous	-	692	-	692	384	1,076
Total	\$ 385,928	\$ 628,947	\$ 265,506	\$ 1,280,381	\$ 37,304	\$ 1,317,685