

# **National Organization on Disability**

Financial Report  
December 31, 2019

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RSM US LLP

## Independent Auditor's Report

Board of Directors  
National Organization on Disability

### Report on the Financial Statements

We have audited the accompanying financial statements of National Organization on Disability (the Organization), which comprise the statement of financial position as of December 31, 2019, the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Organization'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 Organization'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 the National Organization on Disability as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

The financial statements of National Organization on Disability, as of and for the year ended December 31, 2018, were audited by other auditors whose report, dated June 4, 2019, expressed an unmodified opinion on those financial statements.

*RSM US LLP*

Washington, D.C.  
October 21, 2020

**National Organization on Disability**

**Statements of Financial Position  
December 31, 2019 and 2018**

	2019	2018
<b>Assets</b>		
Cash and cash equivalents	\$ 2,975,418	\$ 3,075,959
Grants and contracts receivable, net	494,174	1,180,720
Property and equipment, net	55,068	68,889
Deposits	18,472	11,450
	<u>18,472</u>	<u>11,450</u>
<b>Total assets</b>	<b><u>\$ 3,543,132</u></b>	<b><u>\$ 4,337,018</u></b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 141,870	\$ 158,952
Deferred revenue	-	31,339
<b>Total liabilities</b>	<b><u>141,870</u></b>	<b><u>190,291</u></b>
Net assets:		
Without donor restrictions	1,737,255	1,737,255
With donor restrictions (Note 2)	1,664,007	2,409,472
<b>Total net assets</b>	<b><u>3,401,262</u></b>	<b><u>4,146,727</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 3,543,132</u></b>	<b><u>\$ 4,337,018</u></b>

See notes to financial statements.

## National Organization on Disability

### Statements of Activities Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:						
Grants and gifts	\$ 807,548	\$ 450,000	\$1,257,548	\$ 1,200,047	\$ 445,000	\$1,645,047
Corporate Leadership:						
Council memberships	730,000	-	730,000	645,000	-	645,000
Professional services fees	204,389	-	204,389	89,200	-	89,200
Sponsorships	187,050	-	187,050	35,240	-	35,240
Net investment income	2,196	-	2,196	2,390	-	2,390
Campus to Careers Employer fees	-	-	-	37,500	-	37,500
Other income	-	-	-	900	-	900
Net assets released from restriction	1,195,465	(1,195,465)	-	1,613,856	(1,613,856)	-
<b>Total revenue and support</b>	<b>3,126,648</b>	<b>(745,465)</b>	<b>2,381,183</b>	<b>3,624,133</b>	<b>(1,168,856)</b>	<b>2,455,277</b>
Expenses:						
Program services:						
Corporate Leadership Council	640,139	-	640,139	640,347	-	640,347
Look Closer (The Compact)	447,816	-	447,816	590,692	-	590,692
Campus to Careers	346,544	-	346,544	413,445	-	413,445
Thought Leadership	262,684	-	262,684	410,228	-	410,228
Professional Services	237,075	-	237,075	275,617	-	275,617
The Disability Employment Tracker	168,868	-	168,868	141,731	-	141,731
Policy	114,440	-	114,440	53,893	-	53,893
<b>Total program services</b>	<b>2,217,566</b>	<b>-</b>	<b>2,217,566</b>	<b>2,525,953</b>	<b>-</b>	<b>2,525,953</b>
Supporting services:						
Management and general	706,029	-	706,029	793,208	-	793,208
Fundraising	203,053	-	203,053	304,972	-	304,972
<b>Total supporting services</b>	<b>909,082</b>	<b>-</b>	<b>909,082</b>	<b>1,098,180</b>	<b>-</b>	<b>1,098,180</b>
<b>Total expenses</b>	<b>3,126,648</b>	<b>-</b>	<b>3,126,648</b>	<b>3,624,133</b>	<b>-</b>	<b>3,624,133</b>
<b>Change in net assets</b>	<b>-</b>	<b>(745,465)</b>	<b>(745,465)</b>	<b>-</b>	<b>(1,168,856)</b>	<b>(1,168,856)</b>
Net assets:						
Beginning	1,737,255	2,409,472	4,146,727	1,737,255	3,578,328	5,315,583
Ending	\$ 1,737,255	\$ 1,664,007	\$ 3,401,262	\$ 1,737,255	\$ 2,409,472	\$ 4,146,727

