

**Association of People Supporting
Employment First**

**Combined Financial Statements
and Independent Auditors' Report**

September 30, 2015

**Association of People Supporting
Employment First
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Association of People Supporting Employment First
416 Hungerford Drive
Suite 418
Rockville, MD 20850

We have audited the accompanying combined financial statements of Association of People Supporting Employment First and APSE Foundation collectively the Organization, nonprofit organizations, which comprise the combined statement of financial position as of September 30, 2015, and the related combined statement of activities and change in net assets, and combined cash flows for the year then ended and the related combined notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free of 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 combined 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 combined 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 combined financial statements.

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

Opinion

In our opinion, the 2015 combined financial statements referred to above present fairly, in all material respects, the financial position of Association of People Supporting Employment First as of September 30, 2015, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplemental information on pages 14-16 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

L&H Business Consulting, LLC

Lutherville, Maryland

February 22, 2016

**Association of People Supporting
Employment First**
Combined Statement of Financial Position
September 30, 2015

ASSETS

Current Assets	
Cash and cash equivalents	\$ 117,714
Accounts receivable	79,332
Prepaid expenses	<u>561</u>
Total current assets	<u>197,607</u>
Property and equipment, net	<u>13,557</u>
 Total assets	 <u><u>\$ 211,164</u></u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ <u>130,793</u>
Total liabilities	130,793
Unrestricted net assets	<u>80,371</u>
Total liabilities and net assets	<u><u>\$ 211,164</u></u>

The accompanying notes are an integral part of these financial statements

**Association of People Supporting
Employment First**
Combined Statement of Activities and Change in Net Assets
Year Ended September 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, gains, and other support				
Grants	\$ -	\$ 80,833	\$ -	\$ 80,833
Other	5,987	-	-	5,987
Earned Revenue:				
Contracts	428,874	-	-	428,874
Annual Conference	331,786	-	-	331,786
Membership Dues	319,338	-	-	319,338
Certification Exam	117,589	-	-	117,589
Regional Institute	21,144	-	-	21,144
Training and Products	15,759	-	-	15,759
Other Income	2,321	-	-	2,321
Advertising	1,200	-	-	1,200
JVR Subscriptions	630	-	-	630
	<u>1,244,628</u>	<u>80,833</u>	<u>-</u>	<u>1,325,461</u>
Net assets released from restrictions				
Satisfaction of purpose restrictions	80,833	(80,833)	-	-
Total net assets released from restrictions	<u>80,833</u>	<u>(80,833)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>1,325,461</u>	<u>-</u>	<u>-</u>	<u>1,325,461</u>
Program services	1,066,608	-	-	1,066,608
Supporting services				
Management and general	<u>199,406</u>	<u>-</u>	<u>-</u>	<u>199,406</u>
Total expenses	<u>1,266,014</u>	<u>-</u>	<u>-</u>	<u>1,266,014</u>
Change in net assets	59,447	-	-	59,447
Net assets, beginning of year	<u>20,924</u>	<u>-</u>	<u>-</u>	<u>20,924</u>
Net assets, end of year	<u>\$ 80,371</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,371</u>

The accompanying notes are an integral part of these financial statements

**Association of People Supporting
Employment First**

**Combined Statement of Cash Flows
Year Ended September 30, 2015**

Cash flows from operating activities	
Change in net assets	\$ 59,447
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	4,802
(Increase) decrease in assets	
Accounts receivable	9,395
Prepaid expenses	(561)
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	<u>14,775</u>
Net cash provided by operating activities	<u>87,858</u>
Cash flows from investing activities	
Purchases of equipment	<u>(2,188)</u>
Net cash used in investing activities	<u>(2,188)</u>
NET INCREASE IN CASH	85,670
Cash and cash equivalents, beginning of year	<u>32,044</u>
Cash and cash equivalents, end of year	<u><u>\$ 117,714</u></u>

The accompanying notes are an integral part of these financial statements

**Association of People Supporting
Employment First**
Combined Notes to Financial Statements
Year Ended September 30, 2015

NOTE 1 – ORGANIZATION

Association of People Supporting Employment First (APSE) is a national organization with an exclusive focus on integrated employment and career advancement opportunities for individuals with disabilities. APSE is a growing national non-profit membership organization, founded in 1988. APSE has chapters in 38 states and the District of Columbia. APSE leads in the advancement of equitable employment for people with disabilities. APSE provides advocacy and education concerning the value of integrated employment, addresses issues to expand the growth and implementation of integrated employment services, improves employment practice so that individuals and communities experience quality employment services with meaningful outcomes, and promotes national, state and local policy development which enhances the social and economic inclusion and empowerment of individuals with disabilities.

