



Financial Statements and Independent Auditor's Report

**Committee for Purchase from People who are
Blind or Severely Disabled – U. S. Ability One
Commission**



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

Committee for Purchase from People Who Are Blind or Severely Disabled
U.S. Ability One Commission
General Fund
Table of Contents
September 30, 2017 and 2016

Independent Auditor's Report	Section 1
Financial Statements	Section 2
Notes to the Financial Statements	Section 3
Independent Auditor's Report on Internal Control	Section 4
Independent Auditor's Report on Compliance	Section 5

Independent Auditor's Report

Independent Auditor's Report

To the Committee Members and Executive Director
Committee for Purchase from People who are Blind or Severely Disabled - U. S. Ability One Commission

Report on the Financial Statements

We have audited the accompanying Consolidated Balance Sheet of the Committee for Purchase from People who are Blind or Severely Disabled - U. S. Ability One Commission as of September 30, 2017 and 2016, and the related Statement of Net Cost, Changes in Net Position and Combined Statement of Budgetary Resources for the year then ended (hereinafter referred to as 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 U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements to ensure they 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in U.S. Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 17-03, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 17-03 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 agency'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 agency'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 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 opinion.

Opinion

In our opinion, the Financial Statements referred to above present fairly, in all material respects, the financial position of the Committee for Purchase from People who are Blind or Severely Disabled - U. S. Ability One Commission as of September 30, 2017, and the related statements of net costs, changes in net position and budgetary resources for the year then ended, in conformity with U.S. generally accepted accounting principles.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* and OMB Bulletin No. 17-03, we have also issued our report dated November 16, 2017 on our consideration of the Committee for Purchase from People who are Blind or Severely Disabled – U. S. Ability One Commission’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and other matters that are required to be reported under *Government Auditing Standards*. The purpose of those reports 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. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Committee for Purchase from People who are Blind or Severely Disabled – U. S. Ability One Commission’s internal control over financial reporting and compliance, and should be read in conjunction with this report in considering the results of our audit.

Davis & Associates

Columbia, Maryland
November 16, 2017

**THE COMMITTEE FOR PURCHASE FROM PEOPLE WHO
ARE BLIND OR SEVERELY DISABLED**

BALANCE SHEET

As Of September 30, 2017 and 2016

		2017	2016
Assets:			
Intragovernmental:			
Fund Balance With Treasury	(Note 2)	\$ 2,694,839.62	\$ 1,685,271.99
Total Intragovernmental		2,694,839.62	1,685,271.99
Assets With The Public:			
Accounts Receivable, net	(Note 3)	12,993.49	8,945.04
General Property, Plant and Equipment, Net	(Note 4)	25,769.78	37,102.24
Total Assets		\$ 2,733,602.89	\$ 1,731,319.27
Liabilities:	(Note 5)		
Intragovernmental:			
Accounts Payable			6,104.80
Other:	(Note 6)		
Employer Contributions and Payroll Taxes Payable		37,652.00	29,423.08
Total Intragovernmental		37,652.00	35,527.88
Liabilities With the Public:			
Accounts Payable		166,672.36	72,546.27
Other:	(Note 6)		
Accrued Funded Payroll and Leave		152,576.00	141,808.48
Employer Contributions and Payroll Taxes Payable		5,338.39	3,971.70
Unfunded Leave	(Note 12)	337,952.52	297,165.38
Total Liabilities		\$ 700,191.27	\$ 551,019.71
Net Position:			
Unexpended Appropriations - All Other Funds (Consolidated Totals)		2,332,600.87	1,431,417.66
Cumulative Results of Operations - All Other Funds		(299,189.25)	(251,118.10)
Total Net Position - All Other Funds (Consolidated)		2,033,411.62	1,180,299.56
Total Net Position		\$ 2,033,411.62	\$ 1,180,299.56
Total Liabilities and Net Position		\$ 2,733,602.89	\$ 1,731,319.27

The accompanying notes are an integral part of these statements.

