Audited Financial Statements
and Supplementary Information

DISABLED SPORTS USA

Rockville, Maryland

September 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Disabled Sports USA
Rockville, Maryland

We have audited the accompanying financial statements of Disabled Sports USA (a non-profit organization), which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Disabled Sports USA as of September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2020, on our consideration of Disabled Sports USA'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 the Disabled Sports USA'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 Disabled Sports USA's internal control over financial reporting and compliance.

CST Group, CPAs, PC

January 20, 2020

Disabled Sports USA

STATEMENTS OF FINANCIAL POSITION
as of September 30

	2019	2018
CURRENT ASSETS		
Cash and cash equivalent	$ 3,677,049	$ 3,765,358
Investments	1,059,089	739,135
Grants receivable	496,497	654,198
Prepaid expenses	65,486	43,136
	5,298,121	**5,201,827**
PROPERTY AND EQUIPMENT		
Land	334,925	334,925
Furniture and equipment	168,044	168,044
Leasehold improvements	5,800	5,800
Building	30,600	30,600
	539,369	539,369
Less: allowance for depreciation	(183,231)	(173,860)
	356,138	**365,509**
OTHER ASSETS		
Cash restricted	119,553	119,023
Deposits	42,534	122,267
	162,087	**241,290**
	$ 5,816,346	**$ 5,808,626**
CURRENT LIABILITIES		
Accounts payable	$ 341,486	$ 372,057
Credit cards payable	49,330	46,477
Payroll liabilities	2,806	42,476
Accrued wages	51,356	206,581
Accrued vacation	42,227	23,842
Accrued expenses	32,933	21,050
Deferred revenue	442,429	418,781
	962,567	**1,131,264**
NET ASSETS		
Without donor restrictions	4,402,963	4,379,517
With donor restrictions	450,816	297,845
	4,853,779	**4,677,362**
	$ 5,816,346	**$ 5,808,626**

See independent auditor's report and notes to financial statements.

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
for Years Ended September 30

	2019	2018
OPERATING ACTIVITIES		
SUPPORT AND REVENUE WITHOUT DONOR RESTRICTIONS		
Donations	$ 3,372,182	$ 2,862,111
Grants	1,355,076	1,246,542
Chapter membership services	575,487	565,269
Membership dues	34,750	31,000
Registration fees	122,496	91,315
TOTAL SUPPORT AND REVENUE	**5,459,991**	**4,796,237**
Net assets released from restrictions	57,017	36,644
SUPPORT AND REVENUE FROM OPERATIONS WITHOUT DONOR RESTRICTIONS	**5,517,008**	**4,832,881**
EXPENSES		
Programs	4,693,402	3,898,996
Management and general	292,014	321,084
Fundraising	567,883	538,237
TOTAL EXPENSES FROM OPERATIONS	**5,553,299**	**4,758,317**
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS WITHOUT DONOR RESTRICTIONS	**(36,291)**	**74,564**
SUPPORT AND REVENUE WITH DONOR RESTRICTIONS		
Donations	174,738	0
Grants	35,250	50,000
Net assets released from restrictions	(57,017)	(36,644)
TOTAL INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	**152,971**	**13,356**
INCREASE IN NET ASSETS FROM OPERATIONS	**116,680**	**87,920**
NON-OPERATING ACTIVITIES		
Investment income - interest and dividends	92,866	67,931
Investment income - net realized losses	78	0
Investment income - net unrealized gains (losses)	(25,105)	1,936
Expenses paid from investments	(8,102)	(7,190)
TOTAL NON-OPERATING ACTIVITIES	**59,737**	**62,677**
INCREASE IN NET ASSETS	**176,417**	**150,597**
Net assets, beginning of year	4,677,362	4,526,765
NET ASSETS, END OF YEAR	**$ 4,853,779**	**$ 4,677,362**

See independent auditor's report and notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES
for Year Ended September 30, 2019 (with summarized totals for 2018)

