



NATIONAL ORGANIZATION ON DISABILITY
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NATIONAL ORGANIZATION ON DISABILITY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
National Organization on Disability

Opinion

We have audited the financial statements of the National Organization on Disability (the Organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matter

Prior Period Financial Statements

The 2021 financial statements of the Organization as of December 31, 2021, were audited by other auditors whose report dated October 27, 2022, expressed an unmodified opinion on those statements.

Marcum LLP

Washington, DC
November 7, 2023

NATIONAL ORGANIZATION ON DISABILITY

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 9,441,326	\$ 3,858,862
Accounts receivable	188,384	52,138
Contributions receivable	771,256	1,634,999
Property and equipment, net	26,944	33,753
Prepaid expense and deposits	<u>12,048</u>	<u>21,542</u>
Total Assets	<u>\$ 10,439,958</u>	<u>\$ 5,601,294</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 276,148	\$ 210,822
Deferred revenue	<u>55,000</u>	<u>25,000</u>
Total Liabilities	<u>331,148</u>	<u>235,822</u>
Net Assets		
Without donor restrictions	8,088,697	2,477,923
With donor restrictions	<u>2,020,113</u>	<u>2,887,549</u>
Total Net Assets	<u>10,108,810</u>	<u>5,365,472</u>
Total Liabilities and Net Assets	<u>\$ 10,439,958</u>	<u>\$ 5,601,294</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL ORGANIZATION ON DISABILITY

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Contributions and grants	\$ 5,918,872	\$ 220,000	\$ 6,138,872	\$ 896,852	\$ 1,410,000	\$ 2,306,852
Sponsorships	1,009,000	--	1,009,000	166,500	--	166,500
Leadership Council memberships	855,000	80,000	935,000	813,416	20,000	833,416
Professional services fees	153,500	--	153,500	148,500	--	148,500
Contributed services	39,153	--	39,153	24,958	--	24,958
Other income	22,426	--	22,426	89	--	89
Net assets released from restriction	1,167,436	(1,167,436)	--	1,191,305	(1,191,305)	--
Total Revenue and Support	<u>9,165,387</u>	<u>(867,436)</u>	<u>8,297,951</u>	<u>3,241,620</u>	<u>238,695</u>	<u>3,480,315</u>
Expenses						
Program services:						
Leadership Council	1,118,993	--	1,118,993	817,049	--	817,049
Thought leadership	439,203	--	439,203	468,953	--	468,953
Employment Tracker	456,054	--	456,054	413,836	--	413,836
Campus to Careers	84,466	--	84,466	131,990	--	131,990
Professional services	297,962	--	297,962	280,242	--	280,242
Policy	140,470	--	140,470	144,592	--	144,592
Employer Disability Practices Center	233,293	--	233,293	--	--	--
Total Program Services	<u>2,770,441</u>	<u>--</u>	<u>2,770,441</u>	<u>2,256,662</u>	<u>--</u>	<u>2,256,662</u>
Supporting services:						
Management and general	723,894	--	723,894	505,621	--	505,621
Fundraising	60,278	--	60,278	102,605	--	102,605
Total Supporting Services	<u>784,172</u>	<u>--</u>	<u>784,172</u>	<u>608,226</u>	<u>--</u>	<u>608,226</u>
Total Expenses	<u>3,554,613</u>	<u>--</u>	<u>3,554,613</u>	<u>2,864,888</u>	<u>--</u>	<u>2,864,888</u>
Change in Net Assets	5,610,774	(867,436)	4,743,338	376,732	238,695	615,427
Net Assets, Beginning of Year	<u>2,477,923</u>	<u>2,887,549</u>	<u>5,365,472</u>	<u>2,101,191</u>	<u>2,648,854</u>	<u>4,750,045</u>
Net Assets, End of Year	<u>\$ 8,088,697</u>	<u>\$ 2,020,113</u>	<u>\$ 10,108,810</u>	<u>\$ 2,477,923</u>	<u>\$ 2,887,549</u>	<u>\$ 5,365,472</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL ORGANIZATION ON DISABILITY

