

Financial Statements  
and Other Financial Information

Amputee Coalition of America, Inc.

*Years ended December 31, 2018 and 2017  
with Independent Auditor's Report*

Amputee Coalition of America, Inc.

Financial Statements and  
Other Financial Information

Years ended December 31, 2018 and 2017

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## Independent Auditor's Report

Board of Directors  
Amputee Coalition of America, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Amputee Coalition of America, Inc. (Amputee Coalition), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Amputee Coalition of America, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Board of Directors  
Amputee Coalition of America, Inc.

**Other Matters**

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2019 on our consideration of Amputee Coalition’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Amputee Coalition’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Amputee Coalition’s internal control over financial reporting and compliance.

*Coulter & Justus, P. C.*

Knoxville, Tennessee  
June 28, 2019

Amputee Coalition of America, Inc.

Statements of Financial Position

	<b>December 31</b>	
	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	<b>\$ 2,163,001</b>	\$ 2,052,613
Investments	<b>764,251</b>	576,759
Accounts receivable, net	<b>12,485</b>	25,514
Contributions receivable, related parties	<b>9,840</b>	71,810
Contributions receivable, non related parties	<b>204,565</b>	102,527
Grants receivable	<b>150,427</b>	126,161
Other current assets	<b>166,735</b>	139,880
Total current assets	<b>3,471,304</b>	3,095,264
Net property and equipment	<b>26,258</b>	45,715
Net internally developed software	<b>240,755</b>	120,550
Total assets	<b>\$ 3,738,317</b>	\$ 3,261,529
<b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable	<b>\$ 97,813</b>	\$ 108,523
Accrued expenses	<b>150,804</b>	55,184
Deferred revenues	<b>29,460</b>	14,000
Total current liabilities	<b>278,077</b>	177,707
Net assets:		
Without donor restrictions	<b>2,576,905</b>	2,202,571
With donor restrictions	<b>883,335</b>	881,251
Total net assets	<b>3,460,240</b>	3,083,822
Total liabilities and net assets	<b>\$ 3,738,317</b>	\$ 3,261,529

*See accompanying Notes to Financial Statements.*

Amputee Coalition of America, Inc.

Statement of Activities

For the year ended December 31, 2018

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Support and revenues:			
Grants	\$ 2,816,574	\$ -	\$ 2,816,574
Sponsorships	49,613	256,000	305,613
Contributions	232,091	58,909	291,000
Publication advertising	187,293	-	187,293
Memberships	70,525	-	70,525
Event registration	147,729	-	147,729
Educational material sales and other income	213,862	3,577	217,439
Net assets released from restrictions	316,402	(316,402)	-
Total support and revenues	<u>4,034,089</u>	<u>2,084</u>	<u>4,036,173</u>
Expenses:			
Program services	2,566,170	-	2,566,170
Management and general	867,880	-	867,880
Fundraising	225,705	-	225,705
Total expenses	<u>3,659,755</u>	<u>-</u>	<u>3,659,755</u>
Increase in net assets	374,334	2,084	376,418
Net assets at beginning of year	<u>2,202,571</u>	<u>881,251</u>	<u>3,083,822</u>
Net assets at end of year	<u>\$ 2,576,905</u>	<u>\$ 883,335</u>	<u>\$ 3,460,240</u>

*See accompanying Notes to Financial Statements.*

Amputee Coalition of America, Inc.

Statement of Activities

For the year ended December 31, 2017

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Support and revenues:			
Grants	\$ 2,618,470	\$ -	\$ 2,618,470
Sponsorships	30,825	233,000	263,825
Contributions	188,441	189,396	377,837
Publication advertising	187,306	-	187,306
Memberships	77,375	-	77,375
Event registration	190,205	-	190,205
Educational material sales and other income	314,700	11,722	326,422
Net assets released from restrictions	446,343	(446,343)	-
Total support and revenues	<u>4,053,665</u>	<u>(12,225)</u>	<u>4,041,440</u>
Expenses:			
Program services	2,433,517	-	2,433,517
Management and general	652,182	-	652,182
Fundraising	245,148	-	245,148
Total expenses	<u>3,330,847</u>	<u>-</u>	<u>3,330,847</u>
Increase in net assets	722,818	(12,225)	710,593
Net assets at beginning of year	1,479,753	893,476	2,373,229
Net assets at end of year	<u>\$ 2,202,571</u>	<u>\$ 881,251</u>	<u>\$ 3,083,822</u>

*See accompanying Notes to Financial Statements.*

Amputee Coalition of America, Inc.