APSE Foundation (the Foundation) was formed to exclusively benefit, perform the charitable, educational or scientific purposes of or carry out the charitable, education or scientific purposes of APSE.

Collectively Association of People Supporting Employment First and APSE Foundation will be referred to as the Organization.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The combined financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Principles of Combination

The accounts of APSE and the Foundation are under common control of the Association's Board of Directors and are included in the combined financial statements. All inter-organizational balances and significant transactions have been eliminated in the combination.

Cash and Cash Equivalents

APSE considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

Receivables are reported at the amount management expects to collect from outstanding balances. Management closely monitors outstanding balances and writes off, as of year-end, all balances that are believed to be uncollectible by the time the financial statements are issued. Accounting principles generally accepted in the United States of America (GAAP) require the use of the allowance method for accounting for bad debts. The difference between the two methods is immaterial.

Association of People Supporting Employment First

Combined Notes to Financial Statements
Year Ended September 30, 2015

Donated Property

APSE reports gifts of land, property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, APSE reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated Services

APSE recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Amounts have been reflected in the financial statements for donated services.

Contributions

Contributions are recognized when the donor makes an unconditional promise to give. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, APSE reports the support as unrestricted.

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

Revenue

Grant revenue is recognized in the period outlined in the grant agreement. Grants are subject to terms outlined in a grant agreement and fully recognized when any conditional requirements are met.

Contract revenue is recognized in the period earned which is outlined in the contract agreement. Contract revenue is subject to terms outlined in each specific contract agreement.

Conference revenue is recognized as revenue in the fiscal year in which the conference is held. Accounts received in advance are deferred.

Membership dues and subscriptions are recognized as revenue in the applicable membership year.

Certification exam revenue is fully recognized when the exams are proctored.

**Association of People Supporting
Employment First**
Combined Notes to Financial Statements
Year Ended September 30, 2015

Property and Equipment

Property and equipment purchased is recorded at cost for those acquisitions having a cost of \$1,000 or more. Donations of property and equipment are recorded at fair value when received, provided Association of People Supporting Employment First has a measureable and objective basis for determining fair value. If values are not readily determinable, the donations are recorded when liquidated. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from:

Website	3 to 5 years
Furniture	3 to 10 years

Impairment

APSE reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the year ended September 30, 2015.

Functional 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, management and general costs have been allocated among the programs benefited.

Use of Estimates

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

Income Tax Status

Association of People Supporting Employment First received a determination letter from the Internal Revenue Service (IRS) to be treated as a tax-exempt entity pursuant to §501(c)(6) of the Internal Revenue Code and did not have any unrelated business income for the year ended September 30, 2015.

APSE Foundation received a determination letter from the Internal Revenue Service (IRS) to be treated as a tax-exempt entity pursuant to §501(c)(4) of the Internal Revenue Code and did not have any unrelated business income for the year ended September 30, 2015.

Due to the tax-exempt status, the Organization and the Foundation are not subject to income taxes. The Organization and the Foundation are required to file and do file tax returns with the IRS and other taxing authorities. Management has determined that the Organization and the Foundation do not have any uncertain tax positions for any open tax returns. While no income tax returns are currently being examined by the IRS, tax years since 2012 remain open.

**Association of People Supporting
Employment First**
Combined Notes to Financial Statements
Year Ended September 30, 2015

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30, 2015:

Furniture	\$	7,188
Website		17,996
Total		25,184
Accumulated Depreciation		(11,627)
Property and Equipment, Net	\$	13,557

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted revenue consisted of \$80,833 of a grant earned from Kessler Foundation during the year ended September 30, 2015. The Kessler Grant was earned and released during the year ended September 30, 2015. As of September 30, 2015, the balance of temporarily restricted net assets is zero.

NOTE 5 – RETIREMENT BENEFITS

The Organization participates in a SIMPLE IRA plan. The Organization will make a matching contribution for eligible employees up to 3% of eligible compensation. Total retirement expense for the year ended September 30, 2015 was \$3,806.

NOTE 6 – CONCENTRATION OF RISK

Contract revenue approximates 32% of total revenues for the year ended 2015.

