

National Organization on Disability

Financial Report
December 31, 2020

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Independent Auditor's Report

RSM US LLP

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 statements of financial position as of December 31, 2020 and 2019, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Washington, D.C.
June 23, 2021

National Organization on Disability

**Statements of Financial Position
December 31, 2020 and 2019**

	2020	2019
Assets		
Cash and cash equivalents	\$ 3,454,670	\$ 2,975,418
Contributions and other receivables, net	1,495,944	494,174
Property and equipment, net	32,179	55,068
Deposits	19,152	18,472
Total assets	\$ 5,001,945	\$ 3,543,132
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 196,900	\$ 141,870
Deferred revenue	55,000	-
Total liabilities	251,900	141,870
Commitments and contingencies (Note 4)		
Net assets:		
Without donor restrictions	2,101,191	1,737,255
With donor restrictions (Note 2)	2,648,854	1,664,007
Total net assets	4,750,045	3,401,262
Total liabilities and net assets	\$ 5,001,945	\$ 3,543,132

See notes to financial statements.

National Organization on Disability

Statements of Activities

Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:						
Contributions and grants	\$ 1,270,350	\$ 1,885,000	\$ 3,155,350	\$ 807,548	\$ 450,000	\$ 1,257,548
Corporate Leadership						
Council memberships	645,000	80,000	725,000	730,000	-	730,000
Professional services fees	35,000	-	35,000	204,389	-	204,389
Sponsorships	182,250	-	182,250	187,050	-	187,050
Net investment income	812	-	812	2,196	-	2,196
Net assets released from restriction	980,153	(980,153)	-	1,195,465	(1,195,465)	-
Total revenue and support	3,113,565	984,847	4,098,412	3,126,648	(745,465)	2,381,183
Expenses:						
Program services:						
Corporate Leadership Council	712,865	-	712,865	640,139	-	640,139
Thought Leadership	341,626	-	341,626	262,684	-	262,684
The Disability Employment Tracker	268,579	-	268,579	168,868	-	168,868
Campus to Careers	246,912	-	246,912	346,544	-	346,544
Professional Services	182,695	-	182,695	237,075	-	237,075
Policy	97,546	-	97,546	114,440	-	114,440
Look Closer (The Compact)	69,340	-	69,340	447,816	-	447,816
Total program services	1,919,563	-	1,919,563	2,217,566	-	2,217,566
Supporting services:						
Management and general	657,076	-	657,076	706,029	-	706,029
Fundraising	172,990	-	172,990	203,053	-	203,053
Total supporting services	830,066	-	830,066	909,082	-	909,082
Total expenses	2,749,629	-	2,749,629	3,126,648	-	3,126,648
Change in net assets	363,936	984,847	1,348,783	-	(745,465)	(745,465)
Net assets:						
Beginning	1,737,255	1,664,007	3,401,262	1,737,255	2,409,472	4,146,727
Ending	\$ 2,101,191	\$ 2,648,854	\$ 4,750,045	\$ 1,737,255	\$ 1,664,007	\$ 3,401,262

See notes to financial statements.