Statement of Functional Expenses

For the year ended December 31, 2018

	Total Program Services	Supporting Services		Totals
		Management and General	Fundraising	
Salaries	\$ 691,755	\$ 420,965	\$ 110,996	\$ 1,223,716
Fringe benefits	239,731	160,448	38,468	438,647
Advertising	3,161	-	15	3,176
Communications	25,047	9,408	2,481	36,936
Contractual costs	292,133	68,264	10,707	371,104
Depreciation and amortization	34,443	13,004	2,051	49,498
Events	367,716	4,498	-	372,214
Insurance	14,586	17,352	2,285	34,223
Minor capital costs	3,647	2,510	396	6,553
Postage	88,726	2,817	1,928	93,471
Printing	100,331	658	3,359	104,348
Rent	50,254	31,970	5,043	87,267
Repairs and maintenance	10,276	7,073	1,116	18,465
Supplies	44,019	17,080	3,395	64,494
Technology	209,201	41,986	11,070	262,257
Travel	347,284	62,975	9,055	419,314
Utilities	3,371	2,320	366	6,057
Other	40,489	4,552	22,974	68,015
	<b>\$ 2,566,170</b>	<b>\$ 867,880</b>	<b>\$ 225,705</b>	<b>3,659,755</b>

*See accompanying Notes to Financial Statements.*



Amputee Coalition of America, Inc.

Statement of Functional Expenses

For the year ended December 31, 2017

	<u>Supporting Services</u>			
	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
Salaries	\$ 729,232	\$ 307,131	\$ 109,420	\$ 1,145,783
Fringe benefits	255,906	116,796	38,398	411,100
Advertising	1,393	-	106	1,499
Communications	14,429	6,207	2,164	22,800
Contractual costs	467,437	66,491	20,283	554,211
Depreciation	19,901	16,836	2,275	39,012
Events	288,843	5,035	5,892	299,770
Insurance	17,758	17,722	2,506	37,986
Minor capital costs	2,580	2,182	295	5,057
Postage	74,066	1,870	3,534	79,470
Printing	148,619	1,156	9,219	158,994
Rent	44,568	35,534	4,727	84,829
Repairs and maintenance	11,395	9,640	1,458	22,493
Supplies	18,724	10,444	3,353	32,521
Technology	100,047	19,648	6,851	126,546
Travel	197,375	27,374	12,797	237,546
Utilities	3,401	2,877	389	6,667
Other	37,843	5,239	21,481	64,563
	<u>\$ 2,433,517</u>	<u>\$ 652,182</u>	<u>\$ 245,148</u>	<u>\$ 3,330,847</u>

*See accompanying Notes to Financial Statements.*

Amputee Coalition of America, Inc.

Statements of Cash Flows

	<b>Year ended December 31</b>	
	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 376,418	\$ 710,593
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	49,498	39,012
Net depreciation (appreciation) in fair value of investments	8,477	(29,833)
Changes in operating assets and liabilities:		
Receivables	(51,305)	135,552
Other assets	(26,855)	2,577
Accounts payable and accrued expenses	53,559	(92,215)
Deferred revenues	15,460	14,000
Net cash provided by operating activities	<u>425,252</u>	<u>779,686</u>
<b>Cash flows from investing activities</b>		
Purchases of equipment	(14,493)	(10,015)
Purchases of internally developed software	(104,402)	(80,050)
Net purchases of investments	(195,969)	(77,133)
Net cash used for investing activities	<u>(314,864)</u>	<u>(167,198)</u>
Net increase in cash and cash equivalents	110,388	612,488
Cash and cash equivalents at beginning of year	2,052,613	1,440,125
Cash and cash equivalents at end of year	<u>\$ 2,163,001</u>	<u>\$ 2,052,613</u>
<b>Supplemental disclosure of noncash activities</b>		
Internally developed software costs included in accounts payable	\$ 31,351	\$ 40,500

*See accompanying Notes to Financial Statements.*

# Amputee Coalition of America, Inc.

## Notes to Financial Statements

December 31, 2018

### 1. Organization and Nature of Activities

The Amputee Coalition of America, Inc. (Amputee Coalition) is a not-for-profit organization whose mission is to reach out and empower people across the United States of America affected by limb loss to achieve their full potential through education, support, and advocacy, and to promote limb loss prevention. Amputee Coalition's primary funding sources are federal grants, donor contributions, membership dues, publication advertising, and sponsorships.