**THE COMMITTEE FOR PURCHASE FROM PEOPLE WHO
ARE BLIND OR SEVERELY DISABLED
STATEMENT OF NET COST**

As Of And For The Years Ended September 30, 2017 and 2016

		2017	2016
		<hr/>	<hr/>
Program Costs:			
ABILITY ONE:			
Gross Costs		\$ 7,361,973.53	\$ 5,613,906.42
Net Program Costs	(Note 8)	<u>7,361,973.53</u>	<u>5,613,906.42</u>
Net Cost of Operations	(Note 12)	<u>\$ 7,361,973.53</u>	<u>\$ 5,613,906.42</u>

The accompanying notes are an integral part of these statements.

**THE COMMITTEE FOR PURCHASE FROM PEOPLE WHO
ARE BLIND OR SEVERELY DISABLED**

**STATEMENT OF CHANGES IN NET POSITION
As Of And For The Years Ended September 30, 2017 and 2016**

	FY 2017 (CY)
	<u>Consolidated Total</u>
Cumulative Results from Operations:	
Beginning Balances	\$ (251,118.10)
Budgetary Financing Sources:	
Appropriations used	7,087,444.46
Other Financing Sources (Non-Exchange):	
Imputed financing	226,457.92
Total Financing Sources	7,313,902.38
Net Cost of Operations	7,361,973.53
Net Change	<u>(48,071.15)</u>
Cumulative Results of Operations	<u><u>\$ (299,189.25)</u></u>
Unexpended Appropriations:	
Beginning Balance	1,431,417.66
Budgetary Financing Sources:	
Appropriations received	8,000,000.00
Other adjustments	(11,372.33)
Appropriations used	<u>(7,087,444.46)</u>
Total Budgetary Financing Sources	<u>901,183.21</u>
Total Unexpended Appropriations	<u>2,332,600.87</u>
Net Position	<u><u>\$ 2,033,411.62</u></u>

The accompanying notes are an integral part of these statements.

**THE COMMITTEE FOR PURCHASE FROM PEOPLE WHO
ARE BLIND OR SEVERELY DISABLED**

**STATEMENT OF CHANGES IN NET POSITION
As Of And For The Years Ended September 30, 2017 and 2016**

FY 2016 (PY)

	<u>Consolidated Total</u>
Cumulative Results from Operations:	
Beginning Balances	\$ (188,494.28)
Budgetary Financing Sources:	
Appropriations used	5,284,696.32
Other Financing Sources (Non-Exchange):	
Imputed financing	266,586.28
Total Financing Sources	5,551,282.60
Net Cost of Operations	5,613,906.42
Net Change	(62,623.82)
Cumulative Results of Operations	\$ (251,118.10)
Unexpended Appropriations:	
Beginning Balance	539,515.20
Budgetary Financing Sources:	
Appropriations received	6,191,000.00
Other adjustments	(14,401.22)
Appropriations used	(5,284,696.32)
Total Budgetary Financing Sources	891,902.46
Total Unexpended Appropriations	1,431,417.66
Net Position	\$ 1,180,299.56

The accompanying notes are an integral part of these statements.