Association of People Supporting Employment First maintains cash balances at various financial institutions. These balances are secured by the Federal Insurance Deposit Insurance Corporation. At September 30, 2015, cash balances did not exceed the insured amounts.

NOTE 7 – LEASE COMMITMENTS

A lease agreement for the administrative offices was entered into with an effective period of three years from November 30, 2011 through November 30, 2014. The lease was extended for an additional year expiring November 30, 2015.

A lease agreement for the administrative offices was entered into with an effective period of one year from December 1, 2015 through November 30, 2016.

A lease agreement for the postage machine was entered into with an effective period of 51 months from August 1, 2013 through October 1, 2018.

Total lease expense for the years ended September 30, 2015 was \$48,164. The expense was included in occupancy expense on the statement of functional expenses.

Following is a schedule of future minimum lease payments relating to the leases outlined above for the years ending December 31:

Association of People Supporting Employment First

Combined Notes to Financial Statements
Year Ended September 30, 2015

	Administrative Offices	Postage Machine
2016	\$ 20,857	\$ 1,056
2017	4,395	1,056
2018	88	88
	<u>\$ 25,340</u>	<u>\$ 2,200</u>

NOTE 8 – SUBSEQUENT EVENTS

Events that occur after the statement of combined financial position date but before the combined financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of combined financial position date are recognized in the accompanying combined financial statements. Subsequent events which provide evidence about conditions that existed after the statement of combined financial position date require disclosure in the accompanying notes. Management evaluated the activity of the Organization through February 22, 2016 (the date the combined financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the combined financial statements or disclosure in the notes to the combined financial statements.

SUPPLEMENTAL INFORMATION

**Association of People Supporting
Employment First**
Combining Statement of Financial Position
September 30, 2015

ASSETS

	<u>Operations</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined Total</u>
Current Assets				
Cash and cash equivalents	\$ 109,913	\$ 7,801	\$ -	\$ 117,714
Accounts receivable	79,332	-	-	79,332
Prepaid expenses	561	-	-	561
Due from foundation	193	-	(193)	-
Property and equipment, net	<u>13,557</u>	<u>-</u>	<u>-</u>	<u>13,557</u>
Total assets	<u>\$ 203,556</u>	<u>\$ 7,801</u>	<u>\$ (193)</u>	<u>\$ 211,164</u>

LIABILITIES AND NET ASSETS

Current Liabilities				
Accounts payable and accrued expenses	\$ 130,793	\$ -	\$ -	\$ 130,793
Due to Operations	<u>-</u>	<u>193</u>	<u>(193)</u>	<u>-</u>
Total liabilities	130,793	193	(193)	130,793
Unrestricted net assets	<u>72,763</u>	<u>7,608</u>	<u>-</u>	<u>80,371</u>
Total liabilities and net assets	<u>\$ 203,556</u>	<u>\$ 7,801</u>	<u>\$ (193)</u>	<u>\$ 211,164</u>

**Association of People Supporting
Employment First**
Combining Statement of Activities and Change in Net Assets
Year Ended September 30, 2015

	Operations	Foundation	Eliminations	Combined Total
Revenue, gains, and other support				
Grants	\$ 80,833	\$ -	\$ -	\$ 80,833
Other	-	5,987	-	5,987
Earned Revenue:				
Contracts	428,874	-	-	428,874
Annual Conference	331,786	-	-	331,786
Membership Dues	319,338	-	-	319,338
Certification Exam	117,589	-	-	117,589
Regional Institute	-	21,144	-	21,144
Training and Products	15,759	-	-	15,759
Other Income	2,321	-	-	2,321
Advertising	1,200	-	-	1,200
JVR Subscriptions	630	-	-	630
	<u>1,298,330</u>	<u>27,131</u>	<u>-</u>	<u>1,325,461</u>
Net assets released from restrictions				
Satisfaction of purpose restrictions	-	-	-	-
Total net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>1,298,330</u>	<u>27,131</u>	<u>-</u>	<u>1,325,461</u>
Program services	1,065,608	1,000	-	1,066,608
Management and general	176,505	22,901	-	199,406
Fundraising	-	-	-	-
Total expenses	<u>1,242,113</u>	<u>23,901</u>	<u>-</u>	<u>1,266,014</u>
Changes in net assets	56,217	3,230	-	59,447
Net assets, beginning of year	<u>16,546</u>	<u>4,378</u>	<u>-</u>	<u>20,924</u>
Net assets, end of year	<u>\$ 72,763</u>	<u>\$ 7,608</u>	<u>\$ -</u>	<u>\$ 80,371</u>