### 2. Summary of Significant Accounting Policies

#### Basis of Accounting and Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and provide for the accrual basis of accounting.

Amputee Coalition reports information regarding its financial position and activities according to the following classes of net assets:

*Net assets without donor restrictions* include revenue and contributions received without donor-imposed restrictions.

*Net assets with donor restrictions* include revenue and contributions subject to donor-imposed stipulations that limit the use of the donated assets and include those gifts for which the restriction is not met within the same fiscal year. When a donor restriction expires in a subsequent fiscal year, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Donor restricted gifts are classified as net assets without donor restrictions if the restriction expires in the same fiscal year. Net asset with donor restrictions primarily relate to temporary purpose restrictions such as camp attendance, well-being initiatives, and scholarships, as well as time restrictions for sponsorships.

At December 31, 2018 and 2017, cash and cash equivalents, investments, and contributions receivable are available to satisfy net assets with donor restrictions.

#### Cash and Cash Equivalents

Amputee Coalition considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash on deposit at financial institutions is federally insured to certain limits or otherwise collateralized.

Amputee Coalition of America, Inc.  
Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

**Investments and Fair Value Measurements**

The investment portfolios are held and managed by investment advisors and stated at fair value based upon quoted prices in an active market (*Note 4*). Investment income, including unrealized gains and losses, is reported as an increase in net assets without donor restrictions or net assets with donor restrictions, depending upon donor stipulations, if any.

Financial Accounting Standards Board Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy (in order of priority) are described below:

Level 1	Quoted prices in active markets for identical investments.
Level 2	Significant other observable inputs.
Level 3	Significant unobservable inputs.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Amputee Coalition's investments in mutual funds that are valued at the daily closing price as reported by the fund. Mutual funds held by the Amputee Coalition are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded (Level 1). Certificates of deposit are valued using quoted prices from third parties such as brokers, market makers and pricing agencies (Level 1).

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Amputee Coalition believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**Accounts Receivable**

Due to the nature of the activities and services, Amputee Coalition's policies do not require collateral for receivables. The allowance method is used to determine uncollectible accounts receivable, if any, based on prior years' experience and management's analysis of specific accounts receivable. Credit losses, when realized, have been within management's expectations.

Amputee Coalition of America, Inc.  
Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

**Property and Equipment**

Significant property and equipment additions are capitalized and stated at cost. The cost of maintenance and repairs is recorded as expenses are incurred, betterments are capitalized, and gains and losses from disposition are included in revenues or expenses. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets. For property and equipment additions reimbursed by the grantor, revenue is recognized at the time of purchase.

**Internally Developed Software**

Internally developed software costs represent costs incurred creating and implementing a Peer Support Application and various subsequent versions of the Application (collectively, the Application).

Costs incurred in the planning and evaluation stage prior to obtaining the technological feasibility of the Application, as well as costs to maintain the Application, are expensed as incurred and totaled \$84,252 during 2018 and \$21,749 during 2017. Costs incurred after the technological feasibility of the Application have been established but before they become available for the general release to users and those costs which add functionality are capitalized and then amortized. Amortization is computed as the greater of the straight-line method over the remaining economic life of the Application, or the ratio that current gross revenues for the Application bear to the total of current and anticipated gross revenues for the Application. Amortization begins when the Application become available for general release to users.

**Revenue Recognition**

For grant awards that are on a cost reimbursement basis, revenue is recognized to the extent cost has been incurred.

Contributions are recognized as revenue when cash is received or the donor makes an unconditional promise to give. They are recorded at fair value as support with donor restrictions or support without donor restrictions, depending on the absence or existence of donor-imposed restrictions.

