

INDEPENDENCE NOW, INC.

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED
SEPTEMBER 30, 2021 AND 2020**

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Independent Auditor's Report

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We have audited the accompanying financial statements of **Independence Now, Inc.** (a nonprofit organization), which comprise the Statements of Financial Position as of September 30, 2021 and 2020, and the related Statements of Activities and Changes in Net Assets, Functional Expenses, 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 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 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.

Independent Auditor's Report (Continued)

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, 2021 and 2020, 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

Other Information

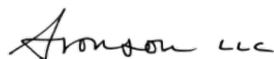
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit 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 information 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 March 24, 2022, on our consideration of **Independence Now, Inc.**'s internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 **Independence Now, Inc.**'s internal control over financial reporting and compliance.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2021, **Independence Now, Inc.** adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. Our opinion is not modified with respect to this matter.



Rockville, Maryland
March 24, 2022

Independence Now, Inc.

Statements of Financial Position

<i>September 30,</i>	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 333,796	\$ 304,057
Investments	846,897	772,358
Contributions receivable, net	135,879	156,882
Accounts receivable	8,328	8,083
Other receivables	1,423	7,095
Prepaid expenses and other current assets	15,696	15,599
Total current assets	1,342,019	1,264,074
Security deposit	7,624	7,624
Property and equipment, net	-	7,447
Total assets	\$ 1,349,643	\$ 1,279,145
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 28,567	\$ 30,194
Accrued expenses	77,050	75,934
Refundable advances	4,557	6,406
Deferred revenue	1,670	-
Capital lease payable, current portion	-	4,065
Total current liabilities	111,844	116,599
Capital lease payable, net of current portion	-	3,383
Deferred rent	2,240	-
Total liabilities	114,084	119,982
Net assets		
Net assets without donor restrictions	1,196,045	1,123,404
Net assets with donor restrictions	39,514	35,759
Total net assets	1,235,559	1,159,163
Total liabilities and net assets	\$ 1,349,643	\$ 1,279,145

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Independence Now, Inc.

Statement of Activities and Changes in Net Assets

<i>Year ended September 30, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support			
Contributions - grants	\$ 1,042,507	\$ 47,388	\$ 1,089,895
Fee for service	302,996	-	302,996
Other revenue	42,907	-	42,907
Contributions - other	9,622	1,000	10,622
Investment income, net	74,539	-	74,539
Net assets released from donor restrictions	44,633	(44,633)	-
Total revenue, gains and other support	1,517,204	3,755	1,520,959
Expenses			
Program services			
Independent Living	624,979	-	624,979
Community Services	313,061	-	313,061
Work incentives planning and assistance	247,753	-	247,753
Total program services	1,185,793	-	1,185,793
Supporting services			
General and administrative	258,770	-	258,770
Total supporting services	258,770	-	258,770
Total expenses	1,444,563	-	1,444,563
Change in net assets	72,641	3,755	76,396
Beginning net assets	1,123,404	35,759	1,159,163
Ending net assets	\$ 1,196,045	\$ 39,514	\$ 1,235,559

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Independence Now, Inc.

Statement of Activities and Changes in Net Assets (continued)

<i>Year ended September 30, 2020</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support			
Contributions - grants	\$ 1,115,850	\$ 3,454	\$ 1,119,304
Fee for service	307,963	-	307,963
Other revenue	17,256	-	17,256
Contributions - other	4,050	-	4,050
Investment income, net	23,528	-	23,528
Net assets released from donor restrictions	742	(742)	-
Total revenue, gains and other support	1,469,389	2,712	1,472,101
Expenses			
Program services			
Independent Living	556,155	-	556,155
Community Services	391,480	-	391,480
Work incentives planning and assistance	277,151	-	277,151
Total program services	1,224,786	-	1,224,786
Supporting services			
General and administrative	258,994	-	258,994
Total supporting services	258,994	-	258,994
Total expenses	1,483,780	-	1,483,780
Change in net assets	(14,391)	2,712	(11,679)
Beginning net assets	1,137,795	33,047	1,170,842
Ending net assets	\$ 1,123,404	\$ 35,759	\$ 1,159,163

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Independence Now, Inc.