	Warfighter Sports	Empower Youth Sports	Chapter Services	General Programs	Total Programs	Management & General	Fundraising	2019 Total	2018 Total
Salaries and payroll taxes	$ 99,051	$ 84,770	$ 400,251	$ 305,031	$ 889,103	$ 182,781	$ 141,081	$ 1,212,965	$ 1,270,767
Chapter development	2,500	42,000	142	489,500	534,142	0	0	534,142	50,634
Insurance expense	10,338	0	408,854	0	419,192	16,426	0	435,618	405,237
Lodging and meals	152,822	5,961	100,916	138,019	397,718	10,165	29,346	437,229	454,918
Sports supplies	346,125	211,401	11,399	334,087	903,012	0	1,199	904,211	538,942
Contract fees	148,941	37,836	76,009	66,067	328,853	410	50,485	379,748	492,969
Stipends / Athlete training	9,300	28,500	33,609	8,290	79,699	0	0	79,699	58,010
Travel expense	70,744	6,168	27,455	73,381	177,748	1,027	7,439	186,214	185,634
Banquet services	0	0	0	26,988	26,988	104	94,058	121,150	127,808
Event fees	173,278	11,115	64,253	33,579	282,225	0	5,125	287,350	277,878
Office and facilities rental	142,033	11,198	16,320	77,664	247,215	6,217	143,225	396,657	379,344
Promotional items	8,493	5,592	2,373	31,745	48,203	0	43,317	91,520	86,400
Postage and shipping	5,127	5,361	2,161	40,435	53,084	268	1,282	54,634	50,935
Copying and printing	6,226	534	7,202	22,256	36,218	39	5,487	41,744	56,249
Fees, licenses and taxes	18,406	152	1,060	10,664	30,282	5,344	727	36,353	36,115
Telephone	9,140	2,039	8,992	28,356	48,527	17,544	270	66,341	35,876
Office supplies and expense	725	464	1,192	12,901	15,282	10,321	3,494	29,097	35,832
Car rental	10,076	1,691	6,423	17,198	35,388	107	1,885	37,380	37,480
Professional fees	0	0	13,674	10	13,684	28,356	0	42,040	34,685
Equipment rental and maintenance	7,554	393	5,263	17,897	31,107	3,660	15,168	49,935	41,860
Auction	35,242	0	0	0	35,242	0	0	35,242	22,670
Advertising	10,000	0	133	8,471	18,604	1,032	8,030	27,666	20,477
Photography and video	0	0	5,000	7,200	12,200	0	10,100	22,300	20,250
Retirement Contributions	1,518	1,475	6,777	5,510	15,280	3,134	2,566	20,980	18,113
Dues and subscriptions	1,449	0	2,050	4,066	7,565	2,549	3,599	13,713	9,653
Depreciation	750	656	2,999	2,436	6,841	2,530	0	9,371	9,581
	$ 1,269,838	$ 457,306	$ 1,204,507	$ 1,761,751	$ 4,693,402	$ 292,014	$ 567,883	$ 5,553,299	$ 4,758,317

See independent auditor's report and notes to financial statements.

STATEMENTS OF CASH FLOWS
for Years Ended September 30

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 176,417	$ 150,597
Changes to net assets not affecting cash:		
Depreciation	9,371	9,581
Unrealized gain (loss) on investments	25,105	(1,936)
Realized gain on investment	(78)	0
Effects of changes in operating accounts:		
(Increase) decrease in grants receivable	157,701	(198,907)
Increase in prepaid expenses	(22,350)	(14,123)
(Increase) decrease in deposits	79,733	(3,165)
Increase (decrease) in accounts payable	(30,571)	54,568
Increase in credit card payable	2,853	36,305
Increase (decrease) in payroll liabilities	(39,670)	42,476
Increase (decrease) increase in accrued wages	(155,225)	193,119
Increase in accrued vacation	18,385	2,552
Increase in accrued expenses	11,883	7,148
Increase in deferred revenue	23,648	139,002
NET CASH PROVIDED BY OPERATING ACTIVITIES	**257,202**	**417,217**
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash payments for the purchase of investments	**(344,981)**	**(30,365)**
NET INCREASE (DECREASE) IN CASH	**(87,779)**	**386,852**
Cash and restricted cash, beginning of the year	3,884,381	3,497,529
CASH AND RESTRICTED CASH, END OF YEAR	**$ 3,796,602**	**$ 3,884,381**

See independent auditor's report and notes to financial statements.