Sponsorship revenues support specific activities of Amputee Coalition and are recognized when received or based upon the sponsor's specific commitment.

Membership dues are reported as deferred revenue when received and then recognized as revenue over the period of membership. Revenues from sales of materials, advertising, projects, and events for which the Amputee Coalition has been contracted to render services are recognized when earned.

Amputee Coalition of America, Inc.  
Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

**Revenue Recognition (continued)**

Amputee Coalition is also a designated beneficiary in a planned giving arrangement of a certain individual retirement account. No amounts are recorded in connection with such arrangements until the point when the amount of the gift becomes determinable and not subject to revocation by the potential donor.

**Functional Expenses**

Expenses have been allocated between program and supporting services primarily on the basis of specific identification. Supporting services include management and general and fundraising expenses.

**Income Taxes**

Amputee Coalition is classified as an organization exempt from income tax under Internal Revenue Code Section 501(c)(3) as other than a private foundation. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

**Advertising**

Advertising costs are expensed as incurred and totaled \$3,175 and \$1,499 in 2018 and 2017, respectively.

**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 related disclosures. Accordingly, actual results could differ from those estimates.

**Recently Adopted Accounting Standard**

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Amputee Coalition adopted ASU 2016-14 during 2018. ASU 2016-14 changes net asset classifications to present two classifications (net assets with donor restrictions and net assets without donor restrictions) rather than three classifications in the past (unrestricted, temporary restricted, and permanently restricted.) It also requires additional disclosures for the liquidity and availability of resources.

Amputee Coalition of America, Inc.  
Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

**Liquidity and Availability of Resources**

Amputee Coalition has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

As of December 31, 2018, Amputee Coalition has approximately \$2,617,000 of financial assets, including approximately \$1,924,000 of cash and cash equivalents, \$317,000 of investments, \$12,000 of accounts receivable, \$214,000 of contributions receivable and \$150,000 of grants receivable available to meet cash needs for general expenditures that will be available within one year of the statement of financial position date. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The accounts and grant receivables are expected to be collected within one year of the statement of financial position date. Contributions receivable are subject to implied time restrictions but are also expected to be collected within one year of the statement of financial position date.

As of December 31, 2018, Amputee Coalition has approximately \$239,000 of cash and cash equivalents and \$447,000 of investments that are subject to donor restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

**Recently Issued Accounting Standards**

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The FASB subsequently issued other ASUs related to ASU 2014-09, which deferred the effective date and made certain clarifications to ASU 2014-09. This new standard and its subsequent amendments requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. An entity also should disclose sufficient quantitative and qualitative information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. ASU 2014-09, as amended, is effective for Amputee Coalition for fiscal years beginning after December 15, 2018. Amputee Coalition is currently evaluating the effect this new standard will have on its financial statements.

Amputee Coalition of America, Inc.  
Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

**Recently Issued Accounting Standards (continued)**

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which supersedes FASB ASC 840, *Leases*, and makes conforming amendments to U.S. GAAP. ASU 2016-02 requires, among other changes to the lease accounting guidance, lessees to recognize most leases on balance sheet via a right of use asset and lease liability, and additional qualitative and quantitative disclosures. ASU 2016-02 is effective for Amputee Coalition for fiscal years beginning after December 15, 2019. Amputee Coalition is currently evaluating the effect this new standard will have on its financial statements.

**Reclassifications**

Certain amounts in 2017 have been reclassified to conform to 2018 classifications.

**Subsequent Events**

In preparation of the accompanying financial statements, management has evaluated subsequent events that have occurred since December 31, 2018 through June 28, 2019, the date the financial statements were available for issuance.

**3. Grant and Other Revenues**

Amputee Coalition receives grant revenues from the U.S. Department of Health and Human Services (HHS) Administration for Community Living (ACL). These revenues accounted for approximately 70% and 65% of total support and revenues in 2018 and 2017, respectively. Grant receivables from ACL of \$150,427 and \$126,161 were recorded as of December 31, 2018 and 2017, respectively. The grants are cost reimbursement grants with costs subject to audit by ACL or its agents.