Statement of Functional Expenses

Year ended September 30, 2021

	Program Services				General and administrative	Total
	Independent living	Community services	Work incentives planning and assistance	Total program services		
Salaries and related expenses	\$ 440,673	\$ 228,604	\$ 97,261	\$ 766,538	\$ 89,665	\$ 856,203
Professional fees	55,629	63,979	143,145	262,753	118,063	380,816
Occupancy	81,098	7,287	3,004	91,389	26,189	117,578
Travel	300	-	-	300	267	567
Staff development and training	614	110	517	1,241	-	1,241
Depreciation and amortization	-	-	-	-	4,064	4,064
Other expenses	46,665	13,081	3,826	63,572	20,522	84,094
Total expenses	\$ 624,979	\$ 313,061	\$ 247,753	\$ 1,185,793	\$ 258,770	\$ 1,444,563

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Independence Now, Inc.

Statement of Functional Expenses (continued)

Year ended September 30, 2020

	Program Services					General and administrative	Total
	Independent living	Community services	Work incentives planning and assistance	Total program services			
Salaries and related expenses	\$ 410,749	\$ 252,609	\$ 115,042	\$ 778,400	\$ 86,478	\$ 864,878	
Professional fees	31,043	112,429	154,398	297,870	112,246	410,116	
Occupancy	74,267	7,581	2,876	84,724	24,277	109,001	
Travel	8,703	3,111	1,238	13,052	524	13,576	
Staff development and training	2,027	5,109	21	7,157	276	7,433	
Depreciation and amortization	-	-	-	-	4,153	4,153	
Other expenses	29,366	10,641	3,576	43,583	31,040	74,623	
Total expenses	\$ 556,155	\$ 391,480	\$ 277,151	\$ 1,224,786	\$ 258,994	\$ 1,483,780	

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Independence Now, Inc.

Statements of Cash Flows

<i>Years ended September 30,</i>	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 76,396	\$ (11,679)
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	4,064	4,153
Net realized and unrealized (gains) losses on investments	(44,264)	8,705
Loss of disposal of property and equipment	3,383	-
Change in allowance for doubtful accounts	(16,573)	-
Change in assets and liabilities		
Receivables	43,003	38,337
Prepaid expenses and other current assets	(97)	(553)
Accounts payable	(1,627)	(716)
Accrued expenses	1,116	(6,080)
Refundable advances	(1,849)	(8,710)
Deferred revenue	1,670	-
Deferred rent	2,240	-
Net cash provided by operating activities	67,462	23,457
Cash flows from investing activities		
Purchases of investments	(30,275)	(32,233)
Cash flows from financing activities		
Payments on capital lease obligation	(7,448)	(3,607)
Change in cash and cash equivalents	29,739	(12,383)
Cash and cash equivalents, beginning of year	304,057	316,440
Cash and cash equivalents, end of year	\$ 333,796	\$ 304,057
Supplemental cash flows information		
Actual cash payments of interest	\$ 1,124	\$ 1,133

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Independence Now, Inc.

Notes to Financial Statements

1. Organization and significant accounting policies

Organization: Independence Now, Inc. (“Independence Now” or the “Organization”) 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 Financial Statements

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 financial statements have been prepared on the accrual basis of accounting, which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Cash and cash equivalents: Independence Now considers demand deposits, money market funds and commercial paper with original maturities of three months or less to be cash and cash equivalents. Independence Now maintains accounts which may exceed federally insured limits. Management does not consider this to be a significant credit risk.

Investments: Investments in marketable securities and mutual funds are presented at fair value based on quoted market prices in principal active markets for identical assets. Management's estimates are based on information provided by the fund managers. Money market mutual funds are recorded at cost, which approximates fair value.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Investment income includes Independence Now's gains and losses on investments bought, sold, or held during the period.

Fair value of financial instruments: As of September 30, 2021 and 2020, the estimated fair values of financial instruments subject to fair value disclosures were determined based on available market information and valuation methodologies believed to be appropriate for these purposes.

Gains and losses on investments, including changes in fair value, are reported in the Statements of Activities and Changes in Net Assets as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulation or applicable laws.

Independence Now, Inc.