National Organization on Disability

Statements of Functional Expenses Years Ended December 31, 2020 and 2019

	2020											
	Program Services								Supporting Services			
	Corporate Leadership Council	Thought Leadership	Disability Employment Tracker	Campus to Careers	Professional Services	Policy	Look Closer (The Compact)	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Expenses:												
Salaries, benefits and related expenses	\$ 564,427	\$ 189,287	\$ 185,926	\$ 166,827	\$ 148,632	\$ 22,837	\$ 9,346	\$ 1,287,282	\$ 377,413	\$ 136,403	\$ 513,816	\$ 1,801,098
Contracted program and professional services	66,916	110,570	61,087	49,339	5,792	72,088	48,562	414,354	176,598	2,194	178,792	593,146
Conferences, conventions and travel	12,915	15,287	846	1,379	7,996	84	639	39,146	29,107	1,546	30,653	69,799
Technology and office support	28,616	14,890	8,276	11,401	7,800	907	4,413	76,303	21,988	8,584	30,572	106,875
Rent and occupancy	29,464	7,958	8,817	11,462	8,022	984	3,105	69,812	16,431	6,547	22,978	92,790
Other expenses	5,324	1,861	1,694	3,720	1,817	204	2,228	16,848	31,226	14,958	46,184	63,032
Depreciation	5,203	1,773	1,933	2,784	2,636	442	1,047	15,818	4,313	2,758	7,071	22,889
Total expenses	\$ 712,865	\$ 341,626	\$ 268,579	\$ 246,912	\$ 182,695	\$ 97,546	\$ 69,340	\$ 1,919,563	\$ 657,076	\$ 172,990	\$ 830,066	\$ 2,749,629
	2019											
	Program Services								Supporting Services			
	Corporate Leadership Council	Thought Leadership	Disability Employment Tracker	Campus to Careers	Professional Services	Policy	Look Closer (The Compact)	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Expenses:												
Salaries, benefits and related expenses	\$ 357,480	\$ 179,522	\$ 90,152	\$ 224,044	\$ 183,317	\$ 15,065	\$ 347,623	\$ 1,397,203	\$ 262,455	\$ 149,813	\$ 412,268	\$ 1,809,471
Contracted program and professional services	56,705	38,271	58,497	61,413	4,156	72,000	43,401	334,443	262,276	24,610	286,886	621,329
Conferences, conventions and travel	152,164	9,903	4,616	21,959	20,497	21,966	10,617	241,722	76,461	9,448	85,909	327,631
Technology and office support	30,693	15,182	4,926	14,074	10,546	1,095	14,617	91,133	18,390	4,592	22,982	114,115
Rent and occupancy	19,106	11,273	5,571	14,911	10,713	1,052	16,015	78,641	10,293	4,977	15,270	93,911
Other expenses	20,010	6,239	3,827	7,624	4,830	2,718	13,447	58,695	71,711	7,384	79,095	137,790
Depreciation	3,981	2,294	1,279	2,519	3,016	544	2,096	15,729	4,443	2,229	6,672	22,401
Total expenses	\$ 640,139	\$ 262,684	\$ 168,868	\$ 346,544	\$ 237,075	\$ 114,440	\$ 447,816	\$ 2,217,566	\$ 706,029	\$ 203,053	\$ 909,082	\$ 3,126,648

See notes to financial statements.

National Organization on Disability

Statements of Cash Flows

Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 1,348,783	\$ (745,465)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	22,889	22,401
Changes in assets and liabilities:		
(Increase) decrease:		
Contributions and other receivables	(1,001,770)	686,546
Deposits	(680)	(7,022)
Increase (decrease):		
Accounts payable and accrued expenses	55,030	(17,082)
Deferred revenue	55,000	(31,339)
Net cash provided by (used in) operating activities	479,252	(91,961)
Cash flows from investing activities:		
Purchases of property and equipment	-	(8,580)
Net cash used in investing activities	-	(8,580)
Net increase (decrease) in cash and cash equivalents	479,252	(100,541)
Cash and cash equivalents:		
Beginning	2,975,418	3,075,959
Ending	\$ 3,454,670	\$ 2,975,418

See notes to financial statements.

National Organization on Disability

Notes to Financial Statements

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.

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.

The Disability Employment Tracker: The Disability 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 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.

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.

National Organization on Disability

Notes to Financial Statements

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.

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.

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.

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

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 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 to the Organization.

National Organization on Disability

Notes to Financial Statements

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

Contributions and other receivables: Substantially all of the Organization's receivables consist of contributions and promises to give. Of the total receivables balance, \$500,000 is due in 2022, the remaining balance is due in 2021. 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 contributions receivable, the Organization has determined that the gross amounts due approximate the present value of the anticipated future receipts. 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 receivables totaled \$0 and \$7,500 for the years ended December 31, 2020 and 2019, 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.

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.

Contributions and grants: 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 as refundable advances (deferred revenue). The Organization was not in receipt of any conditional grants as of December 31, 2020.

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 \$18,780 and \$19,808 were recognized for the years ended December 31, 2020 and 2019, respectively.

Council membership fees are considered unconditional contributions. These fees are considered time restricted for the period of the membership.

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 (deferred revenue) until the event takes place.

