

**Audited Financial Statements**  
**NATIONAL ORGANIZATION ON DISABILITY**  
*DECEMBER 31, 2016*

# National Organization on Disability

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# Independent Auditor's Report

To the Board of Directors  
National Organization on Disability

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, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Organization's 2015 financial statements and, in our report dated March 7, 2016, we expressed an unmodified opinion on those 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 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 the National Organization on Disability as of December 31, 2016, 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.

Washington, DC  
May 9, 2017

# National Organization on Disability

## Statements of Financial Position

<b>December 31,</b>	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 3,428,122	\$ 3,313,022
Grants and contracts receivable, net	744,892	2,059,834
Furniture, equipment, and software, net	43,850	24,887
Deposits	8,120	14,303
<b>Total assets</b>	<b>\$ 4,224,984</b>	<b>\$ 5,412,046</b>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 112,028	\$ 151,540
Deferred revenue	64,038	7,000
Total liabilities	176,066	158,540
Net assets		
Unrestricted - Note B	1,737,255	1,737,255
Temporarily restricted:		
Bridges to a Better Workforce Capital Campaign	2,111,663	3,239,092
Other programs	200,000	277,159
Total temporarily restricted net assets	2,311,663	3,516,251
Total net assets	4,048,918	5,253,506
<b>Total liabilities and net assets</b>	<b>\$ 4,224,984</b>	<b>\$ 5,412,046</b>

# National Organization on Disability

## Statement of Activities Year ended December 31, 2016, with comparative totals for 2015

	2016			Total 2015
	Unrestricted	Temporarily Restricted	Total	
<b>Revenues and support</b>				
Grants and gifts	\$ 741,605	\$ 390,000	\$ 1,131,605	\$ 3,285,439
Corporate Leadership Council memberships	415,000	-	415,000	331,000
COSD Sponsorship and fees	208,100	-	208,100	-
Professional services fees	155,750	-	155,750	69,103
Other income	8,528	-	8,528	-
Net investment income (loss)	2,220	-	2,220	(16,541)
Net assets released from restriction:				
Bridges to a Better Workforce Capital Campaign	1,132,429	(1,132,429)	-	-
Other programs	462,159	(462,159)	-	-
<b>Total revenue and support</b>	<b>3,125,791</b>	<b>(1,204,588)</b>	<b>1,921,203</b>	<b>3,669,001</b>
<b>Expenses</b>				
Program services				
Bridges to a Better Workforce	1,676,975	-	1,676,975	1,481,978
Professional Talent/Campus to Careers	330,208	-	330,208	42,775
Add us in	260,787	-	260,787	320,216
Wounded Warrior Careers Demonstration	105,898	-	105,898	640,456
<b>Total program services</b>	<b>2,373,868</b>	<b>-</b>	<b>2,373,868</b>	<b>2,485,425</b>
Supporting services				
Management and general	556,550	-	556,550	412,239
Fundraising	195,373	-	195,373	256,080
<b>Total supporting services</b>	<b>751,923</b>	<b>-</b>	<b>751,923</b>	<b>668,319</b>
<b>Total expenses</b>	<b>3,125,791</b>	<b>-</b>	<b>3,125,791</b>	<b>3,153,744</b>
<b>Change in net assets</b>	<b>-</b>	<b>(1,204,588)</b>	<b>(1,204,588)</b>	<b>515,257</b>
Net assets, beginning of year	1,737,255	3,516,251	5,253,506	4,738,249
<b>Net assets, end of year</b>	<b>\$ 1,737,255</b>	<b>\$ 2,311,663</b>	<b>\$ 4,048,918</b>	<b>\$ 5,253,506</b>

# National Organization on Disability

## Statement of Functional Expenses For the year ended December 31, 2016 With comparative totals for the year ended December 31, 2015