## National Organization on Disability

### Statements of Functional Expenses Years Ended December 31, 2019 and 2018

	2019											
	Program Services							Total Program Services	Supporting Services		Total Supporting Services	Total
	Corporate Leadership Council	Look Closer The Compact	Campus to Careers	Thought Leadership	Professional Services	Disability Employment Tracker	Policy		Management and General	Fundraising		
Expenses:												
Salaries, benefits and related expenses	\$ 357,480	\$ 347,623	\$ 224,044	\$ 179,522	\$ 183,317	\$ 90,152	\$ 15,065	\$ 1,397,203	\$ 262,455	\$ 149,813	\$ 412,268	\$ 1,809,471
Contracted program and professional services	56,705	43,401	61,413	38,271	4,156	58,497	72,000	334,443	262,276	24,610	286,886	621,329
Conferences, conventions and travel	152,164	10,617	21,959	9,903	20,497	4,616	21,966	241,722	76,461	9,448	85,909	327,631
Technology and office support	30,693	14,617	14,074	15,182	10,546	4,926	1,095	91,133	18,390	4,592	22,982	114,115
Rent and occupancy	19,106	16,015	14,911	11,273	10,713	5,571	1,052	78,641	10,293	4,977	15,270	93,911
Other expenses	20,010	13,447	7,624	6,239	4,830	3,827	2,718	58,695	71,711	7,384	79,095	137,790
Depreciation	3,981	2,096	2,519	2,294	3,016	1,279	544	15,729	4,443	2,229	6,672	22,401
<b>Total expenses</b>	<b>\$ 640,139</b>	<b>\$ 447,816</b>	<b>\$ 346,544</b>	<b>\$ 262,684</b>	<b>\$ 237,075</b>	<b>\$ 168,868</b>	<b>\$ 114,440</b>	<b>\$ 2,217,566</b>	<b>\$ 706,029</b>	<b>\$ 203,053</b>	<b>\$ 909,082</b>	<b>\$ 3,126,648</b>
	2018											
	Program Services							Total Program Services	Supporting Services		Total Supporting Services	Total
	Corporate Leadership Council	Look Closer The Compact	Campus to Careers	Thought Leadership	Professional Services	Disability Employment Tracker	Policy		Management and General	Fundraising		
Expenses:												
Salaries, benefits and related expenses	\$ 404,122	\$ 244,233	\$ 245,819	\$ 178,010	\$ 183,226	\$ 75,138	\$ -	\$ 1,330,548	\$ 363,749	\$ 258,638	\$ 622,387	\$ 1,952,935
Contracted program and professional services	81,683	294,585	118,662	148,500	40,053	52,030	52,414	787,927	272,215	15,528	287,743	1,075,670
Conferences, conventions and travel	52,372	10,248	21,299	47,635	26,531	4,993	979	164,057	63,757	3,271	67,028	231,085
Technology and office support	14,754	10,736	9,995	11,492	12,913	3,168	500	63,558	28,216	6,607	34,823	98,381
Rent and occupancy	70,899	14,232	12,137	9,755	8,304	4,164	-	119,491	26,972	9,161	36,133	155,624
Other expenses	13,574	14,152	3,156	13,107	3,018	1,474	-	48,481	34,611	10,074	44,685	93,166
Depreciation	2,943	2,506	2,377	1,729	1,572	764	-	11,891	3,688	1,693	5,381	17,272
<b>Total expenses</b>	<b>\$ 640,347</b>	<b>\$ 590,692</b>	<b>\$ 413,445</b>	<b>\$ 410,228</b>	<b>\$ 275,617</b>	<b>\$ 141,731</b>	<b>\$ 53,893</b>	<b>\$ 2,525,953</b>	<b>\$ 793,208</b>	<b>\$ 304,972</b>	<b>\$ 1,098,180</b>	<b>\$ 3,624,133</b>

See notes to financial statements.