**Association of People Supporting
Employment First**
Combining Statement of Functional Revenues and Expenses
Year Ended September 30, 2015

	Program Services										Supporting	Combined	
	AFP	Regional Topical Conference	Certification	Chapters	Conference	Cref	Kessler Grant	Memberships	Training and Products	WI Grants	Total		General Operations
REVENUES AND OTHER SUPPORT													
Contributions													
Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,833	\$ -	\$ -	\$ -	\$ 80,833	\$ -	\$ 80,833
Other	-	-	-	-	-	-	-	-	-	-	-	5,987	5,987
Total Contributions	-	-	-	-	-	-	80,833	-	-	-	80,833	5,987	86,820
Earned Revenue													
Contracts	-	-	-	-	-	323,151	-	-	-	105,723	428,874	-	428,874
Annual Conference	-	-	-	-	331,786	-	-	-	-	-	331,786	-	331,786
Membership Dues	-	-	-	-	-	-	-	319,338	-	-	319,338	-	319,338
Certification Exam	-	-	117,589	-	-	-	-	-	-	-	117,589	-	117,589
Regional Institute	-	21,144	-	-	-	-	-	-	-	-	21,144	-	21,144
Training and Products	-	-	-	-	-	-	-	-	15,759	-	15,759	-	15,759
Other Income	-	-	-	-	-	-	-	-	-	-	-	2,321	2,321
Advertising	-	-	-	-	-	-	-	-	-	-	-	1,200	1,200
JVR Subscriptions	-	-	-	-	-	-	-	630	-	-	630	-	630
Total Earned Revenue	-	21,144	117,589	-	331,786	323,151	-	319,968	15,759	105,723	1,235,120	3,521	1,238,641
Total Revenues and Other Support	-	21,144	117,589	-	331,786	323,151	80,833	319,968	15,759	105,723	1,315,953	9,508	1,325,461
EXPENSES													
Salaries	-	-	64,145	20,935	63,818	64,334	-	49,675	18,526	3,044	284,477	134,416	418,893
Independent Contractors and Consultants	5,000	-	5,908	14,250	2,619	155,047	80,833	-	-	112,565	376,222	11,307	387,529
Annual Conference	-	-	-	-	134,156	-	-	-	-	-	134,156	-	134,156
Office Expenses	-	12,433	12,433	11,397	-	-	-	34,192	259	-	70,714	33,222	103,936
Travel, Meals and Entertainment	-	-	504	5,896	4,862	16,390	-	1,934	253	5,311	35,150	14,629	49,779
Legal and Professional Fees	-	-	-	-	-	-	-	-	-	-	-	39,153	39,153
Certification Expenses	-	-	16,275	-	-	-	-	-	-	-	16,275	-	16,275
Membership Support	-	-	-	-	-	-	-	57,602	-	-	57,602	-	57,602
HR Connect	-	-	-	-	-	8,706	-	-	-	-	8,706	-	8,706
Products	-	-	-	-	-	-	-	-	12,197	-	12,197	-	12,197
Regional Institute	-	5,000	-	-	-	-	-	-	-	-	5,000	-	5,000
Depreciation	-	-	-	-	-	-	-	-	-	-	-	4,802	4,802
Marketing and Advertising	-	-	-	511	150	-	-	-	-	-	661	3,776	4,437
Webinar Expenses	-	-	-	-	-	-	-	-	4,092	-	4,092	-	4,092
Insurance	-	-	-	-	-	-	-	-	-	-	-	6,044	6,044
Scholarships	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000
Bank Charges	-	-	-	-	-	-	-	-	-	-	-	12,413	12,413
Indirect Expenses	-	-	-	-	-	61,356	-	-	-	-	61,356	(61,356)	-
Total Expenses	5,000	17,433	99,265	52,989	205,605	305,833	80,833	143,403	35,327	120,920	1,066,608	199,406	1,266,014
Change in Net Assets	\$ (5,000)	\$ 3,711	\$ 18,324	\$ (52,989)	\$ 126,181	\$ 17,318	\$ -	\$ 176,565	\$ (19,568)	\$ (15,197)	\$ 249,345	\$ (189,898)	\$ 59,447