	Program Services							Supporting Services			2016 Total	Comparative 2015 Total	
	Bridges to a Better Workforce			Subtotal	Professional Talent / Campus to Careers	Add Us In	Wounded Warrior	Total Program Services	Management and General	Fundraising			Total Supporting Services
Professional Services	Marketing and Communications	Corporate Leadership Council	Bridges to a Better Workforce										
<b>Expenses</b>													
Salaries, benefits, and related expenses	\$ 435,471	\$ 320,153	\$ 184,681	\$ 940,305	\$ 113,475	\$ 118,528	\$ 50,311	\$ 1,222,619	\$ 320,672	\$ 114,898	\$ 435,570	\$ 1,658,189	\$ 1,410,200
Contracted program and professional services	268,364	448	680	269,492	165,960	531	28,408	464,391	190,173	51,792	241,965	706,356	1,002,824
Conferences, conventions, and travel	34,990	68,118	44,004	147,112	22,692	13,526	6,977	190,307	6,396	8,585	14,981	205,288	240,731
Technology and office support	26,813	31,901	10,135	68,849	7,957	14,026	1,551	92,383	12,042	6,488	18,530	110,913	108,984
Rent and occupancy	23,528	19,342	9,769	52,639	8,178	20,578	128	81,523	14,583	4,280	18,863	100,386	95,664
Other expenses	25,747	23,012	14,515	63,274	5,674	9,149	2,052	80,149	8,036	8,666	16,702	96,851	50,656
Program subawards	-	-	-	-	-	82,200	-	82,200	-	-	-	82,200	97,316
Advertising and public relations	6,526	113,108	10,370	130,004	5,438	623	16,471	152,536	3,117	260	3,377	155,913	144,993
Depreciation	2,476	1,843	981	5,300	834	1,626	-	7,760	1,531	404	1,935	9,695	2,376
<b>Total Expenses</b>	\$ 823,915	\$ 577,925	\$ 275,135	\$ 1,676,975	\$ 330,208	\$ 260,787	\$ 105,898	\$ 2,373,868	\$ 556,550	\$ 195,373	\$ 751,923	\$ 3,125,791	\$ 3,153,744

See notes to financial statements.

# National Organization on Disability

## Statements of Cash Flows

<i>Year Ended December 31,</i>	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (1,204,588)	\$ 515,257
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	9,695	2,376
Net loss on investments	-	19,005
Changes in assets and liabilities:		
Grants and contracts receivable	1,314,942	(15,938)
Deposits	6,183	(1,221)
Accounts payable and accrued expenses	(39,512)	13,045
Deferred revenue	57,038	7,000
Total adjustments	1,348,346	24,267
Net cash provided by operating activities	143,758	539,524
<b>Cash flows from investing activities</b>		
Sale of investments	-	78,189
Purchases of furniture, equipment, and software	(28,658)	(25,182)
Net cash (used in) provided by investing activities	(28,658)	53,007
<b>Net increase in cash and cash equivalents</b>	<b>115,100</b>	<b>592,531</b>
Cash and cash equivalents, beginning of year	3,313,022	2,720,491
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,428,122</b>	<b>\$ 3,313,022</b>

# National Organization on Disability

## Notes to the Financial Statements

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### A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: The National Organization on Disability (“the Organization” or “NOD”) is a District of Columbia not-for-profit 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.

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.

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.

Use of estimates: Preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from estimates.

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

Investments: Investments consisting of common stocks were donated to the Organization during 2014 and were recorded at fair value based on quoted market prices as of December 31, 2014. The Organization liquidated the investments during February 2015. As a result of the liquidation, the Organization recognized an investment loss of \$19,005.

Grants and contracts receivable: Unconditional promises to give are recorded at their net realizable values as of each balance sheet date. Amounts due for work performed under cost-reimbursement contracts for program services are also recorded as a component of receivables as of each balance sheet date.

Furniture and equipment: Acquisitions of furniture and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the furniture and equipment, generally 5 years.

Revenue recognition: The Organization reports 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, temporarily restricted net assets are reclassified in the statement of activities as net assets released from restrictions.