## National Organization on Disability

### Statements of Cash Flows Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ (745,465)	\$ (1,168,856)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	22,401	17,272
Changes in assets and liabilities:		
(Increase) decrease:		
Grants and contracts receivable	686,546	374,076
Deposits	(7,022)	(2,029)
Increase (decrease):		
Accounts payable and accrued expenses	(17,082)	939
Deferred revenue	(31,339)	15,000
<b>Net cash used in operating activities</b>	<b>(91,961)</b>	<b>(763,598)</b>
Cash flows from investing activities:		
Purchases of property and equipment	(8,580)	(25,674)
<b>Net cash used in investing activities</b>	<b>(8,580)</b>	<b>(25,674)</b>
<b>Net decrease cash and cash equivalents</b>	<b>(100,541)</b>	<b>(789,272)</b>
Cash and cash equivalents:		
Beginning	3,075,959	3,865,231
Ending	<b>\$ 2,975,418</b>	<b>\$ 3,075,959</b>

See notes to financial statements.



## National Organization on Disability

### Notes to Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: The National Organization on Disability (the Organization) is a District of Columbia nonprofit corporation formed in 1982. Its mission is to promote the acceptance and full participation of men, women and children with physical and intellectual disabilities in all aspects of life. Since 2006, the Organization has devoted itself to increasing employment opportunities for people with disabilities.

The following is a summary of the program services:

**Program services:** Since the launch of the Bridges to Business program in 2010, the Organization has worked to increase employment opportunities for people with disabilities by forging more effective links between employers and organizations that serve jobseekers with disabilities. The program has now evolved into a suite of services designed to help companies develop the culture, systems and practices they need to better recruit, hire and retain employees with disabilities. With a multi-pronged approach, the Organization is able to serve companies in their journey to developing a more disability-inclusive workplace, regardless of where along that road they may be. These services include:

**Corporate Leadership Council:** Membership in the Corporate Leadership Council provides companies with opportunities to engage with the Organization's disability employment experts, to network and learn from their corporate peers, and to gain visibility for their commitment to diversity. By providing knowledge sharing opportunities, the Corporate Leadership Council encourages and empowers all members to take on best practices in including people with disabilities in their workforce.

**Look Closer (The Compact):** Look Closer, originally called The Compact, is a public awareness campaign launched in October of 2018 in response to existing bias and stigma that prevents employers from hiring people with disabilities. It is an important tool for engaging companies and putting the Organization's work in the context of personal stories. As the campaign continues to gain traction, it is helping fight persistent stigma that keeps employers from hiring people with disabilities, and people with disabilities from disclosing their disability. This bolsters the Organization's work to accelerate changes in public opinion and helps drive employers to the Organization's website where they can take steps to becoming more disability inclusive.

**Campus to Careers:** The Organization continues to develop innovative models to address current gaps in disability employment. One such example is the Campus to Careers program, a three-year pilot project in the Boston area, designed to create a campus to employment pipeline of talented college students with disabilities. Through the program, the Organization works with participating employers to adjust their recruitment and hiring practices to more effectively reach candidates with disabilities on campus. In parallel, the Organization also works with universities to help them better serve the needs of their students with disabilities through training of personnel in career-services and disabilities-services offices, as well as working with students to provide guidance on and support in their career search process.

**Thought Leadership:** Informed by Tracker data and the Organization's more hands-on work with employers, the Organization's Thought Leadership agenda aims to increase employment opportunities for people with disabilities nationwide by changing how corporate America thinks about disability employment. Through PR, social media, email marketing, speaking engagements, webinars and the Leading Disability Employer Seal, the Organization promotes awareness of people with disabilities as a valuable talent pool by highlighting the unique strengths they bring to the workforce, identifying and promoting best practices in disability employment and highlighting the efforts of leading employers in disability inclusion.