NOTE A - ORGANIZATION

Introduction
Disabled Sports USA (the Organization) is a nonprofit organization that was incorporated under the laws of the state of California in 1967. The purpose of the Organization is to provide national leadership and opportunities for individuals with disabilities to develop independence, confidence, and fitness through participation in community sports, recreation, and educational programs. The vision of the Organization is that every person, regardless of ability, has an equal opportunity to participate in sports and recreation in their community. The Organization also exists to provide a national umbrella organization for service to local chapters having the same or similar purposes.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The financial statements of Disabled Sports USA have been prepared in accordance with accounting principles generally accepted in the United States, which involves the application of accrual accounting; consequently, revenues are recognized when earned or pledged, and expenses are recognized when incurred.

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

Cash and Cash Equivalents
Cash, as used in the accompanying financial statements, includes currency on hand, demand deposits with financial institutions and short term, highly liquid investments purchased with a maturity of three months or less.

Restricted Cash
At September 30, 2019 and 2018 there was $119,553 and $119,023, respectively, in donor restricted cash.

Income Taxes
The Organization is exempt from federal and state income tax as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. Net income from unrelated business sources is subject to federal income taxes; however, the Organization had no unrelated business income for the years ended September 30, 2019 and 2018.

Management has evaluated tax positions that could have a significant effect on the financial statements and determined the Organization had no uncertain tax positions at September 30, 2019 and 2018, which require disclosure or recognition. With limited exceptions, the tax records of the Organization remain open for three years for federal income tax examination.

Advertising Costs
The Organization recognizes advertising expense as incurred in conformity with generally accepted accounting principles. Total advertising and marketing costs were $27,666 and $20,477 for the years ended September 30, 2019 and 2018.

NOTE B - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets
The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue with and without Donor Restrictions
Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Revenue and Revenue Recognition
Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Grants Receivable
The Organization grants credit terms in the normal course of business to members, subscribers, exhibitors and other customers throughout the United States.

The allowance for doubtful accounts on grants receivable is made in amounts required to maintain an adequate allowance to cover anticipated bad debts. Amounts receivable are charged against the allowance or revenues when it is determined by the Organization that payment will not be received. At year-end, the allowance is evaluated by management based on review of the grants receivable. At September 30, 2019 and 2018, management believes all receivables are fully collectible, and no allowance for doubtful accounts is necessary. Bad debt expense for the years ended September 30, 2019 and 2018 totaled $0 each year.

NOTE B - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment
Significant additions of property and equipment are capitalized on the basis of cost. Donated assets are recorded at the fair market value on the date of donation. Depreciation is calculated on the straight-line method over the useful lives of the related assets. Land is not depreciated. Depreciation expense for the years ended September 30, 2019 and 2018 was $9,371 and $9,581, respectively.

Donated Materials and Services
The Organization receives donated materials and services. Donated materials and professional services are recorded as revenue without donor restrictions and/or with donor restrictions, depending on the existence and/or nature of any donor restrictions and program expense in the period received if an objective basis is available to measure the value of such items. Donated materials totaled $304,442 and $269,773 for the years ended September 30, 2019 and 2018, respectively. There were no donated services for the years ended September 30, 2019 and 2018.

Functional Allocation Expenses
The costs of the various programs and activities of the Organization have been summarized in the statements of functional expenses. Salaries and related benefits are allocated to the functions based on employees' responsibilities toward that specific function. Indirect costs, which include equipment rental, office supplies, postage, printing, telephone, and travel, are allocated to the functions based on usage of these costs by function.

Prepaid Expenses
Included in prepaid expenses are conference costs that are paid in advance and will be expensed in future periods when the costs are used.

Reclassification
Certain amounts in the September 30, 2018 financial statements previously issued have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. These reclassifications had no effect on the reported total change in net assets.

