



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

GENERAL FUND

FINANCIAL STATEMENTS

As Of And For The Years Ended September 30, 2018 and 2017

Committee for Purchase from People Who Are Blind or Severely Disabled
U.S. Ability One Commission
General Fund
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September 30, 2018 and 2017

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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, 2018 and 2017, and the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended.

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 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 the 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, Office of Management and Budget (OMB) Bulletin No. 19-01, *Audit Requirements for Federal Financial Statements*. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2018 and 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.

Required Supplementary and Other Information

U.S. generally accepted accounting principles require that the information in the *Required Supplementary Information*, including *Management's Discussion and Analysis*, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The supplementary information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The information presented in the Message from the Executive Director, Other Accompanying Information, and Appendices is presented for purposes of additional analysis and are not required as part of the basic financial statements. Such information has not been subjected to auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* and OMB Bulletin No. 19-01, we have also issued our report dated December 1, 2018 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 the results of 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 the 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
December 1, 2018

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

BALANCE SHEET

As Of September 30, 2018 and 2017

		2018	2017
Assets:			
Intragovernmental:			
Fund Balance With Treasury	(Note 2)	\$ 2,496,026.54	\$ 2,694,839.62
Total Intragovernmental		2,496,026.54	2,694,839.62
Accounts Receivable, net	(Note 3)	3,827.13	12,993.49
General Property, Plant and Equipment, Net	(Note 4)	14,437.32	25,769.78
Total Assets		\$ 2,514,290.99	\$ 2,733,602.89
Liabilities:	(Note 5)		
Intragovernmental:			
Other:	(Note 6)		
Employer Contributions and Payroll Taxes Payable		43,273.01	37,652.00
Total Intragovernmental		43,273.01	37,652.00
Accounts Payable		22,495.78	166,672.36
Other:	(Note 6)		
Accrued Funded Payroll and Leave		175,659.52	152,576.00
Employer Contributions and Payroll Taxes Payable		6,405.33	5,338.39
Unfunded Leave	(Note 11)	435,628.33	337,952.52
Total Liabilities		\$ 683,461.97	\$ 700,191.27
Net Position:			
Unexpended Appropriations - All Other Funds (Consolidated Totals)		2,248,192.90	2,332,600.87
Cumulative Results of Operations - All Other Funds		(417,363.88)	(299,189.25)
Total Net Position - All Other Funds (Consolidated)		1,830,829.02	2,033,411.62
Total Net Position		\$ 1,830,829.02	\$ 2,033,411.62
Total Liabilities and Net Position		\$ 2,514,290.99	\$ 2,733,602.89

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, 2018 and 2017

	2018	2017
Program Costs:		
ABILITY ONE:		
Gross Costs	\$ 8,776,196.29	\$ 7,361,973.53
Net Program Costs	8,776,196.29	7,361,973.53
 Net Cost of Operations	(Note 11) \$ 8,776,196.29	\$ 7,361,973.53

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, 2018 and 2017**

FY 2018 (CY)

Consolidated Total

Unexpended Appropriations:		
Beginning Balance		2,332,600.87
Budgetary Financing Sources:		
Appropriations received		8,250,000.00
Other adjustments		(25,293.20)
Appropriations used		<u>(8,309,114.77)</u>
Total Budgetary Financing Sources		<u>(84,407.97)</u>
Total Unexpended Appropriations		2,248,192.90
Cumulative Results from Operations:		
Beginning Balances		\$ (299,189.25)
Budgetary Financing Sources:		
Appropriations used		8,309,114.77
Other Financing Sources (Non-Exchange):		
Imputed financing		348,906.89
Total Financing Sources		8,658,021.66
Net Cost of Operations		<u>8,776,196.29</u>
Net Change		<u>(118,174.63)</u>
Cumulative Results of Operations		<u><u>\$ (417,363.88)</u></u>
Net Position		<u><u>\$ 1,830,829.02</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, 2018 and 2017**

FY 2017 (PY)

	Consolidated Total
Unexpended Appropriations:	
Beginning Balance	1,431,417.66
Budgetary Financing Sources:	
Appropriations received	8,000,000.00
Other adjustments	(11,372.33)
Appropriations used	(7,087,444.46)
Total Budgetary Financing Sources	901,183.21
Total Unexpended Appropriations	2,332,600.87
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	(48,071.15)
Cumulative Results of Operations	\$ (299,189.25)
Net Position	\$ 2,033,411.62

