

**UCP WHEELS FOR HUMANITY**  
**INDEPENDENT AUDITORS' REPORT**  
**AND FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED**  
**JUNE 30, 2018 AND 2017**

# UCP WHEELS FOR HUMANITY

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**HINRICHER & COUSINO, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

3275 OLD CONEJO ROAD  
THOUSAND OAKS, CA 91320  
(805)496-1883 FAX (805)496-5602  
WWW.HCCPASLLP.COM

INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
UCP Wheels for Humanity

**Report on the Financial Statements**

We have audited the accompanying financial statements of UCP Wheels for Humanity (UCP Wheels), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, cash flows, and functional expenses 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.

**Auditors' 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 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 auditors' 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 UCP Wheels for Humanity as of June 30, 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.

### **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 March 26, 2019, on our consideration of UCP Wheels for Humanity'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UCP Wheels for Humanity's internal control over financial reporting and compliance.

*Hinricher & Cousino LLP*

Thousand Oaks, California  
March 26, 2019

**UCP WHEELS FOR HUMANITY**

**STATEMENTS OF FINANCIAL POSITION**

	June 30,	
	2018	2017
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 833,047	\$ 631,413
Cash - restricted	728,647	126,950
Total cash	1,561,694	758,363
Receivables	204,948	446,238
Prepaid expenses and other assets	31,726	136,512
Inventory	171,842	513,422
Total current assets	1,970,210	1,854,535
Property and equipment, net of accumulated depreciation	2,196,609	2,255,061
Other assets:		
Intangible asset - trademark	7,791	7,791
Security and other deposits	9,813	60,295
Total other assets	17,604	68,086
Total assets	\$ 4,184,423	\$ 4,177,682
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 175,751	\$ 278,734
Deferred revenue	650,238	146,672
Other liabilities	13,935	206,550
Due to affiliate	0	11,631
Total liabilities	839,924	643,587
<u>NET ASSETS</u>		
Net assets:		
Unrestricted	3,319,499	3,499,095
Temporarily restricted	25,000	35,000
	3,344,499	3,534,095
Total liabilities and net assets	\$ 4,184,423	\$ 4,177,682

*See accompanying auditors' report and notes to financial statements.*

**UCP WHEELS FOR HUMANITY**

**STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Monetary transactions						
Public support, revenue, and reclassification						
Contributions	\$ 671,831	\$35,000	\$ 706,831	\$ 698,854	\$ 36,000	\$ 734,854
Wheelchair program revenue	620,888	0	620,888	785,557	0	785,557
Grant income	2,215,300	0	2,215,300	2,558,573	0	2,558,573
Rental income	97,774	0	97,774	101,828	0	101,828
Special events	226,842	0	226,842	321,776	0	321,776
Net assets released from restrictions	45,000	(45,000)	0	1,073,875	(1,073,875)	0
Total public support, revenue, and reclassifications	<u>3,877,635</u>	<u>(10,000)</u>	<u>3,867,635</u>	<u>5,540,463</u>	<u>(1,037,875)</u>	<u>4,502,588</u>
Program expenses	3,513,163	0	3,513,163	4,374,475	0	4,374,475
Supporting services						
Management and general	342,560	0	342,560	680,380	0	680,380
Fundraising	331,991	0	331,991	166,473	0	166,473
Total supporting services	<u>674,551</u>	<u>0</u>	<u>674,551</u>	<u>846,853</u>	<u>0</u>	<u>846,853</u>
Total expenses	4,187,714	0	4,187,714	5,221,328	0	5,221,328
Change in net assets, monetary transactions	<u>(310,079)</u>	<u>(10,000)</u>	<u>(320,079)</u>	<u>319,135</u>	<u>(1,037,875)</u>	<u>(718,740)</u>
In-kind transactions						
In-kind donations received	130,483	0	130,483	343,293	0	343,293
In-kind donations shipped	0	0	0	0	0	0
Loss from obsolete inventory disposal	0	0	0	(984,170)	0	(984,170)
Change in net assets, in-kind transactions	<u>130,483</u>	<u>0</u>	<u>130,483</u>	<u>(640,877)</u>	<u>0</u>	<u>(640,877)</u>
Change in net assets	<u>(179,596)</u>	<u>(10,000)</u>	<u>(189,596)</u>	<u>(321,742)</u>	<u>(1,037,875)</u>	<u>(1,359,617)</u>
Net assets at beginning of year	3,499,095	35,000	3,534,095	3,820,837	1,072,875	4,893,712
Net assets at end of year	<u>\$ 3,319,499</u>	<u>\$ 25,000</u>	<u>\$ 3,344,499</u>	<u>\$ 3,499,095</u>	<u>\$ 35,000</u>	<u>\$ 3,534,095</u>