**THE COMMITTEE FOR PURCHASE FROM PEOPLE WHO
ARE BLIND OR SEVERELY DISABLED
STATEMENT OF BUDGETARY RESOURCES**

As Of And For The Years Ended September 30, 2017 and 2016

	<u>2017 Budgetary</u>	<u>2016 Budgetary</u>
BUDGETARY RESOURCES		
Unobligated balance brought forward, Oct 1	\$ 264,720.14	\$ 104,102.16
Recoveries of prior year unpaid obligations	85,948.97	1,625.00
Other changes in unobligated balances	171,394.83	(11,095.24)
Unobligated balance from prior year budget authority, net	<u>522,063.94</u>	<u>94,631.92</u>
Appropriations (discretionary and mandatory)	8,000,000.00	6,191,000.00
Total budgetary resources	<u>\$ 8,522,063.94</u>	<u>\$ 6,285,631.92</u>
STATUS OF BUDGETARY RESOURCES		
New obligations and upward adjustments (total)	(Note 9) \$ 8,157,981.92	\$ 6,020,911.78
Unobligated balance, end of year:		
Apportioned, unexpired account	164,292.75	197,813.20
Unexpired unobligated balance, end of year	<u>164,292.75</u>	<u>197,813.20</u>
Expired unobligated balance, end of year	199,789.27	66,906.94
Unobligated balance, end of year (total)	<u>364,082.02</u>	<u>264,720.14</u>
Total budgetary resources	<u>\$ 8,522,063.94</u>	<u>\$ 6,285,631.92</u>
CHANGE IN OBLIGATED BALANCE		
Unpaid Obligations:		
Unpaid obligations, brought forward, Oct 1	\$ 1,420,551.85	\$ 587,752.47
New obligations and upward adjustments	8,157,981.92	6,020,911.78
Outlays (gross) (-)	(7,161,827.20)	(5,186,487.40)
Recoveries of prior year unpaid obligations (-)	<u>(85,948.97)</u>	<u>(1,625.00)</u>
Unpaid obligations, end of year	2,330,757.60	1,420,551.85
Memorandum (non-add) entries		
Obligated balance, start of year (+ or -)	1,420,551.85	587,752.47
Obligated balance, end of year (+ or -)	<u>\$ 2,330,757.60</u>	<u>\$ 1,420,551.85</u>
BUDGET AUTHORITY AND OUTLAYS, NET		
Budget authority, gross (discretionary and mandatory)	\$ 8,000,000.00	\$ 6,191,000.00
Actual offsetting collections (discretionary and mandatory) (-)	(182,767.16)	(3,305.98)
Recoveries of prior year paid obligations (discretionary and mandatory)	182,767.16	3,305.98
Budget Authority, net (discretionary and mandatory)	<u>8,000,000.00</u>	<u>6,191,000.00</u>
Outlays, gross (discretionary and mandatory)	7,161,827.20	5,186,487.40
Actual offsetting collections (discretionary and mandatory) (-)	<u>(182,767.16)</u>	<u>(3,305.98)</u>
Outlays, net (total) (discretionary and mandatory)	<u>6,979,060.04</u>	<u>5,183,181.42</u>
Agency outlays, net (discretionary and mandatory)	<u>\$ 6,979,060.04</u>	<u>\$ 5,183,181.42</u>

The accompanying notes are an integral part of these statements.

Notes to the Financial Statements

Committee for Purchase from People Who Are Blind or Severely Disabled
U.S. Ability One Commission
General Fund
Notes to the Financial Statements
September 30, 2017 and 2016

NOTE 1 – Significant Accounting Policies

Reporting Entity

The Committee for Purchase from People who are Blind or Severely Disabled (referred to hereafter as “the Committee”) is the independent Federal agency that administers the Javits-Wagner-O’Day (JWOD) Program. The Committee’s mission is to create employment opportunities for people who are blind or have other severe disabilities by educating Federal customers about their requirement to purchase products and services made available by nonprofit agencies across the country employing such individuals.

Basis of Presentation

These financial statements have been prepared from the accounting records of the Committee in accordance with generally accepted accounting principles (GAAP), and the form and content for entity financial statements specified by the Office of Management and Budget (OMB) in OMB Circular No. A-136, as amended. GAAP for Federal entities are standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which has been designated the official accounting standards-setting body for the Federal Government by the American Institute of Certified Public Accountants.

OMB Circular No. A-136 requires agencies to prepare principal statements, which include a Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and Statement of Budgetary Resources. The balance sheet presents, as of September 30, 2017, amounts of future economic benefits owned or managed by the Committee (assets), amounts owed by the Committee (liabilities), and amounts which comprise the difference (net position). The Statement of Net Cost reports the full cost of the program, both direct and indirect costs of the output, and the costs of identifiable supporting services provided by other segments within the Committee and other reporting entities. The Statement of Budgetary Resources reports an agency’s budgetary activity.

Basis of Accounting

Transactions are recorded on the accrual accounting basis in accordance with OMB Circular No. A-136. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Revenues and Other Financing Sources

The Committee is an appropriated fund and as such receives appropriations. Other financing sources for the Committee consist of imputed financing sources that are costs financed by other Federal entities on behalf of the Committee, as required by Statement of Federal Financial Accounting Standard (SFFAS) No. 5, Accounting for Liabilities of the Federal Government.