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, 2018 and 2017

	2018 Budgetary	2017 Budgetary
BUDGETARY RESOURCES		
Unobligated balance from prior year budget authority, net	582,539.06	522,063.94
Appropriations (discretionary and mandatory)	8,250,000.00	8,000,000.00
Total budgetary resources	\$ 8,832,539.06	\$ 8,522,063.94
STATUS OF BUDGETARY RESOURCES		
New obligations and upward adjustments (total)	(Note 8) \$ 8,068,818.68	\$ 8,157,981.92
Unobligated balance, end of year:		
Apportioned, unexpired account	538,506.79	164,292.75
Unexpired unobligated balance, end of year	538,506.79	164,292.75
Expired unobligated balance, end of year	225,213.59	199,789.27
Unobligated balance, end of year (total)	763,720.38	364,082.02
Total budgetary resources	\$ 8,832,539.06	\$ 8,522,063.94
OUTLAYS, NET		
Outlays, net (total) (discretionary and mandatory)	8,423,519.88	6,979,060.04
Agency outlays, net (discretionary and mandatory)	\$ 8,423,519.88	\$ 6,979,060.04

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
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NOTE 1 – Significant Accounting Policies - Reporting Entity

The Committee for Purchase from People who are Blind or Severely Disabled 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, 2018, 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.

Revenues and Other Financing Sources

The Committee is an appropriated fund. It receives annual appropriations. Other financing sources for the Committee consist of imputed financing sources which 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.

Use of Estimates

The preparation of financial statements in conformity with GAAP in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, 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 estimate

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Fund balance with Treasury

The Committee maintains its available funds with the Department of the Treasury (Treasury). The fund balance with Treasury is available to pay current liabilities and finance authorized purchases. Cash receipts and disbursements are processed by Treasury and are reconciled with those of Treasury on a regular basis. Note 2, Fund Balance with Treasury, provides additional information.

Accounts Receivable, Net and Advances and Prepayments

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. Advances and Prepayments are when an agency pays in advance for goods/services which have not yet been received. The Committee has no such advances and prepayments.

General property and equipment

General property and equipment (PP&E) consists of equipment used for general operations and internal use software. The basis for recording purchased PP&E is full cost, which includes all costs incurred to bring the PP&E to a form and location suitable for its intended use. The cost of PP&E acquired through donation is the estimated fair market value when acquired. All PP&E with an initial acquisition cost of \$5,000 or more and an estimated useful life of two years or more are capitalized.

The PP&E is depreciated using the straight-line method over the estimated useful life of the asset. Normal maintenance and repair costs are expensed as incurred.

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.

Liabilities

Liabilities are recognized for amounts of probable and measurable future outflows or other sacrifices of resources as a result of past transactions or events. Since the Committee is a component of the U.S. Government, a sovereign entity, its liabilities cannot be liquidated without legislation that provides resources to do so. Payments of all liabilities other than contracts can be abrogated by the sovereign entity. In accordance with public law and existing federal accounting standards, no liability is recognized for future payments to be made on behalf of current workers contributing to the Medicare Health Insurance Trust Fund, since liabilities are only those items that are present obligations of the government. The Committees' liabilities are classified as covered by budgetary resources or not covered by budgetary resources.

Liabilities Covered by Budgetary Resources are Liabilities incurred which are covered by realized budgetary resources as of the Balance Sheet date. Budgetary resources encompass not only new budget authority but also other resources available to cover liabilities for specified purposes in a given year. Available budgetary resources include: (1) new budget authority, (2) unobligated balances of budgetary resources at the beginning of the year or net transfers of prior

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year balances during the year, (3) spending authority from offsetting collections (credited to an appropriation or fund account), and (4) recoveries of unexpired budget authority through downward adjustments of prior year obligations. Liabilities are considered covered by budgetary resources if they are to be funded by permanent indefinite appropriations, which have been enacted and signed into law and are available for use as of the Balance Sheet date, provided that the resources may be apportioned by OMB without further action by the Congress and without a contingency having to be met first.

Liabilities Not Covered by Budgetary Resources are liabilities which are not considered to be covered by budgetary resources. Liabilities Not Covered by Budgetary Resources are combined with liabilities covered by budgetary resources with liabilities on the face of the Balance Sheet.

Accrued payroll and benefits

Accrued payroll and benefits consist of salaries, wages, leave and benefits earned by employees, but not disbursed as of September 30. Liability for annual and other vested compensatory leave is accrued when earned and reduced when taken. At the end of each fiscal year, the balance in the accrued annual leave liability account is adjusted to reflect current pay rates. Annual leave earned but not taken is considered an unfunded liability since this leave will be funded from future appropriations when it is actually taken by employees. Sick leave and other types of leave are not accrued and are expensed when taken.

Accounts payable

Accounts payable primarily consists of amounts due for goods and services received, progress in contract performance, interest due on accounts payable, and other miscellaneous payables.

Revenue and financing sources

The Committee receives the funding needed to support its programs through an annual Congressional appropriation. The United States Constitution prescribes that no money may be expended by a federal agency unless and until funds have been made available by Congressional appropriation. Appropriations are recognized as financing sources when related expenses are incurred or assets are purchased.