## National Organization on Disability

### Notes to Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Professional Services:** For companies seeking expert assistance in advancing their disability employment initiatives, the Organization offers an array of customized professional services from the Accelerator, an in-depth briefing based on the Tracker data, to disability etiquette training to hiring engagements. Services are offered on a consulting basis delivered by the Organization staff and an Associate Network with specialized expertise.

**The Disability Employment Tracker:** The Disability Employment Tracker, a free, confidential self-assessment tool for benchmarking performance in disability and veterans' inclusion as well as tracking progress over time. For many companies, using the Disability Employment Tracker represents the first time they evaluate their disability employment practices on par with inclusion strategies for other diversity segments. In addition to its objective of helping employers assess their own disability-inclusion efforts, the data collected from the Tracker also allows the Organization to measure overall progress in the field and helps the Organization to better address the challenges companies face in their disability inclusion efforts.

**Policy:** In 2019, the Organization convened the three meetings of over a dozen disability organizations to align on key policy initiatives that would significantly impact on employment and earning rates: the phase-out of Section 14(c) of the Fair Labor Standards Act of 1938, which allows people with disabilities to work for less than minimum wage; and enforcement of the Section 503 rule change signed in 2013, requiring federal contractors to take steps to meet a 7% disability hiring goals. In February 2019, the Organization hosted a congressional briefing with members of the House and Senate, as well as key staffers.

A summary of the Organization's significant accounting policies follows:

**Basis of accounting:** The financial statements have been prepared on the accrual basis of accounting. As such, revenues are recognized when earned and expenses are recognized when the underlying obligations are incurred.

**Basis of presentation:** The financial statement presentation follows the accounting requirements of the Not-for-Profit Entities topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under FASB ASC, the Organization is required to report information regarding its net assets and its activities according two categories: 1) net assets without donor restrictions and 2) net assets with donor restrictions.

**Without donor restrictions:** Net assets without donor restrictions include those net assets whose use is not restricted by donor, even though their use may be limited in other respects, such as by Board designation.

**With donor restrictions:** Net assets with donor restrictions include those net assets whose use is subject to donor-imposed restrictions. Donor restrictions may be for a specific time or purpose limitation or the donor may specify that the corpus of their original and certain subsequent gifts be maintained in perpetuity.

**Cash and cash equivalents:** For financial statement purposes, the Organization considers all demand accounts held at commercial banks to be cash and cash equivalents.

The Organization maintains demand deposits with a commercial bank. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured portions of these accounts are backed solely by the assets of the underlying institution. Therefore, the failure of the underlying institution could result in financial loss to the Organization.

## National Organization on Disability

### Notes to Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Grants and contracts receivable:** Unconditional promises to give are recorded at their net realizable values as of each statement of financial position date. Amounts due for work performed under cost-reimbursement contracts for program services are also recorded as a component of receivables as of each statement of financial position date. Based on the current low interest rate environment and short-term nature of the grants and contracts receivable, the Organization has determined that the gross amounts due approximate the present value of the anticipated future receipts and are all due within one year. Each receivable balance is assessed based on management's knowledge of and relationship with the customer and the age of the receivable balance. As a result of these reviews, allowances are recorded for balances deemed to be uncollectible. The allowance for doubtful accounts receivables totaled \$7,500 and \$0 for the years ended December 31, 2019 and 2018, respectively.

**Property and equipment:** Acquisitions of property and equipment greater than \$1,000 are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the furniture and equipment, generally five years.

**Revenue recognition:** The Organization reports unconditional contributions in accordance with accounting principles generally accepted in the United States of America (GAAP). Under GAAP, the Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified in the statement of activities as net assets released from restrictions. Conditional grants are those grants that contain donor imposed rights of return/refund and barriers (performance obligations and/or controlling stipulations). Conditional grants are recognized into revenue when conditions are satisfied. Cash received for conditional grants in advance of satisfying conditions are recorded to deferred revenue. The Organization was not in receipt of any conditional grants as of December 31, 2019.