In addition to federal grants, Amputee Coalition has concentrations in revenue sources for publication advertising and contributions. In 2018 and 2017, 18% and 21% respectively, of publication advertising revenue was received from organizations that have employees serving on Amputee Coalition's board of directors. Contributions totaling \$52,086 and \$96,750 (with related contribution receivables of \$9,840 and \$71,810) in 2018 and 2017, respectively, were received directly from board members or employers of board members.



Amputee Coalition of America, Inc.  
Notes to Financial Statements (continued)

**4. Investments**

The cost and fair value of investments based on quoted market prices, a Level 1 hierarchy, are classified as available for sale and summarized as follows as of December 31, 2018:

	<u>Cost</u>	<u>Fair Value</u>
Mutual funds investing in domestic equity securities	<b>\$247,096</b>	<b>\$252,466</b>
Mutual funds investing in fixed income	<b>113,332</b>	<b>107,381</b>
Certificates of deposit	<b>386,485</b>	<b>386,000</b>
Other mutual funds	<b>22,008</b>	<b>18,404</b>
Total investments	<b><u>\$768,921</u></b>	<b><u>\$764,251</u></b>

The cost and fair value of investments based on quoted market prices, a Level 1 hierarchy, are classified as available for sale and summarized as follows as of December 31, 2017:

	<u>Cost</u>	<u>Fair Value</u>
Mutual funds investing in domestic equity securities	<b>\$233,273</b>	<b>\$263,752</b>
Mutual funds investing in fixed income	<b>112,979</b>	<b>110,570</b>
Certificates of deposit	<b>183,000</b>	<b>183,031</b>
Other mutual funds	<b>20,454</b>	<b>19,406</b>
Total investments	<b><u>\$549,706</u></b>	<b><u>\$576,759</u></b>

**5. Property and Equipment**

Property and equipment consists of the following as of December 31:

	<u>2018</u>	<u>2017</u>
Equipment and furniture	<b>\$155,971</b>	\$159,040
Leasehold improvements	<b>4,544</b>	4,544
	<b><u>160,515</u></b>	<u>163,584</u>
Less accumulated depreciation	<b>(134,257)</b>	(117,869)
Net property and equipment	<b><u>\$ 26,258</u></b>	<b><u>\$ 45,715</u></b>

Amputee Coalition of America, Inc.  
Notes to Financial Statements (continued)

**6. Internally Developed Software**

The capitalized internally developed software costs and the related accumulated amortization were as follows as of December 31:

	<b>2018</b>	<b>2017</b>
Internally developed software	<b>\$256,303</b>	\$120,550
Less: accumulated amortization	<b>(15,548)</b>	-
Net internally developed software	<b>\$240,755</b>	\$120,550

As of December 31, 2017, the Application was not available for general release to users. As such, no amortization was recorded related to the capitalized internally developed software costs during 2017. On July 1, 2018, the Application was made available to users. Management of Amputee Coalition estimated the Application will have an economic life of seven years and no gross revenues. As such, effective July 1, 2018, Amputee Coalition began amortizing the Application using the straight-line method over the next seven years. During 2018, Amputee Coalition recorded amortization expense of \$15,548, which is included in the statement of functional expenses in the accompanying financial statements.

During 2018, Amputee Coalition began the steps to develop subsequent versions of the Application. As of December 31, 2018, \$38,625 of costs were incurred in connection with a second version of the Application, which are included in net internally developed software. As of December 31, 2018, the second version of the Application is not available for general release to users. As such, no amortization has been recorded related to the capitalized internally developed software costs for the second version. From January 1, 2018 through April 2019, Amputee Coalition incurred an additional \$131,000 of costs associated with the development of the second version of the Application. During April 2019, the second version of the Application was made available to users. Management of Amputee Coalition estimates the second version of the Application will have an economic life of seven years and no gross revenues. As such, effective April 2019, Amputee Coalition began amortizing the Application using the straight-line method over the next seven years.