Recent Accounting Pronouncements Not Yet Adopted
In May 2014, the FASB issued guidance that supersedes previously issued guidance on revenue recognition and will apply to the Organization. The main principle of this new guidance focuses on the contract between a vendor and a customer for the provision of goods and services. It attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration for which the vendor is entitled. To accomplish this objective, the standard requires five basic steps: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies the performance obligation. The new standard will be effective for nonpublic entities for annual reporting period beginning after December 15, 2018. The Organization will evaluate the effect that adoption of this new standard will have on the financial statements.

NOTE B - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

In February 2016, the FASB issued guidance related to leasing for both the lessees and the lessors. The new standard establishes a right-of-use (ROU) model that requires a lessee to record the ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for the fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization will evaluate the effect that adoption of this new standard will have on the financial statements.

Recent Accounting Pronouncements Adopted
In August 2016, the FASB issued guidance related to presentation of the financial statements for not-for-profit entities. The new standard changes the current net asset classification as shown on the statement of financial position, unrestricted net assets will now be classified as net assets without donor restrictions. Both temporarily and permanently restricted net assets will be combined to be classified as net assets with donor restrictions. This will also change the statement of activities to show the change in net assets in the two classes rather than the currently required three classes.

The standard also changes the presentation of expenses of the statement of activities to be shown by both their nature and function. The Organization adopted this standard effective for the 2019 financial statements.

NOTE C – AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at September 30, 2019 and 2018:

	2019	2018
Cash and cash equivalents	$ 3,677,049	$ 3,765,358
Restricted cash	119,553	119,023
Accounts receivable	496,497	654,198
Investments	1,059,089	739,135
	5,352,188	**5,277,714**
Less those unavailable for general expenditures within one year due to:		
Donor-imposed purpose restriction	**450,816**	**297,845**
Financial assets available to meet general expenditures over the next twelve months	**$ 4,901,372**	**$ 4,979,869**

NOTE C – AVAILABILITY AND LIQUIDITY (continued)

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments. Excess cash is also invested in various money market, bond and equity funds.

NOTE D - CREDIT CARD LOANS

The Organization has an unsecured credit line with Chase Card Services under the Southwest Airlines Rapid Rewards program. The credit line provides $54,000 of available credit at variable rates of interest, 17.99% per annum at September 30, 2019. The amount outstanding as of September 30, 2019 and 2018 totaled $49,330 and $46,477, respectively.

The Organization had an unsecured credit line with Congressional Federal. The credit line provided $24,500 of available credit at variable rates of interests, 8.50% per annum at during 2018. The amount outstanding as of September 30, 2019 and 2018 totaled $0 for both years. This credit line was closed during 2018.

NOTE E - LEASES

In January 2017, the Organization entered into a new lease agreement to lease its office space under an operating lease expiring May 2022. Total rental expense for the years ended September 30, 2019 and 2018 was $93,742 and $90,223, respectively.

Future minimum payments, by year and in the aggregate, under the lease agreement are as follows:

For Year Ending September 30,	
2020	$ 96,768
2021	99,671
2022	68,190
Thereafter	0
	$ 264,629

NOTE F - COMMITMENTS

The Organization has various contractual agreements with individuals and organizations to provide general services, annual events, and publications management.

NOTE G - CONCENTRATIONS OF CREDIT RISK

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of cash and grants receivable.

The Organization maintains cash and investment balances that, at times, exceed federally insured limits. Management does not believe this results in any significant credit risk.

NOTE H - RELATED PARTY TRANSACTIONS

The Organization leases a condominium in Gaithersburg, Maryland under a month-to-month lease, from Kirk Bauer, former Executive Director of the Organization. The apartment is used for housing unpaid interns and visiting athletes and coaches. Total rent paid to Kirk Bauer was $4,338 and $18,964 for the years ended September 30, 2019 and 2018, respectively.

NOTE I - PROFIT SHARING PLAN

During 2018 the organization established a 403(b) retirement plan (the plan) which covers all eligible employees. Participation in the plan is voluntary. Participants in the plan may defer a portion of their annual wages up to the maximum amounts prescribed by the Internal Revenue Code. Contributions to the plan by the Organization are at the discretion of the Board of Directors. Employer discretionary contributions made to the plan or the years ended September 30, 2019 and 2018 totaled $20,979 and $18,113, respectively.