Notes to Financial Statements

Fair value: Independence Now values certain investments at fair value in accordance with a three-tier fair value hierarchy, which 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1. Observable inputs such as quoted prices in active markets for identical assets or liabilities;

Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and,

Level 3. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. There have been no changes in the fair value methodologies used at September 30, 2021 and 2020.

Receivables: Contributions receivable represent unconditional promises to give that are expected to be received within one year. Accounts receivable include billed amounts from contracts with customers and are contingent only on the passage of time. Other receivables represent amounts due to the Organization from transactions other than contributions or exchange transactions. The face amount of receivables is reduced by an allowance for doubtful accounts, if needed. The allowance for doubtful accounts reflects the best estimate of probable losses determined principally on the basis of historical experience. Receivable are written off at the time management determines that the receivable will not be collected. The allowance for doubtful accounts was \$0 and \$16,573 as of September 30, 2021 and 2020, respectively, and relates to contributions receivable.

As of September 30, 2021 and 2020, four contributors comprised 93% and 79% of total contributions receivable in the accompanying Statements of Financial Position, respectively. For the years ended September 30, 2021 and 2020, two parties comprised 25% and 27% of total revenue in the accompanying Statements of Activities and Changes in Net Assets, respectively. For the years ended September 30, 2021 and 2020, 95% and 97% of total contribution revenue was received from federal and state grants, respectively.

Independence Now, Inc.

Notes to Financial Statements

Property and equipment: Purchases of property and equipment over \$2,500 are capitalized, stated at cost if purchased or at fair value if contributed, and are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and fixtures	5 to 7 years
Website	5 years
Assets acquired under capital lease	Shorter of life of lease or 5 years

Impairment of long-lived assets: Independence Now evaluates the carrying value of its long-lived assets held for use based upon a comparison of the undiscounted future net cash flows to the net book value. These evaluations for impairment are significantly impacted by estimates of revenue, costs and expenses, and other factors. If the net book value is greater than the future undiscounted cash flows estimated, Independence Now records an impairment adjustment to reduce the cost basis of the asset to its fair value.

At September 30, 2021 and 2020, Independence Now performed a recoverability analysis of all long-lived assets and does not believe an impairment adjustment is required.

Net assets: Net assets without donor restrictions are the part of net assets that are not subject to donor-imposed restrictions. They are available for support of all organizational operations and services.

Net assets with donor restrictions are net assets subject to donor-imposed stipulations that may be held permanently or that will be met either by actions of the Organization and/or the passage of time. When a donor restriction expires, that is, when the time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions. When a donor restriction is satisfied in the same period it is received, the assets are classified as net assets without donor restrictions.

Independence Now, Inc.

Notes to Financial Statements

Revenue recognition:

Contributions: Unconditional contributions received are recorded as support with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor imposed restrictions. For conditionally funded U.S. government grants and certain other conditional government grants, revenue is recognized as qualifying direct and allocated indirect expenses are incurred. Other conditional foundation and corporate grants are recognized as stipulations related to the purpose of the underlying agreements are satisfied by Independence Now. Conditional funding received in advance is reported as refundable advances. Revenue associated with reimbursable costs incurred in excess of advances and reimbursements is reported as contributions receivable. Conditional contributions associated with government grants, but not yet expended or recognized, totaled \$493,764 and \$5,806 as of September 30, 2021 and 2020, respectively. Other conditional contributions not yet recognized totaled \$41,886 and \$600 as of September 30, 2021 and 2020, respectively.

Gifts of cash and other assets are reported as support with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

The Organization adopted Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606), on October 1, 2020. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. The five-step model is outlined below:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Independence Now, Inc.

Notes to Financial Statements

Accordingly, the following revenue streams are within the scope of ASC 606:

Fee for service: The Organization provides disability assistance and counseling to individuals under Medicaid and similar third party reimbursement programs. The transaction price is a predetermined fixed fee. Revenue is recognized at the point in time related services are provided.

Other revenue: Other revenue consists mostly of job development and coaching provided to eligible individuals. Revenue is recognized at the point in time the related service is provided at a predetermined rate paid by a third party.