The Committee receives an annual appropriation that may be used within statutory limits. For example, funds for general operations are generally made available for one fiscal year. The Statement of Budgetary Resources presents information about the resources appropriated to the Committee.

Federal employee benefits

Most Committee employees participate in either the Civil Service Retirement System (CSRS) – a defined benefit plan, or the Federal Employees Retirement System (FERS) – a defined benefit and contribution plan. For employees covered under CSRS the Committee contributes a fixed percentage of pay. Most employees hired after December 31, 1983, are automatically covered by FERS. For employees covered under FERS the Committee contributes the employer’s matching share for Social Security and Medicare Insurance. A primary feature of FERS is that it offers a Thrift Savings Plan (TSP) into which the Committee automatically contributes one percent of employee pay and matches employee contributions up to an additional four percent of pay.

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The U.S. Office of Personnel Management is the administering agency for both of these benefit plans and, thus, reports CSRS or FERS assets, accumulated plan benefits, or unfunded liabilities applicable to federal employees. Therefore, the Committee does not recognize any liability on its balance sheet for pensions, other retirement benefits, and other post employment benefits.

Net Position

Net position is the residual difference between assets and liabilities and is comprised of unexpended appropriations and cumulative results of operations. Unexpended appropriations represent the amount of unobligated and unexpended budget authority. Unobligated balances are the amount of appropriations or other authority remaining after deducting the cumulative obligations from the amount available for obligation.

Intragovernmental Costs and Exchange Revenue

Intragovernmental costs arise from purchases of goods or services from other components of the Federal Government. In contrast, public costs are those that arise from the purchase of goods or services from nonfederal entities. The Committee does not provide services to another federal entity.

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NOTE 2 – Fund Balance with Treasury

The fund balance with treasury is a consolidated balance of five annual funds (FY 2014, FY 2015, FY 2016, FY 2017, and FY 2018). The FY 2013 annual fund was cancelled and the remaining \$25,293.20 fund balance given back to US Treasury during FY 2018.

	<u>2018</u>	<u>2017</u>
A. Fund Balance with Treasury		
General Fund	<u>\$2,496,026.54</u>	<u>\$2,694,839.62</u>
B. Status of Fund Balance with Treasury		
1) Unobligated Balance		
a) Available	538,506.79	164,292.75
b) Unavailable	225,213.59	199,789.27
2) Obligated Balance not yet Disbursed	<u>1,732,306.16</u>	<u>2,330,757.60</u>
Total	<u>\$ 2,496,026.54</u>	<u>\$2,694,839.62</u>

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>2018</u>	<u>2017</u>
Accounts Receivable - With the Public	\$3,827.13	\$12,993.49

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

As of September 30, 2018, the Committee showed Leasehold Improvements with a total cost of \$258,074.37 and a net book value of \$0. The Accumulated Depreciation to date showed a balance of \$258,074.37. The Committee also showed Equipment – Administrative with a total cost of \$113,301.71 and a net book value of \$14,437.32. The Accumulated Depreciation to date was \$98,864.39.

<u>2018</u>	<u>Equipment</u>	<u>Leasehold</u>	<u>Total</u>
Cost	\$113,301.71	258,074.37	\$371,376.08
Accum. Depr.	(\$98,864.39)	(258,074.37)	(\$356,938.76)
Net Book Value	<u>\$14,437.32</u>	<u>-</u>	<u>\$14,437.32</u>
<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>

NOTE 5 – Liabilities Not Covered by Budgetary Resources

Liabilities of the Committee are classified as liabilities covered or not covered by As of September 30, 2018, the Committee showed liabilities covered by budgetary resources of \$247,833.645 and liabilities not covered by budgetary resources of \$435,628.33.

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	2018	2017
Intragovernmental		
Accounts Payable		
Employer Contributions & Payroll Taxes Payable	\$ 43,273.01	\$ 37,652.00
Total Intragovernmental	\$ 43,273.01	\$ 37,652.00
With the Public		
Accounts Payable	\$ 22,495.78	\$ 166,672.36
Accrued Funded Payroll & Leave	175,659.52	152,576.00
Employer Contributions & Payroll Taxes	6,405.33	5,338.39
Unfunded Leave	435,628.33	337,952.52
Total With the Public	\$ 640,188.96	\$ 662,539.27
Total Liabilities	\$ 683,461.97	\$ 700,191.27
Total liabilities not covered by budgetary resources	\$ 435,628.33	\$ 337,952.52
Total liabilities covered by budgetary resources	247,833.64	362,238.75
Total Liabilities	\$ 683,461.97	\$ 700,191.27

NOTE 6 – Other Liabilities

Other liabilities with the public for the year ended September 30, 2018 and 2017 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.