In-kind contributions meeting the recognition requirements of GAAP are recorded as revenue and expense in the accompanying financial statements. Such items consist primarily of marketing and legal services. In-kind contributions of \$19,808 and \$73,200 were recognized for the years ended December 31, 2019 and 2018, respectively.

Council membership fees are considered unconditional contributions and are recognized into revenue when received.

Sponsorships are recognized into revenue when event occurs. Cash received in advance of the event is recorded as deferred until the event takes place.

Professional services revenues are recognized in the statements of activities in the period the service is provided. Payments received in advance, are reported as deferred revenue and then recognized as revenue when the service is performed.

**Functional allocation of expenses:** Certain costs are allocated among multiple program services or supporting services activities. Allocable costs include facilities, general office, executive office, and information technology support. The costs are allocated among program services and supporting services activities based on the estimated amount of labor costs utilized by each area.

**Use of estimates:** Preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from estimates.

## National Organization on Disability

### Notes to Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Income taxes:** The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation.

**Recent accounting pronouncement adopted:** During the year ended December 31, 2019, the Organization adopted Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, using the modified prospective method. This standard is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. In this standard include clarification and improved guidance to better distinguish between conditional and unconditional contributions. Based on the Organization's review of its grants, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under this new standard as a resource recipient. The adoption of this standard had no impact on the statements of financial position and the statements of activities. The Organization is in process of evaluating the impact of this guidance as a resource provider.

**Upcoming accounting pronouncements:** In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet 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 Organization's year ending December 31, 2022. 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 is currently evaluating the impact of the adoption of the new standard on the financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a full retrospective or modified retrospective with cumulative effect transition method. The Organization will be required to implement this standard for annual reporting periods for the fiscal year beginning January 1, 2020. The Organization has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

**Subsequent events:** Subsequent events have been evaluated through October 21, 2020, which is the date the financial statements were available to be issued.

#### Note 2. Net Assets With Donor Restrictions and Net Assets Released From Restrictions

**Enterprise Capital:** In order to fund the start-up of the Organization's sustainable social enterprise, known as Bridges to a Better Workforce, the Organization raised money through the Bridges Capital Campaign (the Campaign). In 2017 additional capital funding known as Round B, was raised and combined with the original Campaign funds. The sum of these combined funds is hereafter referred to as Enterprise Capital.

Enterprise Capital funds are utilized to the extent needed to offset any excess of expenses over revenues from the Organization's activities without donor restrictions. As a result, the Organization is able to maintain its level of net assets without donor restrictions as resources are expended to advance the Organization's programmatic efforts.

## National Organization on Disability

### Notes to Financial Statements

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#### Note 2. Net Assets With Donor Restrictions and Net Assets Released From Restrictions (Continued)

Net assets with donor restrictions at December 31, 2019 and 2018, are available for the following purposes:

	2019	2018
Enterprise Capital	\$ 1,629,007	\$ 2,213,000
Look Closer (The Compact)	35,000	196,472
	<u>\$ 1,664,007</u>	<u>\$ 2,409,472</u>

Net assets released from restrictions during 2019 and 2018 consist of the following:

	2019	2018
Enterprise Capital	\$ 583,993	\$ 677,111
Campus to Careers	265,000	253,629
Look Closer (The Compact)	346,472	590,692
Board Development	-	92,424
	<u>\$ 1,195,465</u>	<u>\$ 1,613,856</u>

#### Note 3. Property and Equipment

Property and equipment consists of the following at December 31, 2019 and 2018:

	2019	2018
Furniture and equipment	\$ 367,067	\$ 363,617
Website	44,645	44,645
Software	44,067	38,937
	455,779	447,199
Less accumulated depreciation	(400,711)	(378,310)
Furniture, equipment and software, net	<u>\$ 55,068</u>	<u>\$ 68,889</u>