Funds received for services and benefits that have not yet been provided or events that have not yet occurred are recorded as deferred revenue.

Allocation of functional expenses: The costs of providing the various programs and other activities have been summarized in the accompanying Statements of Activities and Changes in Net Assets. Costs which cannot be specifically identified with a particular function and which benefit more than one functional category are allocated based on management estimates.

Expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries and related expenses	Time and effort
Professional fees	Direct attribution
Occupancy	Estimated usage
Travel	Time and effort
Staff development and training	Direct attribution
Depreciation and amortization	Direct attribution
Other expenses	Direct attribution

Use of estimates: The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Tax status: Independence Now is a public charity exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and is classified as an organization that is not a private foundation.

Independence Now, Inc.

Notes to Financial Statements

Uncertainty in income taxes: Independence Now evaluates uncertainty in income tax positions taken or expected to be taken on a tax return based on a more-likely-than-not recognition standard. If that threshold is met, the tax position is then measured as the largest amount that is greater than 50% likely of being realized upon ultimate settlement. As of September 30, 2021 and 2020, there are no accruals for uncertain tax positions. If applicable, Independence Now records interest and penalties as a component of income tax expense. Tax years from 2018 through the current year remain open for examination by tax authorities.

Reclassifications: Certain 2020 balances have been reclassified to conform with the 2021 presentation. The reclassifications have no effect on the previously reported 2020 changes in net assets or net asset balances at October 1, 2020.

Subsequent events: Management has evaluated subsequent events for disclosure in the financial statements through March 24, 2022, which is the date the financial statements were available to be issued.

New accounting standards adopted: In May 2014, the Financial Accounting Standards Board (“FASB”) issued guidance (Accounting Standards Codification [ASC] 606, *Revenue from Contracts with Customers*) which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. GAAP. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. ASC 606 was effective for annual reporting periods beginning after December 15, 2018. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842), Effective Dates for Certain Entities*, which allowed organizations to elect to further delay the effective date of ASC 606 to annual reporting periods beginning after December 15, 2019. The Organization adopted ASC 606 with a date of the initial application of October 1, 2020, using the modified retrospective method. ASC 606 is applied only to contracts that are not completed at the initial date of application. There were no significant changes that resulted from adoption; however, the presentation and disclosures of revenue has been enhanced.

Independence Now, Inc.

Notes to Financial Statements

Recent accounting pronouncements not yet adopted: In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which supersedes the existing lease accounting standard and sets out principles for the recognition, measurement, presentation and disclosure of leases. Under the new guidance, a lessee will be required to recognize lease assets and lease liabilities for all leases with lease term in excess of twelve months. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expenses is recognized based on an effective interest method or on a straight-line basis over the term of the lease. In June 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842), *Effective Dates for Certain Entities*, which delays the effective date of ASU 2016-02 to annual reporting periods beginning after December 15, 2021. Entities are also allowed to choose to adopt the standard as of the original effective date. Independence Now plans to adopt this new standard as of October 1, 2022. Independence Now is in the process of evaluating the impact from this new guidance.

2. Information regarding liquidity and availability

Independence Now strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in money market mutual funds and other short-term investments.

The following table reflects the Independence Now's financial assets as of September 30, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the Statements of Financial Position dates because of contractual restrictions, donor restrictions or internal board designations.

September 30,	2021	2020
Cash and cash equivalents	\$ 333,796	\$ 304,057
Investments	846,897	772,358
Receivables, net	145,630	172,060
Total financial assets	1,326,323	1,248,475
Net assets with donor restrictions	(39,514)	(35,759)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,286,809	\$ 1,212,716

Independence Now, Inc.