FY 2018

	Non-Current	Current	Total
Intragovernmental			
Employer Contributions and Payroll Taxes Payable	-	43,273.01	43,273.01
Total Intragovernmental	-	43,273.01	43,273.01
Liabilities with the Public			
Accrued Funded Payroll & Leave	-	175,659.52	175,659.52
Employer Contributions and Payroll Taxes Payable	-	6,405.33	6,405.33
Unfunded Leave	435,628.33	-	435,628.33
Total Liabilities with the Public	435,628.33	182,064.85	617,693.18
Total Other Liabilities	435,628.33	225,337.86	660,966.19

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

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Total Other Liabilities	337,952.52	195,566.39	533,518.91
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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, with greatly reduced, new office space rent amounts. The current office lease term began on October 1, 2013 and has been extended for a period of 60 months. 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, 2017 and 2018 were \$218,401 and \$273,868, respectively.

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

Fiscal Year	Office Space Cost Estimates
2019	\$360,000
Total future payments	\$360,000

NOTE 8 – Apportionment Categories of New Obligations and Upward Adjustments: Direct Vs. Reimbursable Obligations

All obligations for the Committee in fiscal year 2018 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 2017 were category B, which is the amount of direct obligations incurred against amounts apportioned under category B on the latest SF 132.

Direct	<u>2018</u>	<u>2017</u>
Category B	\$8,068,818.68	\$8,157,981.92

NOTE 9 – 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.

\$1,484,472.52 was the amount of the Committee’s budgetary resources obligated for undelivered orders as of September 30, 2018.

	Unpaid Undelivered Orders	Paid Undelivered Orders	Total Undelivered Orders
2018	\$1,484,472.52	-	\$1,484,472.52
2017	\$1,968,518.85	-	\$1,968,518.85

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NOTE 10 – Explanation of the Relationship between Liabilities Not Covered by Budgetary Resources on the Balance Sheet and the Change in Components Requiring or Generating Resources in Future Periods

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 2018 actual budgetary execution information is scheduled for publication in February 2019, 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 2017 SBR and the related President’s Budget reflected the following:

FY2017	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Statement of Budgetary Resources	\$ 8,522,063.94	\$ 8,157,981.92	\$ -	\$ 6,979,060.04
Budget of the U.S. Government	8,000,000.00	8,000,000.00	-	7,000,000.00
Difference	<u>\$ 522,063.94</u>	<u>\$ 157,981.92</u>	<u>\$ -</u>	<u>\$ (20,939.96)</u>

The difference between the Statement of Budgetary Resources and the *Budget of the United States Government* for budgetary resources, obligations incurred and net outlays are 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 of the United States Government.

NOTE 11 – 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>2018</u>	<u>2017</u>
Liabilities not covered by budgetary resources	435,628.33	337,952.52
Change in components requiring/generating resources	97,675.81	40,787.14

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

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for the Committee employees that will be funded by OPM. Changes in budgetary resources obligated for goods, services, and benefits ordered by 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)):

	2018	2017
Budgetary Resources Obligated	\$ 8,068,818.68	\$ 8,157,981.92
Spending Authority from Recoveries and Offsetting Collections	(243,750.24)	(268,716.13)
Imputed Financing from Costs Absorbed by Others	348,906.89	226,457.92
Changes in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but Not Yet Provided	474,046.33	(801,821.33)
Resources that Finance the Acquisition of Assets	9,166.36	(4,048.45)
Other Resources or Adjustments to Net Obligated Resources that Do Not Affect Net Cost of Operations	97,675.81	40,787.14
Components Not Requiring or Generating Resources	11,332.46	11,332.46
Net Cost of Operations	\$ 8,766,196.29	\$ 7,361,973.53

NOTE 12 – Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 1, 2018, 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 financial statements of the Committee for Purchase from People who are Blind or Severely Disabled – U. S. Ability One Commission as of and for the year ended September 30, 2018, and have issued our report thereon dated December 1, 2018. We conducted our audit in accordance with the 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 Office of Management and Budget (OMB) Bulletin No. 19-01, *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 by the Federal Managers' Financial Integrity Act of 1982 (FMFIA), such as those controls relevant to ensuring efficient operations.

Our consideration of internal control over financial reporting was for the limited purposes described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. During our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

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
December 1, 2018

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 financial statements of the Committee for Purchase from People who are Blind or Severely Disabled - U. S. Ability One Commission as of and for the year ended September 30, 2018, and have issued our report thereon dated December 1, 2018. We conducted our audit in accordance with the 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 Office of Management and Budget (OMB) Bulletin No. 19-01, *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 19-01, 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.

The results of our tests of compliance with applicable laws and regulations, and government-wide policies, described in the preceding paragraph identified no instances of noncompliance that are required to be reported under *Government Auditing Standards* or OMB guidance.

Providing an opinion on compliance with certain provisions of laws and regulations and government-wide policies was not an objective of our audit, and 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
December 1, 2018