#### Note 4. Commitments and Contingencies

Effective July 1, 2012, the Organization entered into a lease agreement for office space in New York, New York that expired in June 2017. On March 27, 2017, the Organization extended the office lease until March 31, 2021. The Organization also leases equipment under a lease that expires in October 2023. The leases are being accounted for as operating leases. Rental expense under the Organization's leases for the years ended December 31, 2019 and 2018, was \$89,585 and \$91,335, respectively. As of December 31, 2019, the total future minimum payments to be made under the Organization's leases are as follows for the years ended December 31:

2020	\$ 89,585
2021	22,396
	<u>\$ 111,981</u>

## National Organization on Disability

### Notes to Financial Statements

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#### Note 4. Commitments and Contingencies (Continued)

The Organization has entered into a consulting agreement with a corporation (the Corporation) that provides general management services to the Organization. Under the terms of the agreement, the Corporation is to provide the Organization with the services of the individual currently serving as the Organization's President. The Corporation is owned by the Organization's President. (The President receives no compensation or fringe benefits from the Organization other than what is derived from payments to the Corporation.) The agreement is scheduled to expire on September 30, 2021 but it may be extended or terminated sooner under certain circumstances. Expenses under this contract were \$437,317 and \$497,560 for the years ended December 31, 2019 and 2018, respectively. Payments under the contract are currently scheduled to be made at an annual rate of approximately \$469,315.

**Litigation:** From time to time, the Organization may be involved in litigation related to business matters. Management believes that the outcome of any litigation would not have a material impact on the Organization's financial statements.

#### Note 5. Defined Contribution Plan

The Organization sponsors a 401(k) Profit Sharing Plan (the Plan) for the benefit of its employees. Employees 21 years of age and older are eligible to participate. Eligible participants may elect to contribute a portion of their compensation to the Plan. Employer matching is discretionary. The Organization contributed \$22,661 and \$40,086 to the Plan in 2019 and 2018, respectively.

#### Note 6. Professional Employer Organization Fees

The Organization has an agreement with ADP TotalSource, a professional employer organization (PEO), to provide personnel, benefit, and administrative services for the staff of the Organization. Total cash payments to the PEO for staff salary and benefits, and administrative services rendered, for the years ended December 31, 2019 and 2018, equaled \$1,396,725 and \$1,456,729, respectively.

#### Note 7. Liquidity

The Organization's process of liquidity management calls for the organization to maintain sufficient liquid financial assets in order to readily meet general expenditures and obligations as they become due. The policy of the Association is to maintain sufficient cash to meet obligations in a timely manner and to meet expenses occurring as a result of unanticipated activities.

Management of the Organization periodically reviews the Organization's liquid asset needs and assesses the adequacy of the cash and cash equivalent balances.

The following provides a summary of financial assets available for general expenditures within one year at December 31:

	2019	2018
Cash and cash equivalents	\$ 2,975,418	\$ 3,075,959
Grants and contracts receivable, net	494,174	1,180,720
Less net assets with donor restrictions	(1,664,007)	(2,409,472)
	<u>\$ 1,805,585</u>	<u>\$ 1,847,207</u>

As discussed in Note 2, The Organization's Enterprise Capital fund is available to be utilized to offset shortfalls in revenues from activities without donor restrictions. Thus, although not included within the total presented above, the Enterprise Capital fund can provide additional liquidity on an as needed basis.

## **National Organization on Disability**

### **Notes to Financial Statements**

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#### **Note 8. Subsequent Events**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a “Public Health Emergency of International Concern” and on March 11, 2020, declared COVID-19 a pandemic. The impact of COVID-19 could negatively impact the Organization’s operations, suppliers or vendors, and donor or customer base. The extent to which the coronavirus impacts the Organization’s results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among other factors.

As part of its response to the pandemic, during April 2020, the Organization applied for a federal Paycheck Protection Program (PPP) loan. The Organization’s application was approved and a PPP loan of \$248,270 was received. The Organization believes that most, if not all, of the PPP loan will meet the requirements for debt forgiveness.