Notes to Financial Statements

3. Investments Investments consist of the following for the years ended:

September 30,	2021	2020
Mutual funds:		
Equity funds	\$ 98,987	\$ 71,789
Equity income fund	196,643	155,129
Bond-debenture fund	25,773	23,527
Equities:		
U.S. equities	5,143	1,753
Cash equivalents	520,351	520,160
Total investments	\$ 846,897	\$ 772,358

Net investment income consists of the following for the years ended:

September 30,	2021	2020
Interest and dividends	\$ 30,275	\$ 32,233
Realized and unrealized gain (loss)	44,264	(8,705)
Total investment income	\$ 74,539	\$ 23,528

4. Fair value of investments The fair value of investments is presented as follows:

		Fair Value Measurements Using		
September 30, 2021	Total	Level 1	Level 2	Level 3
Mutual funds:				
Equity funds	\$ 98,987	\$ 98,987	\$ -	\$ -
Equity income fund	196,643	196,643	-	-
Bond-debenture fund	25,773	25,773	-	-
Equities:				
U.S. equities	5,143	5,143	-	-
Cash equivalents	520,351	520,351	-	-
Total	\$ 846,897	\$ 846,897	\$ -	\$ -

Independence Now, Inc.

Notes to Financial Statements

September 30, 2020	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Mutual funds:				
Equity funds	\$ 71,789	\$ 71,789	\$ -	\$ -
Equity income fund	155,129	155,129	-	-
Bond-debenture fund	23,527	23,527	-	-
Equities:				
U.S. equities	1,753	1,753	-	-
Cash equivalents	520,160	520,160	-	-
Total	\$ 772,358	\$ 772,358	\$ -	\$ -

Level 1 values were developed utilizing quoted prices in active markets.

Independence Now recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels during the years ended September 30, 2021 and 2020.

Gains and losses (realized and unrealized), net of management fees, on all investments are reported in investment income on the Statements of Activities and Changes in Net Assets.

5. Risks and uncertainties

Independence Now holds investments in various securities that are exposed to risks, such as interest rate, credit, and overall volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in future financial statements.

The impact of the coronavirus outbreak, or similar widespread health concerns, could negatively impact Independence Now's operations, donors, staff, and program activities. The operations for certain services could continue to be negatively impacted by the outbreak of illnesses, including coronavirus (COVID-19). Any quarantines, labor shortages or other disruptions to operations may adversely impact Independence Now's revenues, ability to deliver its services, and operating results. In addition, a significant outbreak of epidemic, pandemic or contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets in which Independence Now operates, resulting in an economic downturn that could affect demand for services. Independence Now is unable to accurately predict the possible future effect if coronavirus or another disease expands globally.

Independence Now, Inc.

Notes to Financial Statements

6. Property and equipment, net	Property and equipment consists of the following as of:		
	September 30,	2021	2020
Furniture and fixtures	\$	52,057	\$ 52,057
Equipment under capital lease		-	17,756
Website		5,000	5,000
Total property and equipment		57,057	74,813
Less: Accumulated depreciation and amortization		(57,057)	(67,366)
Net property and equipment	\$	-	\$ 7,447

Depreciation and amortization expense for the years ended September 30, 2021 and 2020 was \$4,064 and \$4,153, respectively.

7. Net assets with donor restrictions	Net assets with donor restrictions are as follows as of:		
	September 30,	2021	2020
Aid Association of the Blind	\$	30,000	\$ 35,747
Housing transition fund		1,351	-
Exercise equipment		6,953	-
SCI Support Group		1,210	12
Total donor restricted net assets	\$	39,514	\$ 35,759

8. Releases from donor restrictions Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors.

Releases from restrictions were as follows for the years ended:

	September 30,	2021	2020
Independent Living Programs	\$	35,747	\$ -
Housing transition fund		4,541	-
Exercise equipment		543	-
SCI Support Group		3,802	742
Total releases from donor restrictions	\$	44,633	\$ 742

Independence Now, Inc.

Notes to Financial Statements

9. 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 with a 120-day termination clause. In July 2020 Independence Now renewed this lease for an additional 5 years beginning March 1, 2021. The lease requires monthly payments of \$7,825. The annual base rent increases by 2% each year. The lease does not include an early termination clause.

The following is a schedule by years of future minimum rental payments required under the renewed operating lease that has an initial or remaining non-cancelable lease term in excess of one year as of September 30, 2021:

Year ending September 30,	Total
2022	\$ 94,999
2023	96,904
2024	98,845
2025	100,822
2026	42,355
Total	\$ 433,925

Independence Now entered into an additional lease agreement in September 2016 for office space, which requires monthly payments of \$1,150. This lease agreement is automatically renewed each year. The monthly payment increases \$100 each year.