*See accompanying auditors' report and notes to financial statements.*

**UCP WHEELS FOR HUMANITY**

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (189,596)	\$ (1,359,617)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	68,353	62,053
Gain on sale of fixed assets	0	(20,500)
Loss from obsolete inventory disposal	0	984,170
(Increase) or decrease in:		
Inventory	341,580	65,308
Prepaid expenses	104,786	(107,217)
Receivables	241,290	136,139
Security deposits	50,482	77,098
Increase or (decrease) in:		
Accounts payable and accrued liabilities	(102,983)	(9,542)
Other liabilities	(192,615)	190,813
Deferred revenue	503,566	30,612
Due to related parties	(11,631)	(63,369)
Net cash provided by (used in) operating activities	813,232	(14,052)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of fixed assets	(9,901)	(457,467)
Proceeds from sale of fixed assets	0	20,500
Net cash provided by (used in) investing activities	(9,901)	(436,967)
Total increase (decrease) in cash and cash equivalents	803,331	(451,019)
Cash and cash equivalents at beginning of year	758,363	1,209,382
Cash and cash equivalents at end of year	\$ 1,561,694	\$ 758,363
<b>Supplemental information:</b>		
Income taxes paid	\$ 0	\$ 0
Interest paid	\$ 0	\$ 0
<b>Noncash operating activities:</b>		
Donated inventory received	\$ 130,483	\$ 343,293
Donated inventory disbursements	\$ 0	\$ 0

*See accompanying auditors' report and notes to financial statements.*

UCP WHEELS FOR HUMANITY

STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018			2017				
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Accounting	\$ 21,249	\$ 11,219	\$ 6,911	\$ 39,379	\$ 40,583	\$ 56,220	\$ 0	\$ 96,803
Advertising	0	0	0	0	0	1,533	500	2,033
Computer and website	33,031	8,099	12,320	53,450	31,254	42,365	21,159	94,778
Contributions	572	0	0	572	139,664	0	0	139,664
Depreciation	39,838	16,936	11,579	68,353	0	62,053	0	62,053
Dues and subscriptions	36	14	10	60	17	157	356	530
Equipment rental	398	154	96	648	456	372	75	903
Food service	6,182	0	0	6,182	4,266	0	0	4,266
Insurance	17,441	3,946	2,454	23,841	5,672	25,847	0	31,519
Miscellaneous	134	0	0	134	0	0	0	0
Occupancy	45,691	3,458	1,376	50,525	73,096	24,551	4,831	102,478
Other direct grant costs	1,532,980	0	0	1,532,980	1,143,665	0	0	1,143,665
Outside services	247,927	0	88,761	336,688	165,094	27,741	98,652	291,487
Payroll taxes	0	0	0	0	4,075	26,284	0	30,359
Postage, freight	89,078	201	2,727	92,006	290,326	570	5,183	296,079
Printing	633	0	11,515	12,148	455	482	16,903	17,840
Salaries and related	867,488	267,646	170,809	1,305,943	969,812	353,449	12,266	1,335,527
Supplies, office/other	34,593	4,411	5,963	44,967	14,930	20,679	969	36,578
Taxes, licenses & fees	17,549	858	8,939	27,346	22,395	2,859	3,295	28,549
Telephone/communications	9,811	3,543	1,701	15,055	9,822	6,152	631	16,605
Travel/mileage	162,608	127	3,070	165,805	214,971	1,130	183	216,284
Utilities	15,714	21,794	3,686	41,194	13,117	27,936	1,470	42,523
Wheelchairs purchased	370,210	154	74	370,438	1,230,805	0	0	1,230,805
Total operating expenses before in-kind distributions	3,513,163	342,560	331,991	4,187,714	4,374,475	680,380	166,473	5,221,328
In-kind distributions	0	0	0	0	0	0	0	0
Total expenses and in-kind distributions	\$ 3,513,163	\$ 342,560	\$ 331,991	\$ 4,187,714	\$ 4,374,475	\$ 680,380	\$ 166,473	\$ 5,221,328

See accompanying auditors' report and notes to financial statements.



