

**Audited Financial Statements**  
**NATIONAL ORGANIZATION ON DISABILITY**  
*DECEMBER 31, 2015*

# National Organization on Disability

## Contents

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<i>Independent Auditor's Report</i>	1
<i>Financial Statements</i>	
Statements of financial position	2
Statement of activities	3
Statement of functional expenses	4
Statements of cash flows	5
Notes to financial statements	6 - 10

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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, 2015, 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 2014 financial statements and, in our report dated April 17, 2015, 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, 2015, 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  
March 7, 2016

# National Organization on Disability

## Statements of Financial Position

<b>December 31,</b>	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 3,313,022	\$ 2,720,491
Investments	-	97,194
Grants and contracts receivable, net	2,059,834	2,043,896
Furniture, equipment, and software, net	24,887	2,081
Deposits	14,303	13,082
<b>Total assets</b>	<b>\$ 5,412,046</b>	<b>\$ 4,876,744</b>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 151,540	\$ 138,495
Deferred revenue	7,000	-
Total liabilities	158,540	138,495
Net assets		
Unrestricted - Note E	1,737,255	1,737,255
Temporarily restricted	3,516,251	3,000,994
Total net assets	5,253,506	4,738,249
<b>Total liabilities and net assets</b>	<b>\$ 5,412,046</b>	<b>\$ 4,876,744</b>

# National Organization on Disability

## Statement of Activities Year ended December 31, 2015, with comparative totals for 2014

	2015			Total 2014
	Unrestricted	Temporarily Restricted	Total	
<b>Revenues and support</b>				
Grants and gifts	\$ 812,419	\$ 2,473,020	\$ 3,285,439	\$ 3,875,110
CEO Council memberships	331,000	-	331,000	320,740
Bridges Advisory fees	69,103	-	69,103	129,286
Net investment (loss) income	(16,541)	-	(16,541)	310
Net assets released from restriction	1,957,763	(1,957,763)	-	-
Total revenue and support	3,153,744	515,257	3,669,001	4,325,446
<b>Expenses</b>				
Program services				
Bridges to a Better Workforce	1,844,969	-	1,844,969	1,572,197
Wounded Warrior Careers Demonstration	640,456	-	640,456	914,394
Total program services	2,485,425	-	2,485,425	2,486,591
Supporting services				
Management and general	412,239	-	412,239	300,241
Fundraising	256,080	-	256,080	220,558
Total supporting services	668,319	-	668,319	520,799
Total expenses	3,153,744	-	3,153,744	3,007,390
Change in net assets from operations	-	515,257	515,257	1,318,056
Reduction of grant commitment - Note C	-	-	-	(220,000)
<b>Change in net assets</b>	-	515,257	515,257	1,098,056
Net assets, beginning of year	1,737,255	3,000,994	4,738,249	3,640,193
<b>Net assets, end of year</b>	\$ 1,737,255	\$ 3,516,251	\$ 5,253,506	\$ 4,738,249

# National Organization on Disability

## Statement of Functional Expenses For the year ended December 31, 2015

*With comparative totals for the year ended December 31, 2014*

	Program Services			Supporting Services			2015 Total	Comparative 2014 Total
	Wounded Warrior	Bridges	Total Program Services	Management and General	Fundraising	Total Supporting Services		
<b>Expenses</b>								
Salaries, benefits, and related expenses	\$ 333,924	\$ 654,163	\$ 988,087	\$ 331,617	\$ 90,496	\$ 422,113	\$ 1,410,200	\$ 1,181,257
Contracted program and professional services	164,703	566,877	731,580	132,153	139,091	271,244	1,002,824	1,129,820
Advertising and public relations	28,570	115,694	144,264	729	-	729	144,993	121,121
Conferences, conventions, and travel	43,952	153,113	197,065	42,255	1,411	43,666	240,731	217,980
Technology and office support	5,103	15,942	21,045	86,419	1,520	87,939	108,984	109,390
Program subawards	-	97,316	97,316	-	-	-	97,316	104,281
Rent and occupancy	388	3,442	3,830	91,834	-	91,834	95,664	96,860
Other expenses	8,977	28,436	37,413	13,243	-	13,243	50,656	40,906
Depreciation	-	-	-	2,376	-	2,376	2,376	5,775
Total expense before overhead allocation	585,617	1,634,983	2,220,600	700,626	232,518	933,144	3,153,744	3,007,390
<b>Overhead allocation</b>	54,839	209,986	264,825	(288,387)	23,562	(264,825)	-	-
<b>Total Expenses</b>	<b>\$ 640,456</b>	<b>\$ 1,844,969</b>	<b>\$ 2,485,425</b>	<b>\$ 412,239</b>	<b>\$ 256,080</b>	<b>\$ 668,319</b>	<b>\$ 3,153,744</b>	<b>\$ 3,007,390</b>

See notes to financial statements.