Rent expense for the years ended September 30, 2021 and 2020 was \$117,578 and \$109,001, respectively, and is recorded as Occupancy on the Statements of Functional Expenses. The operating leases are secured by deposits totaling \$7,624 as of September 30, 2021 and 2020, and are included on the Statements of Financial Position.

10. Retirement 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.



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
Independence Now, Inc.
Silver Spring, Maryland

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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 **Independence Now, Inc.** (a nonprofit organization), which comprise the Statement of Financial Position as of September 30, 2021, 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 the financial statements, and have issued our report thereon dated March 24, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Independence Now, Inc.’s** internal control over financial reporting (internal control) to determine 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 **Independence Now, Inc.’s** internal control. Accordingly, we do not express an opinion on the effectiveness of **Independence Now, Inc.’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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

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* (Continued)

Compliance and Other Matters

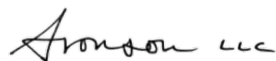
As part of obtaining reasonable assurance about whether **Independence Now, Inc.**’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

Independence Now, Inc.’s Response to Findings

Independence Now, Inc.’s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. **Independence Now, Inc.**’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Rockville, Maryland
March 24, 2022



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

Board of Directors
Independence Now, Inc.
Silver Spring, Maryland

Report on Compliance for Each Major Federal Program

We have audited **Independence Now, Inc.’s** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **Independence Now, Inc.’s** major federal programs for the year ended September 30, 2021. **Independence Now, Inc.’s** major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of the federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of **Independence Now, Inc.’s** major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Independence Now, Inc.’s** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **Independence Now, Inc.’s** compliance.

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance (Continued)

Opinion on Each Major Federal Program

In our opinion, **Independence Now, Inc.** 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, 2021.

Report on Internal Control over Compliance

Management of **Independence Now, Inc.** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **Independence Now Inc.'s** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **Independence Now Inc.'s** 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 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-002, that we consider to be a significant deficiency.

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance (Continued)

Independence Now, Inc.'s response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. **Independence Now, Inc.'s** response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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.

Aronson LLC

Rockville, Maryland
March 24, 2022

Independence Now, Inc.

Schedule of Expenditures of Federal Awards

Year ended September 30, 2021

Federal grantor/Program title	Assistance listing number	Grant number	Passed through to subrecipients	Total federal expenditures
U.S. Department of Education				
State of Maryland Passthrough funding:				
Special Education Grants to States	84.027A	210778	\$ -	\$ 21,868
Total U.S. Department of Education			-	21,868
U.S. Department of Health & Human Services				
ACL Centers for Independent Living	93.432	2006MD ILCL-00	-	157,745
		2008MD ILCL-00	-	137,012
		2106MDILC5-00	-	7,233
		2108MDILC5-00	-	6,355
				<u>308,345</u>
COVID-19 Funding:				
ACL Centers for Independent Living	93.432	2006MDILC3-01	-	76,872
		2008MDILC3-01	-	68,492
				<u>145,364</u>
State of Maryland Passthrough funding:				
Independent Living	93.369	211566	-	50,126
Voc Rehab SSA Program	96.006	211031	-	22,189
ACL Assistive Technology	93.464	No specified number	-	14,001
Medical Assistance Program	93.778	Medicaid Title XIX- CFDA 93.778	-	124,673
Maryland Developmental Disabilities Council	93.63	21-SG-4	-	1,500
Total Department of Health & Human Services			-	666,198
Social Security Administration				
Social Security- Work Incentives Planning and Assistance Program	96.008	6 WIP15050428-05-01	-	258,387
		1 WIP21050506-01-00		
Total Social Security Administration			-	258,387
Total expenditures of federal awards			\$ -	\$ 946,453

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Independence Now, Inc.