Committee for Purchase from People Who Are Blind or Severely Disabled
U.S. Ability One Commission
General Fund
Notes to the Financial Statements
September 30, 2017 and 2016

NOTE 2 – Fund Balance with Treasury

All of the Committee’s fund balance with treasury is coming from appropriations. No trust, revolving or other fund type is used to fund the Committee’s activities. The Committee operates as an annual fund, where each year is a new appropriation. This fund balance with treasury is a consolidated balance of five annual funds (FY 2013, FY 2014, FY 2015, FY 2016, and FY 2017). The annual fund for FY 2012 is cancelled and the remaining fund balance of \$11,372.33 is given back to US Treasury during fiscal year 2017.

	<u>2017</u>	<u>2016</u>
A. Fund Balance with Treasury		
General Fund	\$2,694,839.62	\$1,685,271.99
B. Status of Fund Balance with Treasury		
1) Unobligated Balance		
a) Available	164,292.75	197,813.20
b) Unavailable	199,789.27	66,906.94
2) Obligated Balance not yet Disbursed	2,330,757.60	1,420,551.85
Total	\$2,694,839.62	\$1,685,271.99

NOTE 3 – Accounts Receivable, Net

Accounts Receivable, Net from the Public represents the Accounts Receivable from current employees. The direct write-off method is used for uncollectible receivables. The Committee has historically collected receivables due and thus has not established an allowance for uncollectible accounts.

	<u>2017</u>	<u>2016</u>
Accounts Receivable - With the Public	\$12,993.49	\$8,945.04

NOTE 4 – General, Property, Plant and Equipment, Net (PPE)

As of September 30, 2017, the Committee showed Leasehold Improvements with a total cost of \$258,074.37 and a net book value of zero. The Accumulated Depreciation to date showed a balance of \$258,074.37. The depreciation calculation method used was Straight Line with a useful life matching the remaining time on the lease contract.

The Committee also showed Equipment – Administrative with a total cost of \$113,301.71 and a net book value of \$25,769.78. The Accumulated Depreciation to date was \$87,531.93. The depreciation calculation method used was Straight Line with a useful life applicable to the type of asset (Equipment, Furniture, Motor Vehicles, and Internal Use Software at 5 years; and Leasehold Improvements at 7 years or the remainder of the lease). The Committee capitalizes PPE individually costing more than \$10,000 (\$25,000 for leasehold improvements and software in development). Bulk purchases of lesser value items are capitalized when the cost is \$100,000 or greater.

Committee for Purchase from People Who Are Blind or Severely Disabled
U.S. Ability One Commission
General Fund
Notes to the Financial Statements
September 30, 2017 and 2016

NOTE 4 – General, Property, Plant and Equipment, Net (PPE) - *Continued*

<u>2017</u>	<u>Equipment</u>	<u>Leasehold</u>	<u>Total</u>
Cost	\$113,301.71	258,074.37	\$371,376.08
Accum. Depr.	(\$87,531.93)	(258,074.37)	(\$345,606.30)
Net Book Value	<u>\$25,769.78</u>	<u>-</u>	<u>\$25,769.78</u>
<u>2016</u>	<u>Equipment</u>	<u>Leasehold</u>	<u>Total</u>
Cost	\$113,301.71	258,074.37	\$371,376.08
Accum. Depr.	(\$76,199.47)	(258,074.37)	(\$334,273.84)
Net Book Value	<u>\$37,102.24</u>	<u>-</u>	<u>\$37,102.24</u>

NOTE 5 – Liabilities Not Covered by Budgetary Resources

Liabilities of the Committee are classified as liabilities covered or not covered by budgetary resources. As of September 30, 2017, the Committee showed liabilities covered by budgetary resources of \$362,238.75 and liabilities not covered by budgetary resources of \$337,952.52.