Expected future amortization expense for each of the fiscal periods thereafter is as follows:

2019	<b>\$ 47,252</b>
2020	<b>55,329</b>
2021	<b>55,329</b>
2022	<b>55,329</b>
2023	<b>55,329</b>
Thereafter	<b>103,187</b>
Total	<b>\$371,755</b>

Amputee Coalition of America, Inc.  
Notes to Financial Statements (continued)

**7. Employee Benefit Plan**

Amputee Coalition has a defined contribution retirement plan that covers all employees who meet eligibility requirements. After one year of employment, Amputee Coalition contributes 5% of each participant's compensation, as defined, to the plan. Retirement plan expense was \$57,796 and \$49,683 during 2018 and 2017, respectively.

**8. Operating Lease**

Total lease expense for office space and equipment was \$87,267 and \$84,829, respectively for 2018 and 2017. Estimated future lease payments for operating leases as for December 31, 2018 are as follows:

2019	<b>\$ 93,883</b>
2020	<b>97,026</b>
2021	<b>60,463</b>
2022	<b>7,182</b>
Total	<b><u>\$258,554</u></b>

Amputee Coalition of America, Inc.  
 Schedule of Expenditures of Federal Awards  
 For the year ended December 31, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Entity Identifying Number	Federal Expenditures
<b>US Department of Health and Human Services:</b>			
Direct Program:			
Limb Loss	93.325	90LL0002-02-01	\$ 601,150
Limb Loss	93.325	90LL0002-03-02	<u>2,215,424</u>
Total Expenditures of Federal Awards			<u>\$2,816,574</u>

**Notes to the Schedule of Expenditures of Federal Awards**

**Basis of Presentation**

The Schedule of Expenditures of Federal Awards includes the federal award related grant activity of Amputee Coalition of America, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Amputee Coalition did not elect to use the 10% de minimis indirect cost rate. Instead, Amputee Coalition elected to enter into a Nonprofit Rate Agreement with the US Department of Health and Human Services for a fixed 30.92% indirect cost rate.

Report on Internal Control over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

*Independent Auditor's Report*

Board of Directors  
Amputee Coalition of America, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Amputee Coalition of America, Inc. (Amputee Coalition), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Amputee Coalition's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Amputee Coalition's internal control. Accordingly, we do not express an opinion on the effectiveness of Amputee Coalition's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors  
Amputee Coalition of America, Inc.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Amputee Coalition’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of the Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Amputee Coalition’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Amputee Coalition’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Coulter & Justus, P.C.*

June 28, 2019  
Knoxville, Tennessee



## Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

### *Independent Auditor's Report*

Board of Directors  
Amputee Coalition of America, Inc.

#### **Report on Compliance for Each Major Federal Program**

We have audited Amputee Coalition of America, Inc.'s (Amputee Coalition) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Amputee Coalition's major federal program for the year ended December 31, 2018. Amputee Coalition's major federal program is identified in the summary of auditor results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for Amputee Coalition's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Amputee Coalition's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for Amputee Coalition's major federal program. However, our audit does not provide a legal determination of Amputee Coalition's compliance.

#### **Opinion on Major Federal Program**

In our opinion, Amputee Coalition complied, in all material respects, with the types of compliance requirements referred to above that could have direct and material effect on its major federal program for the year ended December 31, 2018.

Board of Directors  
Amputee Coalition of America, Inc.

## Report on Internal Control Over Compliance

Management of Amputee Coalition is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Amputee Coalition's internal control over compliance with types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Amputee Coalition's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Coulter & Justus, P.C.*

Knoxville, Tennessee  
June 28, 2019



Amputee Coalition of America, Inc.  
 Schedule of Findings and Questioned Costs  
 For the year ended December 31, 2018

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	None reported
Significant deficiencies(s) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	None reported

**Federal Awards**

Internal control over major programs: Material weakness(es) identified?	None reported
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance?	None reported
Identification of major programs:	CFDA 93.325 Limb Loss
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Amputee Coalition of America, Inc.  
Schedule of Findings and Questioned Costs (continued)

**Section II -- Financial Statement Findings**

None reported.

**Section III -- Federal Award Findings and Questioned Costs**

None reported.

Amputee Coalition of America, Inc.  
Summary Schedule of Prior Year Audit Findings and Corrective Action Plan  
For the year ended December 31, 2018

**Summary Schedule of Prior Year Audit Findings**

Not applicable as there were no prior year audit findings reported.

**Corrective Action Plan for 2017 Findings**

Not applicable as there were no 2017 findings reported.