NOTE J - FAIR VALUE MEASUREMENTS AND INVESTMENTS

Assets and liabilities carried at fair value are required to be classified and disclosed in one of the following three categories:

Level 1 input: Unadjusted quoted market prices in active markets for identical assets that the Organization has the ability to access at the measurement date.

Level 2 input: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 input: Unobservable inputs used for valuing the asset or liability not corroborated by market data.

In determining the appropriate levels, the Organization performs a detailed analysis of its assets and liabilities.

The Organization's investments are reported at fair value in the accompanying statement of financial position as of September 30, 2019.

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Funds	$ 17,460	$ 17,460	$ 0	$ 0
Corporate Fixed Income	300,681	0	300,681	0
Mutual Funds	740,948	0	740,948	0
Totals	**$ 1,059,089**	**$ 17,460**	**$ 1,041,629**	**$ 0**

NOTE J - FAIR VALUE MEASUREMENTS AND INVESTMENTS (continued)

The Organization's investments are reported at fair value in the accompanying statement of financial position as of September 30, 2018.

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Funds	$ 8,345	$ 8,345	$ 0	$ 0
Mutual Funds	730,790	0	730,790	0
Totals	**$ 739,135**	**$ 8,345**	**$ 730,790**	**$ 0**

Components of investment income for the years ended September 30 are as follows:

	2019	**2018**
Interest and dividends	$ 92,866	$ 67,931
Realized gain	78	0
Unrealized gain (loss)	(25,105)	1,936
Totals	**$ 67,839**	**$ 69,867**

Investment costs relating to investment revenues totaled $8,102 and $7,190 for the years ended September 30, 2019 and 2018, respectively.

NOTE K - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure through January 20, 2020, which is the date the financial statements were available to be issued, and has determined that there are no subsequent events that required disclosure.

Supplementary Information

DISABLED SPORTS USA

September 30, 2019

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for Year Ended September 30, 2019

Federal Grantor/Pass through	Federal CFDA	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
DEPARTMENT OF VETERANS AFFAIRS				
Grants for Adaptive Sports Programs for Disabled Veterans and Disabled Members of the Armed Forces. 2019-ASG-33	64.034	-	$ 0	$ 500,000
Grants for Adaptive Sports Programs for Disabled Veterans and Disabled Members of the Armed Forces. 2019-ASG-34	64.034	-	$ 0	$ 325,826
Total Department of Veterans Affairs				$ 825,826
Total expenditures of federal awards				$ 825,826

See independent auditor's report.

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Disabled Sports USA under programs of the federal government for the year ended September 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Disabled Sports USA, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Disabled Sports USA.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C - INDIRECT COST RATE

Disabled Sports USA has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Disabled Sports USA
Rockville, Maryland

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 Disabled Sports USA (the Organization), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 20, 2020.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Organization'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 This Report

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

CST Group, CPAs, PC

January 20, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Disabled Sports USA
Rockville, Maryland

Report on Compliance for Each Major Federal Program
We have audited Disabled Sports USA's (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2019. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

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

Opinion on Each Major Federal Program
In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

Report on Internal Control Over Compliance

Management of the Organization 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 the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

Our consideration of internal control 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.

CST Group, CPAs, PC

January 20, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Disabled Sports USA were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses in internal control were disclosed by the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Disabled Sports USA, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. The auditor's report on compliance for the major federal programs for Disabled Sports USA expresses an unmodified opinion on all major federal award programs.
5. There were no audit findings that are required to be reported in accordance with 2 CFR §200.516(a).
6. The program tested as major was: CFDA: 64.034 - VA Grants for Adaptive Sports Programs for Disabled Veterans and Disabled Members of the Armed Forces.
7. The threshold for determining between Type A and Type B programs was $750,000.
8. Disabled Sports USA did not qualify as a low-risk auditee.

SECTION II - FINANCIAL STATEMENT FINDINGS

None Reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Reported.