	<u>2017</u>	<u>2016</u>
Intragovernmental		
Accounts Payable	\$ -	\$ 6,104.80
Employer Contributions & Payroll Taxes Payable	37,652.00	29,423.08
Total Intragovernmental	\$ 37,652.00	\$ 35,527.88
With the Public		
Accounts Payable	\$ 166,672.36	\$ 72,546.27
Accrued Funded Payroll & Leave	152,576.00	141,808.48
Employer Contributions & Payroll Taxes	5,338.39	3,971.70
Unfunded Leave	337,952.52	297,165.38
Total With the Public	\$ 662,539.27	\$ 515,491.83
Total Liabilities	\$ 700,191.27	\$ 551,019.71
Total liabilities not covered by budgetary resources	\$ 337,952.52	\$ 297,165.38
Total liabilities covered by budgetary resources	362,238.75	253,854.33
Total Liabilities	\$ 700,191.27	\$ 551,019.71

NOTE 6 – Other Liabilities

Other liabilities with the public for the year ended September 30, 2017 and 2016 consist of Accrued Funded Payroll and Leave, Employer Contributions and Payroll Taxes Payable and Unfunded Leave in the amounts shown below. Other Intragovernmental liabilities consist of Employer Contributions and Payroll Taxes Payable.

Committee for Purchase from People Who Are Blind or Severely Disabled
U.S. Ability One Commission
General Fund
Notes to the Financial Statements
September 30, 2017 and 2016

NOTE 6 – Other Liabilities - *Continued*

FY 2017	Non-Current	Current	Total
Intragovernmental			
Employer Contributions and Payroll Taxes Payable	-	37,652.00	37,652.00
Total Intragovernmental	-	37,652.00	37,652.00
Liabilities with the Public			
Accrued Funded Payroll & Leave	-	152,576.00	152,576.00
Employer Contributions and Payroll Taxes Payable	-	5,338.39	5,338.39
Unfunded Leave	337,952.52	-	337,952.52
Total Liabilities with the Public	337,952.52	157,914.39	495,866.91
Total Other Liabilities	337,952.52	195,566.39	533,518.91
FY 2016	Non-Current	Current	Total
Intragovernmental			
Employer Contributions and Payroll Taxes Payable	-	29,423.08	29,423.08
Total Intragovernmental	-	29,423.08	29,423.08
Liabilities with the Public			
Accrued Funded Payroll & Leave	-	141,808.48	141,808.48
Employer Contributions and Payroll Taxes Payable	-	3,971.70	3,971.70
Unfunded Leave	297,165.38	-	297,165.38
Total Liabilities with the Public	297,165.38	145,780.18	442,945.56
Total Other Liabilities	297,165.38	175,203.26	472,368.64

NOTE 7 – Leases

The Committee occupies office space under a lease agreement that is accounted for as an operating lease. The Committee moved office locations in November 2013, significantly reducing office space rent costs. The current office lease term began on October 1, 2013 and expired on October 31, 2017. Lease payments are increased annually based on the Committee’s proportionate share of the building’s operating expenses and real estate taxes. The total operating lease expenses as of September 30, 2016 and 2015 were \$265,500 and \$218,401, respectively.

Committee for Purchase from People Who Are Blind or Severely Disabled
 U.S. Ability One Commission
 General Fund
 Notes to the Financial Statements
 September 30, 2017 and 2016

NOTE 7 – Leases - *Continued*

Below is a schedule of estimated future payments for the term of the lease.

Fiscal Year	Office Space Cost Estimates
2017	\$226,720
2018 (current lease expired 10/31/2017)	\$16,100
Total future payments	\$242,820

NOTE 8 – Intragovernmental Costs and Exchange Revenue

Intragovernmental costs are those of goods/services purchased from a federal entity.

	<u>Total 2017</u>	<u>Total 2016</u>
Program A		
Intragovernmental costs	\$3,095,103.27	\$1,937,180.21
Public costs	<u>\$4,266,870.26</u>	<u>\$3,676,726.21</u>
Total Program A costs	\$7,361,973.53	\$5,613,906.42
Total Program A	<u><u>\$7,361,973.53</u></u>	<u><u>\$5,613,906.42</u></u>

NOTE 9 – Apportionment Categories of New Obligations and Upward Adjustments: Direct Vs. Reimbursable Obligations

All obligations for the Committee in fiscal year 2017 were category B, which is the amount of direct obligations incurred against amounts apportioned under category B on the latest SF 132. All obligations for the Committee in fiscal year 2016 were category B, which is the amount of direct obligations incurred against amounts apportioned under category B on the latest SF 132.