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services							Supporting Services			Total	
	Leadership Council	Thought Leadership	Employment Tracker	Campus to Careers	Professional Services	Policy	Employer Disability Practices Center	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salaries, benefits and related expenses	\$ 694,446	\$ 251,101	\$ 298,897	\$ 55,245	\$ 260,104	\$ 54,784	\$ 223,090	\$ 1,837,667	\$ 368,881	\$ 52,883	\$ 421,764	\$ 2,259,431
Contracted program and professional services	170,100	167,704	139,765	26,800	9,740	84,239	--	598,348	274,840	4,500	279,340	877,688
Conferences, conventions and travel	194,495	1,219	147	15	9,786	94	399	206,155	10,019	1,625	11,644	217,799
Technology and office support	18,710	15,435	7,292	1,575	8,686	865	6,367	58,930	34,689	822	35,511	94,441
Other expenses	35,176	1,587	7,528	311	7,062	191	1,320	53,175	25,911	192	26,103	79,278
Rent and occupancy	2,307	805	916	206	1,011	117	819	6,181	7,742	84	7,826	14,007
Depreciation	3,759	1,352	1,509	314	1,573	180	1,298	9,985	1,812	172	1,984	11,969
Total Expenses	<u>\$ 1,118,993</u>	<u>\$ 439,203</u>	<u>\$ 456,054</u>	<u>\$ 84,466</u>	<u>\$ 297,962</u>	<u>\$ 140,470</u>	<u>\$ 233,293</u>	<u>\$ 2,770,441</u>	<u>\$ 723,894</u>	<u>\$ 60,278</u>	<u>\$ 784,172</u>	<u>\$ 3,554,613</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL ORGANIZATION ON DISABILITY

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services						Supporting Services			Total	
	Leadership Council	Thought Leadership	Employment Tracker	Campus to Careers	Professional Services	Policy	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salaries, benefits and related expenses	\$ 675,519	\$ 253,932	\$ 321,015	\$ 75,473	\$ 231,140	\$ 66,129	\$ 1,623,208	\$ 251,230	\$ 90,920	\$ 342,150	\$ 1,965,358
Contracted program and professional services	57,589	181,124	63,199	50,666	23,276	73,644	449,498	190,969	1,423	192,392	641,890
Conferences, conventions and travel	18,673	1,406	1,690	380	3,144	295	25,588	4,217	641	4,858	30,446
Technology and office support	20,007	16,870	8,319	2,016	7,857	1,387	56,456	25,050	2,841	27,891	84,347
Other expenses	27,597	9,715	12,529	1,906	8,574	1,979	62,300	28,092	4,080	32,172	94,472
Rent and occupancy	11,180	3,710	4,665	1,027	4,041	803	25,426	3,676	1,780	5,456	30,882
Depreciation	6,484	2,196	2,419	522	2,210	355	14,186	2,387	920	3,307	17,493
Total Expenses	<u>\$ 817,049</u>	<u>\$ 468,953</u>	<u>\$ 413,836</u>	<u>\$ 131,990</u>	<u>\$ 280,242</u>	<u>\$ 144,592</u>	<u>\$ 2,256,662</u>	<u>\$ 505,621</u>	<u>\$ 102,605</u>	<u>\$ 608,226</u>	<u>\$ 2,864,888</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL ORGANIZATION ON DISABILITY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash Flows From Operating Activities		
Change in net assets	\$ 4,743,338	\$ 615,427
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	11,969	17,493
Changes in assets and liabilities:		
Accounts receivable	(136,246)	(15,761)
Contributions receivable	863,743	(175,432)
Prepaid expense and deposits	9,494	(2,390)
Accounts payable and accrued expenses	65,326	13,922
Deferred revenue	30,000	(30,000)
Net Cash Provided by Operating Activities	<u>5,587,624</u>	<u>423,259</u>
Cash Flows From Investing Activities		
Purchases of property and equipment	<u>(5,160)</u>	<u>(19,067)</u>
Net Cash Used in Investing Activities	<u>(5,160)</u>	<u>(19,067)</u>
Net Increase in Cash and Cash Equivalents	5,582,464	404,192
Cash and Cash Equivalents, Beginning of Year	<u>3,858,862</u>	<u>3,454,670</u>
Cash and Cash Equivalents, End of Year	<u>\$ 9,441,326</u>	<u>\$ 3,858,862</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL ORGANIZATION ON DISABILITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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. The Organization's mission has always been to break down the barriers that fence people off from the wider community. Since 2006, the Organization has devoted itself to increasing employment opportunities for people with disabilities; focusing the whole of its energy on eliminating the most wasteful and isolating of all those barriers: the artificial gulf that keeps tens of millions of people out of the productive workforce.