## UCP WHEELS FOR HUMANITY

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 AND 2017

#### NOTE 1 - DESCRIPTION OF ORGANIZATION:

UCP Wheels for Humanity (“UCP Wheels”) is a not-for-profit public benefit corporation exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Its principal activities are to promote greater inclusion for people with disabilities globally, through mobility, therapy, advocacy and empowerment.

#### NOTE 2 - SUMMARY OF ACCOUNTING POLICIES:

##### Financial Statement Presentation

UCP Wheels presents its financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, UCP Wheels is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, UCP Wheels is required to present a statement of cash flows.

##### Use of Estimates

The preparation of financial statements in conformity with auditing standards 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 results could differ from those estimates.

##### Contributed Inventory and Equipment

Contributions of wheelchairs and ambulatory and other equipment are recorded at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire inventory or equipment are reported as restricted contributions.

UCP Wheels measures its aid program by the values of wheelchairs and ambulatory equipment delivered to intended beneficiaries. Wheelchairs and other ambulatory equipment, which UCP Wheels is storing for later delivery to intended beneficiaries, are shown as inventory in these financial statements.

Inventory is periodically reviewed for obsolescence and usability. If it is determined that the inventory is either obsolete or not usable it is scrapped or recycled.

## UCP WHEELS FOR HUMANITY

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 AND 2017

#### NOTE 2 - SUMMARY OF ACCOUNTING POLICIES: (Continued)

##### Contributed Services

UCP Wheels has received donated services from volunteers and from various freight companies. However, no amounts are recorded for such donated personal services in these financial statements since the services do not meet the criteria for recognition under generally accepted accounting principles.

##### Support and Revenue

Revenue received as grant funds from the federal government are recognized as revenues when the related service is rendered. It is UCP Wheels' policy to recognize temporarily restricted revenue whose restrictions are met in the year of receipt as unrestricted revenue. Unexpended funds may be due back to the funding authorities, unless the funding authority allows UCP Wheels to retain such excess.

##### Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and cash in banks. UCP Wheels considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

##### Property and Equipment

Purchased property and equipment are stated at cost. Donated property is stated at fair market value at the date of acquisition. Depreciation is computed using the straight-line method over an estimated useful life of 5 to 39 years.

Expenditures for maintenance and repairs are charged directly to the appropriate operating account at the time the expense is incurred. Expenditures determined to represent additions and betterments are capitalized.

##### Contributions

In accordance with generally accepted accounting principles, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Any restricted contributions are required to be reported as either temporarily or permanently restricted support and then are reclassified to unrestricted net assets upon the release of the restrictions.

## UCP WHEELS FOR HUMANITY

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 AND 2017

#### NOTE 2 - SUMMARY OF ACCOUNTING POLICIES: (Continued)

##### Income Taxes

UCP Wheels is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Internal Revenue Service has determined that the Foundation is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the years ended June 30, 2018 and 2017. As of June 30, 2018, UCP Wheels information returns generally remain open for the last three years.

##### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

##### Concentrations of Credit Risk

UCP Wheels maintains its cash balances at two financial institutions. Accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2018 and 2017 UCP Wheels had \$1,079,679 and \$518,376, respectively, of uninsured cash.

#### NOTE 3 - RESTRICTED CASH:

At June 30, 2018 and 2017 restricted cash consisted of the following:

	<u>2018</u>	<u>2017</u>
USAID El Salvador META Grant	\$ 0	\$ 648
USAID CLASP	0	126,302
CLASP II	119,598	0
GOOGLE	377,413	0
TEAM	<u>231,636</u>	<u>0</u>
	<u>\$ 728,647</u>	<u>\$ 126,950</u>

## UCP WHEELS FOR HUMANITY

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 AND 2017

#### NOTE 4 - INVENTORY:

Inventory at June 30, 2018 and 2017 consists of the following:

	<u>2018</u>	<u>2017</u>
Wheelchairs	\$ 78,114	\$ 414,660
Wheelchair parts	86,519	84,905
Medical and ambulatory equipment	<u>7,209</u>	<u>13,857</u>
Total inventory	<u>\$ 171,842</u>	<u>\$ 513,422</u>

#### NOTE 5 - PROPERTY AND EQUIPMENT:

Property and equipment consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Land	\$ 438,789	\$ 438,789
Building	1,808,356	1,808,356
Furniture and equipment	134,616	127,490
Computer hardware and software	62,151	59,376
Warehouse improvements	<u>8,013</u>	<u>8,013</u>
	2,451,925	2,442,024
Less: accumulated depreciation and amortization	<u>(255,316)</u>	<u>(186,963)</u>
	<u>\$ 2,196,609</u>	<u>\$ 2,255,061</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$68,353 and \$62,053, respectively.