Functional allocation of expenses: Payroll and related expenses that are not specifically designated to a program or support function are allocated to each program or support function according to the percentage of time spent on that program or support function.



# National Organization on Disability

## Notes to the Financial Statements

### A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Program services: Currently, the Organization's major programs are:

Bridges to a Better Workforce: Beginning in 2010 as a pilot program called *Bridges to Business*, NOD has worked to increase employment opportunities for people with disabilities by identifying and promoting best practices in disability employment and by working directly with major employers to help them develop the culture, systems and practices they need in order to do so.

In 2014 the Organization made the decision to launch a sustainable social enterprise in which earned revenue would generate funding for the Organization. This effort became known as *Bridges to a Better Workforce*. Under the "Bridges" umbrella NOD uses a multi-pronged approach to serve companies in their journey to developing a more disability-inclusive workplace, regardless of where along that road they may be.

See Note B for information on the *Bridges Capital Campaign*.

Key components of the *Bridges* program are as follows:

Bridges - Professional Services: Since the launch of the *Bridges to Business* program, NOD 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 professional services for employers designed to increase opportunity for people with disabilities in corporate America by helping companies to better recruit, hire, and retain employees with disabilities.

Bridges - Marketing and Communications: NOD's *Marketing and Communications* agenda aims to increase employment for people with disabilities nationwide by identifying and promoting best practices in disability employment. Using a variety of outlets, paid, social and earned media, NOD's objective is to broadcast the lessons learned from our employment programs and impact public opinion about the unique strengths people with disabilities bring to the workforce, with a goal of changing employment practices nationally.

Bridges - Corporate Leadership Council: Membership in the *Corporate Leadership Council* provides companies with opportunities to engage with NOD'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.

The Organization's other program services are:

Professional Talent/Campus to Careers: What began in 2015 as a collaboration between NOD and Career Opportunities for Students with Disabilities (COSD) to explore and develop ways to better connect employers with students and recent graduates with disabilities, has evolved into the Campus to Careers program, a 3-year pilot project in the Boston area, designed to create a campus to employment pipeline for college students with disabilities. NOD will work with participating employers to adjust their recruitment and hiring practices to more effectively reach candidates with disabilities on campus. In parallel, NOD will work 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.

# National Organization on Disability

## Notes to the Financial Statements

### A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Add Us In: Funded by a grant from the U.S. Department of Labor's Office of Disability Employment Policy (ODEP), *Add Us In* served small businesses in northern New Jersey and New York City – especially those owned by minorities, women, veterans, people with disabilities and lesbian, gay, bisexual or transgender individuals – seeking to build a more inclusive workplace by hiring and promoting people with disabilities. After 5 years, the *Add Us In* program concluded in 2016.

Wounded Warrior Careers Demonstration: This program promoted the successful integration of veterans with disabilities into the workforce, primarily through regional demonstrations of NOD's proven model for achieving successful career transitions for post 9/11 veterans with severe disabilities. NOD's most recent three-year demonstration served Southwestern Pennsylvania and concluded in 2015. The overall program concluded in 2016.

Subsequent events: Subsequent events have been evaluated through May 9, 2017, which is the date the financial statements were available to be issued.

Summarized financial information: The financial statements include certain prior-year summarized comparative information in total but not by functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

### B. TEMPORARILY RESTRICTED NET ASSETS AND NET ASSETS RELEASED FROM RESTRICTIONS

The Bridges Capital Campaign: In order to fund the start-up of NOD's sustainable social enterprise, known as *Bridges to a Better Workforce*, the Organization raised money through the *Bridges Capital Campaign* (the Campaign). The funds raised were designed to be spent down over a 5-year period with a projected break-even date of 2020. Funds from the Campaign are utilized to the extent needed to offset any excess of expenses over revenues from the Organization's unrestricted activities. As a result, the Organization is able to maintain its level of unrestricted net assets as resources are expended to advance the Organization's programmatic efforts. To date, NOD has been able to use less of the Campaign than originally planned, allowing for a larger cushion as the Organization progresses towards its earned revenue goals.