Notes to Schedule of Expenditures of Federal Awards

- 1. Basis of presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of **Independence Now, Inc.** under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented 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 **Independence Now, Inc.**, it is not intended to and does not present the financial position, changes in net assets, functional expenses, or cash flows of **Independence Now, Inc.**
- 2. Summary of significant accounting policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting in accordance with U.S. GAAP. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- 3. Indirect cost rate**

Independence Now has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.
- 4. Reconciliation of revenue**

The reconciliation of the Schedule of Expenditures of Federal Awards to the Statement of Activities and Changes in Net Assets is as follows:

Schedule of Expenditures of Federal Awards	\$ 946,453
Other grants	143,442
Total contributions - grants	\$ 1,089,895

Independence Now, Inc.

Schedule of Findings and Questioned Costs

Year ended September 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? X yes no
- Significant deficiencies identified? yes X no

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? yes X no
- Significant deficiency identified? X yes no

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

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

Identification of Major Programs:

Assistant listing #

Federal Program

93.432

ACL Centers for Independent Living

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

Auditee qualified as low-risk auditee? yes X no

Independence Now, Inc.

Schedule of Findings and Questioned Costs (Continued)

Year ended September 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2021-001: Reportable Finding Considered a Material Weakness – Revenue Recognition

Criteria: The auditee 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 (U.S. GAAP); 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. Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605, provides guidance on not-for-profit revenue recognition.

Condition: Aronson noted that certain revenue sources were being misclassified as either contributions or exchange transactions. The correct classification is vital as this determines the applicable guidance and how revenue should be recognized.

Cause: Internal controls were not in place to properly classify revenue sources as either contributions or exchange transactions. Also, if the transactions were identified as a contributions, controls were not in place to properly identify donor imposed conditions and restrictions.

Effect: Certain revenue sources were reclassified to the correct category (contributions or exchange transactions). Adjustments were required to present revenue in accordance with U.S. GAAP.

Repeat Finding: Not a repeat finding.

Recommendation: Aronson recommends that an agreement/revenue source/cash receipt coversheet be used to properly identify revenue recognition. The coversheet should identify key information, and be used to determine if the agreement/revenue source/cash receipt is a contribution, exchange transaction, or an agency transaction. The coversheet should explain the applicable revenue recognition being applied, including information on donor conditions/restrictions or the five step analysis under ASC 606, if applicable. Once completed, this coversheet should be reviewed and approved by an appropriate individual with the correct knowledge and skill on the matter.

Views of Responsible Officials and Corrective Action Plan (unaudited):
See corrective action plan.

Independence Now, Inc.

Schedule of Findings and Questioned Costs (Continued)

Year ended September 30, 2021

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2021-002: Reportable Finding Considered a Significant Deficiency – Internal controls over payroll costs charged to the grants

Program Name: ACL Centers for Independent Living

Assistance listing #: 93.432

Federal Awarding Agency: U.S. Department of Health & Human Services

Compliance Requirement: Allowable Costs/Cost Principles

Criteria: According to 2 CFR 200.403(g) costs must be adequately documented.

Condition: During Aronson's testing of payroll costs charged to the grant we noted variances between the labor distribution report used to support the cost and actual cost charged to the grant. Aronson selected 8 of 24 total pay periods during the fiscal year, and variances were noted in 2 pay periods tested. The actual amount charged to the grant was higher than the labor distribution report by a combined total of \$337. No supporting documentation for these variance could be provided.

Cause: Per discussion with Management, these variances were due to employees charging time to other grants that had not started or were outside the period of performance. The employee time was then moved to the ACL Centers for Independent Living grant. Timesheets were not corrected nor labor distribution reports updated, and no supporting documentation could be provided for these additional payroll costs charged to the ACL Centers for Independent Living grant.

Effect: According to 2 CFR 200.403(g) costs must be adequately documented. No supporting documentation was created or maintained to support that these costs should be charged to the ACL Centers for Independent Living grant.

Repeat Finding: Not a repeat finding.

Recommendation: We recommend that the Organization establish controls and documentation polices around the review of payroll costs. If errors are noted during the review process and corrections needed, changes should be adequately documented. Changes in employee timesheets should be reviewed and approved by the employee and the reviewer. Supporting documentation must be maintained.

Views of Responsible Officials and Corrective Action Plan (unaudited):
See corrective action plan.

Independence Now, Inc.

Schedule of Findings and Questioned Costs (Continued)

Year ended September 30, 2021

SECTION IV – PRIOR YEAR FINDINGS

NONE