	<u>2017</u>	<u>2016</u>
Direct		
Category B	\$8,157,981.92	\$6,020,911.78

NOTE 10 – Undelivered Orders at End of the Period

Undelivered orders represent the value of goods and services ordered and obligated that have not been received. This amount includes any orders for which advance payment has been made but for which delivery or performance has not yet occurred.

\$1,968,518.85 was the amount of the Committee’s budgetary resources obligated for undelivered orders as of September 30, 2017.

Committee for Purchase from People Who Are Blind or Severely Disabled
 U.S. Ability One Commission
 General Fund
 Notes to the Financial Statements
 September 30, 2017 and 2016

NOTE 10 – Undelivered Orders at End of the Period - *Continued*

	Unpaid Undelivered Orders	Paid Undelivered Orders	Total Undelivered Orders
2017	1,968,518.85	-	\$1,968,518.85
2016	1,166,697.52	-	\$1,166,697.52

NOTE 11 – Explanation of Differences between the SBR and the Budget of the US Government

SFFAS No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, requires an explanation of material differences between budgetary resources available, the status of those resources and outlays as presented in the Statement of Budgetary Resources to the related actual balances published in the *Budget of the United States Government* (Budget). The Budget that will include FY 2017 actual budgetary execution information is scheduled for publication in February 2018, which will be available through OMB’s website at <http://www.whitehouse.gov/omb>. Accordingly, information required for such disclosure is not available at the time of publication of these financial statements.

Balances reported in the FY 2016 SBR and the related President’s Budget reflected the following:

FY2016	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Statement of Budgetary Resources	\$6,285,631.92	\$6,020,911.78	-	\$5,183,181.42
<i>Budget of the U.S. Government</i>	6,000,000.00	6,000,000.00	-	\$5,000,000.00
Difference	\$285,631.92	\$20,911.78	-	\$183,181.42

The difference between the Statement of Budgetary Resources and the Budget for budgetary resources, obligations incurred and net outlays is primarily due to rounding. A portion of the difference in the budgetary resources is due to expired unobligated balances being reported in the Statement of Budgetary Resources but not in the Budget.

NOTE 12 – Reconciliation of Net Cost of Operations to Budget

The Change in Components Requiring or Generating Resources in Future Periods equals the difference between the opening and ending balances of Liabilities Not Covered by Budgetary Resources (as shown on the Balance Sheet, reference Note 5).

	<u>2017</u>	<u>2016</u>
Liabilities not covered by budgetary resources	337,952.52	297,165.38
Change in components requiring/generating resources	40,787.14	(50,847.00)

Committee for Purchase from People Who Are Blind or Severely Disabled
U.S. Ability One Commission
General Fund
Notes to the Financial Statements
September 30, 2017 and 2016

NOTE 12 – Reconciliation of Net Cost of Operations to Budget - *Continued*

Note accrued funded payroll liability is covered by budgetary resources and is included in the net cost of operations, whereas unfunded annual leave liability includes the expense related to the increase in annual leave liability for which the budgetary resources will be provided in a subsequent period.

Budgetary resources obligated are obligations for personnel, goods, services, benefits, etc. made by the Committee in order to conduct operations or acquire assets. Other (i.e., non-budgetary) financing resources are also utilized by the Committee in its program (proprietary) operations. For example, spending authority from offsetting collections and recoveries are financial resources from the recoveries of prior year obligations (e.g., the completion of a contract where not all the funds were used) and refunds or other collections (i.e., funds used to conduct operations that were previously budgeted). An imputed financing source is recognized for future federal employee benefits costs incurred for the Committee employees that will be funded by OPM. Changes in budgetary resources obligated for goods, services, and benefits ordered but not yet provided represents the difference between the beginning and ending balances of undelivered orders (i.e., good and services received during the year based on obligations incurred the prior year represent a cost of operations not funded from budgetary resources). Resources that finance the acquisition of assets are budgetary resources used to finance assets and not cost of operations (e.g., increases in accounts receivables or capitalized assets). Financing sources yet to be provided represents financing that will be provided in future periods for future costs that are recognized in determining the net cost of operations for the present period. Finally, components not requiring or generating resources are costs included in the net cost of operations that do not require resources (e.g., depreciation and amortized expenses of assets previously capitalized).