The following shows an analysis of the Organization's anticipated versus actual drawdowns from the Campaign for the years ended December 31,:

	Budgeted Drawdown	Actual Drawdown	Favorable Variance
2015	\$ 1,141,000	\$ 1,140,796	\$ 204
2016	1,348,023	1,132,429	215,594
	<u>\$ 2,489,023</u>	<u>\$ 2,273,225</u>	<u>\$ 215,798</u>

# National Organization on Disability

## Notes to the Financial Statements

### B. TEMPORARILY RESTRICTED NET ASSETS AND NET ASSETS RELEASED FROM RESTRICTIONS – CONTINUED

The Organization's remaining anticipated future drawdowns from the Campaign's balance are as follows for the years ended December 31,:

2017	\$ 1,141,965
2018	574,106
2019	131,183
Available for future use	<u>264,409</u>
	<u>\$ 2,111,663</u>

Temporarily restricted net assets at December 31, 2016 and 2015 are available for the following purposes:

	2016	2015
Bridges Capital Campaign	\$ 2,111,663	\$ 3,239,092
Professional Talent/Campus to Careers	200,000	125,989
Time restricted for subsequent periods	-	47,148
Wounded Warrior Careers Demonstration	-	104,022
	<u>\$ 2,311,663</u>	<u>\$ 3,516,251</u>

Net assets released from restrictions during 2016 and 2015 consist of the following:

	2016	2015
Bridges Capital Campaign	\$ 1,132,429	\$ 1,140,796
Professional Talent/Campus to Careers	138,739	24,011
Wounded Warrior Careers Demonstration	104,022	640,456
Professional services	172,250	-
Time restricted for subsequent periods	47,148	52,500
Bridges to a Better Workforce	-	100,000
	<u>\$ 1,594,588</u>	<u>\$ 1,957,763</u>

### C. CONCENTRATION OF CREDIT RISK

Cash: 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 the Financial Statements

### D. GRANTS AND CONTRACTS RECEIVABLE

As of December 31, 2016, all of the Organization's grants and contracts receivable are expected to be paid in 2017. 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. As such, as of December 31, 2016 and 2015, the grants and contracts receivable are presented at the gross amount, less an allowance for doubtful accounts, due to the Organization. The allowance for doubtful accounts as of December 31, 2016 and 2015 was zero.

### E. FURNITURE, EQUIPMENT, AND SOFTWARE

Furniture, equipment, and software consists of the following at December 31, 2016 and 2015:

	2016	2015
Furniture, equipment, and software	391,143	\$ 362,286
Less accumulated depreciation	<u>(347,293)</u>	<u>(337,399)</u>
Furniture, equipment, and software, net	<u>\$ 43,850</u>	<u>\$ 24,887</u>

### F. COMMITMENTS

Effective July 1, 2012, the Organization entered into a lease agreement for office space in New York, New York that expires in June 2017. On March 27, 2017, the Organization extended the office lease until March 31, 2021. The Organization also holds various equipment leases that expire through November 2018. All of these leases are being accounted for as operating leases.

Rental expense under the Organization's office leases for the years ended December 31, 2016 and 2015 was \$97,715 and \$93,451, respectively. As of December 31, 2016, the total future minimum payments to be made under the Organization's various leases are as follows for the years ended December 31,:

2017	\$ 106,127
2018	95,085
2019	89,585
2020	89,585
2021	<u>22,396</u>
	<u>\$ 402,778</u>

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, 2018 but it may be extended or terminated sooner under certain circumstances. Payments under the contract are currently scheduled to be made at an annual rate of approximately \$379,886.

# National Organization on Disability

## Notes to the Financial Statements

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### **G. 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 \$21,725 and \$45,995 to the Plan in 2016 and 2015, respectively.

### **H. PROFESSIONAL EMPLOYER ORGANIZATION FEES**

Beginning April 2013, the Organization entered into 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, 2016 and 2015 equaled \$1,236,276 and \$1,376,008, respectively.