# National Organization on Disability

## Statements of Cash Flows

<i>Year Ended December 31,</i>	<b>2015</b>	<b>2014</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 515,257	\$ 1,098,056
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,376	5,775
Net loss on investments	19,005	1,454
Donated securities	-	(98,648)
Changes in assets and liabilities:		
Grants and contracts receivable	(15,938)	(1,172,777)
Deposits	(1,221)	378
Accounts payable and accrued expenses	13,045	33,911
Deferred revenue	7,000	-
Total adjustments	24,267	(1,229,907)
Net cash provided by (used in) operating activities	539,524	(131,851)
<b>Cash flows from investing activities</b>		
Sale of investments	78,189	-
Purchases of furniture, equipment, and software	(25,182)	-
Net cash provided by investing activities	53,007	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>592,531</b>	<b>(131,851)</b>
Cash and cash equivalents, beginning of year	2,720,491	2,852,342
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,313,022</b>	<b>\$ 2,720,491</b>
<b>Schedule of noncash securities</b>		
Securities acquired via donation	\$ -	\$ 98,648

# 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) 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

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

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

Bridges to a Better Workforce: "Bridges" is a comprehensive effort to increase employment for people with disabilities nationwide by identifying and promoting best practices in disability employment and by working directly with major employers to help them develop disability-inclusive workplaces. NOD's program helps companies develop the culture, systems and practices they need, and puts in place effective, long-term partnerships between employers and nearby organizations serving people with disabilities. The program includes: (1) advisory services to employers; (2) use of NOD's Disability Employment Tracker™, a confidential self-assessment tool for employers seeking to improve their disability and/or veteran employment practices; and (3) NOD's CEO Council, through which NOD engages with companies who are committed to leadership in disability employment.

Included within the Bridges program is the "Add Us In" project. Funded by a grant from the U.S. Department of Labor's Office of Disability Employment Policy (ODEP), *Add Us In* serves 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 – who seek to build a more inclusive workplace by hiring and promoting people with disabilities.

Wounded Warrior Careers Demonstration: This program promotes 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 more severe disabilities. NOD's most recent three-year demonstration served Southwestern Pennsylvania and concluded in 2015.

Subsequent events: Subsequent events have been evaluated through March 7, 2016, 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, 2014, from which the summarized information was derived.

### B. 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.

Contributors: Approximately 80% of the Organization's December 31, 2015 grants and contracts receivable balance is due from three donors. As such, the inability of the donors to honor their grant commitments could have a significant impact on the Organization's financial position.

# National Organization on Disability

## Notes to the Financial Statements

### C. GRANTS AND CONTRACTS RECEIVABLE

As of December 31, 2015, approximately \$315,000 of the Organization's grants and contracts receivable are expected to be paid in 2017. The remainder is expected to be paid in 2016. 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, 2015 and 2014, 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, 2015 and 2014 was zero.

During 2014, the Organization was notified by a donor that it would not make the third and final payment on a multi-year award for the Wounded Warrior Careers demonstration program, because of funds NOD had on hand from savings achieved in earlier years of the program's operation. As of December 31, 2013, \$220,000 in revenue related to this grant had been recorded as temporarily restricted revenue for this program, and the Organization had accrued a grant receivable of \$220,000 to reflect this commitment. In 2014, the Organization recognized a decrease of \$220,000 in temporarily restricted net assets to reflect the reduction in this receivable.

### D. FURNITURE, EQUIPMENT, AND SOFTWARE

Furniture, equipment, and software consists of the following at December 31, 2015 and 2014:

	2015	2014
Furniture, equipment, and software	362,286	\$ 337,104
Less accumulated depreciation	<u>(337,399)</u>	<u>(335,023)</u>
Furniture, equipment, and software, net	<u><b>\$ 24,887</b></u>	<u><b>\$ 2,081</b></u>

# National Organization on Disability

## Notes to the Financial Statements

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

Temporarily restricted net assets at December 31, 2015 and 2014 are available for the following purposes:

	<b>2015</b>	<b>2014</b>
Bridges Capital Campaign	\$ 3,239,092	\$ 2,174,889
Professional talent	125,989	-
Wounded Warrior Careers Demonstration	104,022	741,958
Time restricted for subsequent periods	47,148	84,147
	<u><b>\$ 3,516,251</b></u>	<u><b>\$ 3,000,994</b></u>

Net assets released from restrictions during 2015 and 2014 consist of the following:

	<b>2015</b>	<b>2014</b>
Bridges Capital Campaign	\$ 1,140,796	\$ 622,611
Wounded Warrior Careers Demonstration	640,456	913,480
Bridges to a Better Workforce	100,000	225,000
Time restricted for subsequent periods	52,500	-
Professional talent	24,011	-
	<u><b>\$ 1,957,763</b></u>	<u><b>\$ 1,761,091</b></u>

The Bridges Capital Campaign (the Campaign) consists of contributions raised to provide the Organization with financial stability as it works to expand its Bridges to a Better Workforce program (See Note A). 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 the level of its unrestricted net assets fund balance as resources are expended to advance the Organization's programmatic efforts. Accordingly, there was no change in this fund balance from the prior year.

# National Organization on Disability

## Notes to the Financial Statements

### 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. 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, 2015 and 2014 was \$93,451 and \$94,111, respectively. As of December 31, 2015, the total future minimum payments to be made under the Organization's various leases are as follows for the years ended December 31,:

2016	\$	109,673
2017		53,869
2018		<u>5,500</u>
	\$	<u>169,042</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 \$375,000.

### 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 \$45,995 and \$26,102 to the Plan in 2015 and 2014, 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, 2015 and 2014 equaled \$1,376,008 and \$1,178,215, respectively.