#### NOTE 6 - COMMITMENTS AND CONTINGENCIES:

UCP Wheels, currently, has no material commitments or contingencies.

## UCP WHEELS FOR HUMANITY

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 AND 2017

#### NOTE 7 - RELATED PARTY TRANSACTIONS:

United Cerebral Palsy/Spastic Children's Foundation of Los Angeles and Ventura Counties ("UCPLA") acquired Wheels for Humanity on January 1, 2007. At June 30, 2018 two members of the board of directors of Wheels for Humanity also serve on the board of directors for UCPLA.

There is no balance due to UCPLA at either June 30, 2018 or 2017. At June 30, 2018 and 2017 the balance due to UCP El Salvador is \$0 and \$11,631. The amount is payable on demand when cash flow permits and does not bear interest.

#### NOTE 8 - RESTRICTIONS ON NET ASSETS:

Temporarily restricted net assets at June 30, 2018 and 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Volunteer program	\$ 0	\$ 25,000
Sheila Daley Foundation	0	10,000
Wheels in Motion Event	<u>25,000</u>	<u>0</u>
	<u>\$ 25,000</u>	<u>35,000</u>

There are no permanently restricted net assets.

#### NOTE 9 - GOVERNMENT GRANTS:

UCP Wheels has been awarded several grants from governmental agencies. The significant grants are summarized below.

##### Accelerating Core Competencies for Effective Wheelchair Services and Support (ACCESS)

UCP Wheels was awarded the ACCESS reimbursement grant totaling \$1,452,208 in March 2014; the grant expired June 30, 2017. Revenue from the grant is recognized as expenditures are incurred. For the years ended June 30, 2018 and 2017 total revenue earned and expenses incurred were \$ 23,566 and \$875,147, respectively. Any funds received from USAID not used for grant purposes are required to be repaid to USAID.

##### Consolidating Logistics for Assistive Technology Supply and Provision (CLASP)

UCP Wheels was awarded the CLASP grant totaling \$2,200,000 in September 2014; the grant was originally estimated to expire August 31, 2016 but the grant was extended to expire July 31, 2017 and the grant was increased to \$2,500,000.

## UCP WHEELS FOR HUMANITY

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 AND 2017

#### NOTE 9 - GOVERNMENT GRANTS: (Continued)

Revenue from this grant is recognized as expenses are incurred. For the years ended June 30, 2018 and 2017 total revenue earned and expenditures incurred was \$ 528,237 and \$527,621, respectively. Remaining funds received, but not yet used, at June 30, 2018 are \$0. Any funds received from USAID not used for grant purposes are required to be repaid to USAID.

#### TEAM Project Ukraine

UCP Wheels was awarded the TEAM grant totaling \$1,999,734 in September 2015; the grant was originally due to expire August 31, 2017 but it was extended to June 30, 2019 and the amount of the grant was increased to \$2,996,838. Revenue from the grant is recognized as expenses are incurred. For the year ended June 30, 2018 and 2017 total revenue earned and expenditures incurred was \$741,320 and \$834,160, respectively. Any funds received from USAID not used for grant purposes are required to be repaid to USAID.

#### Consolidating Logistics for Assistive Technology Supply and Provision II (CLASP II)

UCP Wheels has entered into a cooperative agreement with USAID during the fiscal year ended June 30, 2018. This grant which is for \$3,999,910 for four years is similar to the other CLASP grant. During the fiscal year ended June 30, 2018 total revenue earned and expenditures incurred was \$918,722.

#### NOTE 10 - EVALUATION OF SUBSEQUENT EVENTS:

Subsequent events have been evaluated through March 26, 2019, the date of the financial statements were available to be issued.