A reconciliation between budgetary resources obligated and net cost of operations (i.e., providing an explanation between budgetary and financial (proprietary) accounting) is as follows (Note: in prior years, this information was presented as a separate financial statement (the Statement of Financing)):

	2017	2016
Budgetary Resources Obligated	\$ 8,157,981.92	\$ 6,020,911.78
Spending Authority from Recoveries and Offsetting Collections	(268,716.13)	(4,930.98)
Imputed Financing from Costs Absorbed by Others	226,457.92	266,586.28
Changes in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but Not Yet Provided	(801,821.33)	(731,284.48)
Resources that Finance the Acquisition of Assets	(4,048.45)	413.31
Other Resources or Adjustments to Net Obligated Resources that Do Not Affect Net Cost of Operations	40,787.14	50,847.00
Components Not Requiring or Generating Resources	11,332.46	11,363.51
Net Cost of Operations	\$ 7,361,973.53	\$ 5,613,906.42

NOTE 13 – Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 16, 2016, which is the date the financial statements were available to be issued.

Independent Auditor's Report on Internal Control

Independent Auditor's Report on Internal Control

To the Committee Members and Executive Director
Committee for Purchase from People who are Blind or Severely Disabled - U. S. Ability One Commission

We have audited the accompanying Consolidated Balance Sheet of the Committee for Purchase from People who are Blind or Severely Disabled - U. S. Ability One Commission as of September 30, 2017 and 2016, and have issued our report thereon dated November 16, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in U.S. Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 17-03, *Audit Requirements for Federal Financial Statements*.

In planning and performing our audit, we considered the Committee for Purchase from People who are Blind or Severely Disabled - U. S. Ability One Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting was for the limited purpose described in the Responsibilities section of this report and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not test all internal controls relevant to operating objectives as broadly defined in the Federal Managers' Financial Integrity Act of 1982 (FMFIA), such as those controls relevant to ensuring efficient operations.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements caused by error or fraud, in amounts that would be material in relation to the financial statements being audited, may occur undetected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. In our fiscal year 2017 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Committee for Purchase from People who are Blind or Severely Disabled – U. S. Ability One Commission’s management, OMB, the Governmental Accountability Office, and the U.S. Congress, and is not intended to be, and should not be, used by anyone other than these specified parties.

Davis & Associates

Columbia, Maryland
November 16, 2017

Independent Auditor's Report on Compliance

Independent Auditor's Report on Compliance with Laws and Regulations

To the Committee Members and Executive Director
Committee for Purchase from People who are Blind or Severely Disabled – U. S. Ability One Commission

We have audited the accompanying Consolidated Balance Sheet of the Committee for Purchase from People who are Blind or Severely Disabled – U. S. Ability One Commission as of September 30, 2017 and 2016, and have issued our report thereon dated November 16, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in U.S. Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 17-03, *Audit Requirements for Federal Financial Statements*.

The Committee for Purchase from People who are Blind or Severely Disabled – U. S. Ability One Commission's management is responsible for complying with applicable laws and regulations. As part of obtaining reasonable assurance about whether the Committee for Purchase from People who are Blind or Severely Disabled – U. S. Ability One Commission's financial statements are free of material misstatements, we performed tests of management's compliance with certain laws and regulations, noncompliance with which could have a direct and material effect in the determination of financial statement amounts, and other particular laws and regulations specified in OMB Bulletin 17-03, including those requirements referred to in the Federal Managers' Financial Integrity Act of 1982 (FMFIA). We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws and regulations applicable to the Committee for Purchase from People who are Blind or Severely Disabled – U. S. Ability One Commission.

Our tests of compliance with selected provisions of laws and regulations for fiscal year 2017 disclosed no instances of noncompliance that would be reportable under U.S. generally accepted government auditing standards or OMB audit guidance. However, the objective of our audit was not to provide an opinion on overall compliance with laws and regulations. Accordingly, we do not express such an opinion.

This report is intended solely for the information and use of the Committee for Purchase from People who are Blind or Severely Disabled – U. S. Ability One Commission's management, OMB, the Governmental Accountability Office, and the U.S. Congress, and is not intended to be, and should not be, used by anyone other than these specified parties.

Davis & Associates

Columbia, Maryland
November 16, 2017