National Organization on Disability

Notes to Financial Statements

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

Revenue from contracts with customers: 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.

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 judgments affecting the determination of the amount and timing of revenue from contracts with customers

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.

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 pronouncements adopted: In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. This requires 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. ASU 2014-09 replaces most existing revenue recognition guidance in U.S. GAAP. The ASU also requires expanded disclosures relating to the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. The Organization adopted the new standard, as amended, effective for the year ended December 31, 2020, using the modified retrospective method. The Organization's revenue arrangements are recognized either at a point in time or over time and consist of performance obligations that are satisfied ratably over a period of no more than one year. Based on the Organization's review of its revenue transactions, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under this new standard. The adoption of this standard had no material impact on the statement of financial position and the statement of activities and changes in net assets but resulted in additional disclosures.

National Organization on Disability

Notes to Financial Statements

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

During the year ended December 31, 2020, the Organization adopted the guidance regarding contributions made from FASB ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions of this standard include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance to better distinguish between conditional and unconditional contributions. Based on the Organization's review of its contributions made, the timing and amount of expense recognized previously is consistent with how expenses are recognized under the new standard. The Organization adopted the guidance from ASU 2018-08 regarding contributions received during the year ended December 31, 2019.

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 September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This ASU will be effective for the Organization for the year ending December 31, 2022. The adoption of ASU 2020-07 is not expected to have a significant impact on the Organization's financial statements.

Subsequent events: Subsequent events have been evaluated through June 23, 2021, 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 NOD'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 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.

National Organization on Disability

Notes to Financial Statements

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

Net assets with donor restrictions at December 31, 2020 and 2019, are available for the following purposes:

	2020	2019
Enterprise Capital	\$ 1,273,419	\$ 1,629,007
Employment	1,212,500	-
Corporate Leadership Council (Time Restricted)	80,000	-
Campus to Careers	47,935	-
Tracker	35,000	-
Look Closer (The Compact)	-	35,000
	<u>\$ 2,648,854</u>	<u>\$ 1,664,007</u>

Net assets released from restrictions during 2020 and 2019, consist of the following:

	2020	2019
Enterprise Capital	\$ 355,589	\$ 583,993
Employment	287,499	-
Campus to Careers	147,065	265,000
Look Closer (The Compact)	140,000	346,472
Tracker	50,000	-
	<u>\$ 980,153</u>	<u>\$ 1,195,465</u>

Note 3. Property and Equipment

Property and equipment consists of the following at December 31, 2020 and 2019:

	2020	2019
Furniture and equipment	\$ 367,067	\$ 367,067
Website	44,645	44,645
Software	44,067	44,067
	<u>455,779</u>	<u>455,779</u>
Less accumulated depreciation	(423,600)	(400,711)
Furniture, equipment and software, net	<u>\$ 32,179</u>	<u>\$ 55,068</u>

National Organization on Disability

Notes to Financial Statements

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 and the lease expired as of that date. The lease was being accounted for as an operating lease. Rental expense under the Organization's lease for the years ended December 31, 2020 and 2019, was \$89,585 and \$89,585, respectively.

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 \$469,315 and \$437,317 for the years ended December 31, 2020 and 2019, 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 \$28,811 and \$22,661 to the Plan in 2020 and 2019, 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, 2020 and 2019, equaled \$1,347,740 and \$1,396,725, 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

Note 7. Liquidity (Continued)

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

	2020	2019
Cash and cash equivalents	\$ 3,454,670	\$ 2,975,418
Grants and contracts receivable, net	1,495,944	494,174
Less net assets with donor restrictions	(2,648,854)	(1,664,007)
	<u>\$ 2,301,760</u>	<u>\$ 1,805,585</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. COVID-19

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 depends 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 entire amount of the PPP loan was forgiven by the United States Small Business Administration in November 2020. 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, 2020.

In February 2021, the Organization received a second draw PPP loan in the amount of \$248,270. The loan accrues interest at 1% per year, and the loan is to be repaid by February 2026. As with the first PPP loan received in 2020, the Organization anticipates that the entire amount of the second draw PPP loan will meet the requirements for full forgiveness. The Organization intends to apply for forgiveness during 2021.