**ADDITIONAL INFORMATION**

**UCP WHEELS FOR HUMANITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended June 30, 2018

Federal Grantor/ Pass-through Grantor Program Title	Federal CFDA Number	Federal Awards Expended
United States Agency for International Development (USAID)		
In cooperation with USAID		
Consolidating Logistics for Assitive Technology Supply and Provisions (CLASP II)	98.001	\$ 918,722
Pass-through from JSI Research & Training Institute, Inc.		
Consolidating Logistics for Assitive Technology Supply and Provisions (CLASP)	98.001	528,237
Ukraine TEAM	98.001	741,320
Total pass-through from JSI Research & Training Institute, Inc.		<u>1,269,557</u>
Pass-through from World Learning, Inc.		
Indonesian Service and Policy Reform (ISAP)	98.001	299,563
Total United States Agency for International Development		<u>\$ 2,487,842</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of UCP Wheels for Humanity under programs of the federal government for the year ended June 30, 2018. 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 UCP Wheels for Humanity, it is not intended to and does not present the financial position, changes in net assets, or cash flows of UCP Wheels for Humanity. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized as following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.



**HINRICHER & COUSINO, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

3275 OLD CONEJO ROAD  
THOUSAND OAKS, CA 91320  
(805)496-1883 FAX (805)496-5602  
WWW.HCCPASLLP.COM

INDEPENDENT AUDITORS' 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  
UCP Wheels for Humanity

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 UCP Wheels for Humanity, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 26, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered UCP Wheels for Humanity'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 UCP Wheels for Humanity's internal control. Accordingly, we do not express an opinion on the effectiveness of UCP Wheels for Humanity'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 deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

As part of obtaining reasonable assurance about whether UCP Wheels for Humanity'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 audits 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hinricher & Cousino LLP*

Thousand Oaks, California  
March 26, 2019

**HINRICHER & COUSINO, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

3275 OLD CONEJO ROAD  
THOUSAND OAKS, CA 91320  
(805)496-1883 FAX (805)496-5602  
WWW.HCCPASLLP.COM

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  
UCP Wheels for Humanity

Report on Compliance for Each Major Federal Program

We have audited UCP Wheels for Humanity's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of UCP Wheels for Humanity's major federal programs for the year ended June 30, 2018. UCP Wheels for Humanity'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 UCP Wheels for Humanity'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 UCP Wheels for Humanity'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 UCP Wheels for Humanity's compliance.

#### Opinion on Each Major Federal Program

In our opinion, UCP Wheels for Humanity 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 identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2018.

#### Report on Internal Control Over Compliance

Management of UCP Wheels for Humanity 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 UCP Wheels for Humanity'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 UCP Wheels for Humanity'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.

*Hinricher & Cousino LLP*

Thousand Oaks, California  
March 26, 2019

UCP WHEELS FOR HUMANITY

SUMMARY OF AUDITORS' RESULTS AND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2018

Section I --- Summary of Auditors' Results

*Financial Statements*

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  no

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFS 200.561(a)?  yes  no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
98.001	Ukraine TEAM
98.001	Consolidating Logistics for Assistive Technology Supply and Provision

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?  yes  no

UCP WHEELS FOR HUMANITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued

For the year ended June 30, 2018

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Section II --- Financial Statement Findings

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- *Criteria or specific requirement:* No matters were reported
- *Condition:* No matters were reported
- *Context:* No matters were reported
- *Effect:* No matters were reported
- *Cause:* No matters were reported
- *Recommendation:* No matters were reported
- *Management's response:* No matters were reported

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Section III --- Federal Award Findings and Questioned Costs

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- *Information on the federal program:* No matters were reported
- *Criteria or specific requirement:* No matters were reported
- *Condition:* No matters were reported
- *Questioned costs:* No matters were reported
- *Context:* No matters were reported
- *Effect:* No matters were reported
- *Cause:* No matters were reported
- *Recommendation:* No matters were reported
- *Management's response:* No matters were reported

**UCP WHEELS FOR HUMANITY**

**CORRECTIVE ACTION PLAN**

Audit Firm: Hinricher & Cousino LLP, 3275 Old Conejo Road, Thousand Oaks, CA 91320

Audit Period: Year ended June 30, 2018

**Section I and II:**

**Internal Control Review and Compliance Review**

**A. COMMENTS ON FINDINGS AND RECOMMENDATIONS**

Finding: None.

Auditee Comments: None.

**B. ACTIONS TAKEN OR PLANNED**

None.

**C. STATUS OF CORRECTIVE ACTION ON PRIOR FINDINGS**

Prior Finding: None.

Status of Corrective Action: None.