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 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:

Leadership Council

Membership in the 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 Leadership Council encourages and empowers all members to take on best practices in including people with disabilities in their workforce.

Thought Leadership

Informed by Tracker data and the Organization's Professional Services engagements, 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 public relations, 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

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROGRAM SERVICES (CONTINUED)

Employment Tracker

The Employment Tracker is 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 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.

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 talent 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 to 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.

Professional Services

For companies seeking expert assistance in advancing their disability employment initiatives, the Organization offers an array of customized professional services from 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.

Policy

The Organization engages with members of Congress and other disability organizations in order to advocate for key policy initiatives that are of importance to people with disabilities.

Employer Disability Practices Center

The Employer Disability Practices Center (EDPC) is a five-year federally funded Rehabilitation Research and Training Center project subawarded to the Organization by Rutgers University, and funded by the National Institute on Disability, Independent Living, and Rehabilitation Research. The goal of the EDPC is to conduct research to positively impact employee-employer trust and employment outcomes for workers with disabilities,

NATIONAL ORGANIZATION ON DISABILITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROGRAM SERVICES (CONTINUED)

Employer Disability Practices Center (continued)

employers, and research organizations. The Organization is directly involved with three of the five discrete research projects within the EDPC, helping design the projects, recruiting employers for the projects and acting as a liaison between our corporate employer partners and the researchers within the projects.

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

BASIS OF ACCOUNTING

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized as incurred regardless of the timing of cash flows.

CLASSIFICATION OF NET ASSETS

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 to two classes: (1) net assets with donor restrictions and (2) net assets without donor restrictions.

Net Assets Without Donor Restrictions

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

Net Assets 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

The Organization considers all demand accounts held at commercial banks to be cash and cash equivalents.

NATIONAL ORGANIZATION ON DISABILITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS (CONTINUED)

The Organization maintains demand deposits with commercial banks. 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 of the Organization.

ACCOUNTS RECEIVABLE

Accounts receivable consist primarily of consulting service fees. Each receivable balance is assessed based on management's knowledge of and relationship with the customer and age of the receivable balance. As a result of these reviews, allowances are recorded for balances deemed to be uncollectible. All amounts are considered fully collectible and are due within one year.

CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of amounts due to the Organization related to unconditional promises to give. Unconditional promises to give are recorded at their net realizable values as of each statement of financial position date. As of December 31, 2022, all amounts are due within one year. As of December 31, 2021, \$400,000 was due in 2023 and \$1,234,999 was due in 2022. The Organization determined that the gross amounts due approximate the present value of the anticipated future receipts, as such, no present value discount was recorded for the years ended December 31, 2022 and 2021, respectively. 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. All amounts are considered fully collectible for the years ended December 31, 2022 and 2021.

PROPERTY AND EQUIPMENT

Acquisitions of property and equipment greater than \$1,500 are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the furniture and equipment, generally five years.

DEFERRED REVENUE

Deferred revenue consists of amounts received for professional service fees in advance of the period in which the revenue is to be earned.

NATIONAL ORGANIZATION ON DISABILITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTIONS AND GRANTS

The Organization reports unconditional contributions in accordance with 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 as deferred revenue.

As of December 31, 2022 and 2021, the Organization had received one conditional grant totaling \$400,000. The Organization records revenue and support on this conditional grant as the conditions are met. During the years ended December 31, 2022 and 2021, the Organization recognized revenue related to this grant of \$233,294 and \$0, respectively. As of December 31, 2022 and 2021, \$166,706 and \$400,000 of the conditional grant had not been recognized as the conditions set by the grantor have not been met.

SPONSORSHIPS

Sponsorships are considered to be conditional contributions and are recognized as revenue when the related event occurs. Cash received in advance of the event is recorded as a refundable advance until the event takes place.

COUNCIL MEMBERSHIP FEES

Council membership fees are considered unconditional contributions as there is no performance obligations for which the Organization needs to fulfill. These fees are considered time restricted for the period of the membership.

PROFESSIONAL SERVICE FEES

Revenue from contracts with customers is derived primarily from professional service fees. Revenue is recognized in the period in which it is earned. The Organization performs an evaluation at contract inception focused on whether a performance obligation is satisfied over time or at a point in time. If a performance obligation meets certain specific criteria, the related revenue is recognized over time if the Organization is able to reasonably measure its progress toward complete satisfaction of the performance obligation using reliable information. Output methods and input methods are used to measure progress for goods and services for which control has been transferred to the customer. If the specific criteria are not met revenue is recognized at a point in time.

NATIONAL ORGANIZATION ON DISABILITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROFESSIONAL SERVICE FEES (CONTINUED)

Economic factors are driven by consumer confidence, employment, inflation, and other world events that impact the timing and level of cash received, and revenue recognized by the Organization. Periods of economic downturn resulting from any of the above factors may result in declines in future cash flows and recognized revenue of the Organization.

The Organization did not have any impairment or credit losses on any receivables or contract assets arising from contracts with customers. There are also no incremental costs of obtaining a contract and no significant financing components. Finally, there are no significant changes in the judgements affecting the determination of the amount and timing of revenue from contracts with customers.

Opening contract balances as of January 1, 2021 consisted of accounts receivable of \$36,377 and deferred revenue of \$55,000.

CONTRIBUTED SERVICES

The Organization recognizes contributions for certain services received at the fair value of those services, if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would be purchased if not donated. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

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

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NATIONAL ORGANIZATION ON DISABILITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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 exempt from federal taxes on income other than net unrelated business income. For the year ended December 31, 2022 and 2021, respectively, no provision for income taxes was required, as the Organization had no net unrelated business income.

The Organization has adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization evaluated its uncertainty in income taxes for the year ended December 31, 2022 and 2021, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status.

As of December 31, 2022 and 2021, there are no audits for any tax periods in progress. It is the Organization's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. There are currently no examinations pending or in progress regarding the Organization's tax returns.

NEW ACCOUNTING PRONOUNCEMENT

In September 2020, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets, to increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. ASU 2020-07 requires not-for-profits (NFPs) to present contributed nonfinancial assets as a separate line item in the statement of activities and provide additional disclosures about contributions of nonfinancial assets. The adoption of the standard did not result in a material change to the financial statements but did result in additional disclosures.

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.

NATIONAL ORGANIZATION ON DISABILITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

**NOTE 2 – NET ASSETS WITH DONOR RESTRICTIONS AND NET ASSETS RELEASED FROM RESTRICTIONS
(CONTINUED)**

ENTERPRISE CAPITAL (CONTINUED)

Enterprise Capital funds are utilized to invest in expenses that facilitate the growth of the Organization. As a result, the Organization is able to maintain its level of net assets without donor restriction as resources are expended to advance the Organization’s programmatic efforts.

Net assets with donor restrictions at December 31, 2022 and 2021, are available for the following purposes:

	2022	2021
Enterprise Capital	\$ 1,273,419	\$ 1,273,419
Employment	612,500	1,512,500
Corporate Leadership Council (Time Restricted)	80,000	20,000
Policy	50,403	25,565
Tracker	3,791	26,250
Campus to Careers	--	29,815
Total	\$ 2,020,113	\$ 2,887,549

Net assets released from restrictions during 2022 and 2021, consist of the following:

	2022	2021
Employment	\$ 900,000	\$ 900,000
Tracker	122,460	33,750
Policy	95,161	84,435
Campus to Careers	29,815	93,120
Corporate Leadership Council (Time Restricted)	20,000	80,000
Total	\$ 1,167,436	\$ 1,191,305

NATIONAL ORGANIZATION ON DISABILITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Furniture and equipment	\$ 368,898	\$ 367,067
Website	44,645	44,645
Software	66,464	44,067
Work in progress	<u>--</u>	<u>19,065</u>
	480,007	474,844
Less: Accumulated depreciation	<u>(453,063)</u>	<u>(441,091)</u>
Property and Equipment, Net	<u>\$ 26,944</u>	<u>\$ 33,753</u>

NOTE 4 – COMMITMENTS, RISKS AND CONTINGENCIES

OPERATING LEASE

The Organization had a lease agreement for office space in New York, New York that expired on March 31, 2021 and was not renewed. The lease was being accounted for as an operating lease. Rental expense under the Organization's lease for the years ended December 31, 2021, was \$22,396.

CONSULTING AGREEMENT

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 expired on January 31, 2022, and has been extended through December 31, 2024 at the same monthly rate. Expenses under this contract were \$529,172 and \$556,920 for the years ended December 31, 2022 and 2021, respectively.

CONCENTRATION OF REVENUE RISK

The Organization earned revenue of \$5,000,000, from one donor, which represented approximately 60% of total revenue and support for the year ended December 31, 2022. As of December 31, 2022, 84% of contributions receivable are due from two donors. There were no such concentrations of revenue and contributions receivable during the year ended December 31, 2021.

NATIONAL ORGANIZATION ON DISABILITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 4 – COMMITMENTS, RISKS AND CONTINGENCIES (CONTINUED)

LITIGATION

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

NOTE 5 – CONTRIBUTED SERVICES

Contributed services consists of legal services provided to the Organization on a pro bono basis totaling \$39,153 and \$24,958 for the years ended December 31, 2022 and 2021, respectively. Contributed professional services are recorded at the estimated fair value, with corresponding expenses recorded in management and general in the accompanying statement of activities. The estimated fair value is valued based on rates for similar services in the Washington, D.C. area. There were no donor-imposed restrictions associated with the contributed services.

NOTE 6 – 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 \$45,219 and \$26,321 to the Plan in 2022 and 2021, 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.

NATIONAL ORGANIZATION ON DISABILITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 7 – LIQUIDITY (CONTINUED)

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 9,441,326	\$ 3,858,862
Accounts receivable	188,384	52,138
Contributions receivable	<u>771,256</u>	<u>1,634,999</u>
	10,400,966	5,545,999
Less:		
Net assets with donor restrictions	<u>(2,020,113)</u>	<u>(2,887,549)</u>
Financial Assets Available to Meet Cash Needs For General Expenditure Within One Year	<u>\$ 8,380,853</u>	<u>\$ 2,658,450</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.

NOTE 8 – PAYCHECK PROTECTION PROGRAM LOAN

In February 2021, the Organization received a Paycheck Protection Program loan in the amount of \$248,270. The entire amount of the PPP loan was forgiven by the United States Small Business Administration (SBA) in November 2021. Thus, the Organization has accounted for the \$248,270 of loan proceeds as a contribution. This amount is included as a component of contributions and grants revenue for the year ended December 31, 2021.

The SBA has reserved the right to audit recipients of PPP loans for six years past the forgiveness date. Management does not believe it has material exposure if such an audit were to occur.

NOTE 9 – RECLASSIFICATIONS

Certain reclassifications were made to the 2021 financial statements to conform to the 2022 presentation. These reclassifications have no effect on previously reported changes in net assets.

NATIONAL ORGANIZATION ON DISABILITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 10 – SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated, for potential recognition or disclosure, events and transactions through November 7, 2023, the date the financial statements were available to be issued. There were no subsequent events identified that require recognition or disclosure in the financial statements.