

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED SEPTEMBER 30, 2015
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2014**

NATIONAL ASSOCIATION OF COUNCILS ON DEVELOPMENTAL DISABILITIES

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
National Association of Councils on Developmental Disabilities
Washington, D.C.

We have audited the accompanying financial statements of the National Association of Councils on Developmental Disabilities (NACDD), which comprise the statement of financial position as of September 30, 2015, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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 NACDD as of September 30, 2015, and the change 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.

Report on Summarized Comparative Information

We have previously audited NACDD's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 14, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

NATIONAL ASSOCIATION OF COUNCILS ON DEVELOPMENTAL DISABILITIES

STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014

ASSETS

	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 187,803	\$ 232,473
Accounts receivable, net of allowance for doubtful accounts of \$32,401 and \$50,696 for September 30, 2015 and 2014, respectively	<u>246,926</u>	<u>422,924</u>
Total current assets	<u>434,729</u>	<u>655,397</u>
FIXED ASSETS		
Furniture and equipment	19,234	33,131
Less: Accumulated depreciation	<u>(13,764)</u>	<u>(23,879)</u>
Net fixed assets	<u>5,470</u>	<u>9,252</u>
TOTAL ASSETS	<u>\$ 440,199</u>	<u>\$ 664,649</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 23,420	\$ 95,306
Accrued salaries and related benefits	39,944	36,486
Deferred revenue:		
Membership	8,034	109,419
Conference	-	1,365
Funds held for agencies	<u>94,916</u>	<u>40,741</u>
Total current liabilities	<u>166,314</u>	<u>283,317</u>
NET ASSETS - Unrestricted	<u>273,885</u>	<u>381,332</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 440,199</u>	<u>\$ 664,649</u>

NATIONAL ASSOCIATION OF COUNCILS ON DEVELOPMENTAL DISABILITIES

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014**

	<u>Unrestricted</u>	
	<u>2015</u>	<u>2014</u>
REVENUE		
Membership	\$ 488,683	\$ 474,300
Contributions	5,975	19,612
Government grants	338,407	575,000
Contracts	-	15,297
Interest income	50	48
Executive Director Retreat Registrations	4,105	4,865
Conference	58,129	68,052
Other revenue	<u>7,461</u>	<u>13,617</u>
Total revenue	<u>902,810</u>	<u>1,170,791</u>
EXPENSES		
Program Services:		
Technical Assistance Contract	338,407	579,767
Public Policy	138,738	130,580
Council Services	<u>62,093</u>	<u>100,378</u>
Total program services	539,238	810,725
General and Administrative	<u>471,019</u>	<u>436,958</u>
Total expenses	<u>1,010,257</u>	<u>1,247,683</u>
Change in net assets	(107,447)	(76,892)
Net assets at beginning of year	<u>381,332</u>	<u>458,224</u>
NET ASSETS AT END OF YEAR	<u>\$ 273,885</u>	<u>\$ 381,332</u>

NATIONAL ASSOCIATION OF COUNCILS ON DEVELOPMENTAL DISABILITIES

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014**

	2015			
	Program Services			
	Technical Assistance Contract	Public Policy	Council Services	Total Program Services
Salaries	\$ 144,508	\$ 79,281	\$ -	\$ 223,789
Benefits and taxes	29,305	6,268	-	35,573
Printing and production	-	-	-	-
Professional fees	53,949	-	-	53,949
Occupancy	41,526	-	-	41,526
Insurance	2,878	-	-	2,878
Depreciation	-	-	-	-
Telephone	4,985	-	-	4,985
Consulting fees	1,709	49,694	-	51,403
Postage and delivery	1,373	-	-	1,373
Supplies	3,613	-	-	3,613
Events and meetings	3,973	-	62,093	66,066
TA project expenses	49,613	-	-	49,613
Bad debt	-	-	-	-
Miscellaneous	975	3,495	-	4,470
TOTAL	\$ 338,407	\$ 138,738	\$ 62,093	\$ 539,238

			2014
General and Administrative	Total Expenses	Total Expenses	
\$ 254,716	\$ 478,505	\$	484,776
73,069	108,642		93,835
647	647		292
16,771	70,720		71,953
10,382	51,908		49,884
719	3,597		3,849
3,782	3,782		3,917
2,588	7,573		2,737
72,921	124,324		61,262
2,665	4,038		1,153
3,613	7,226		4,781
11,458	77,524		107,671
17,474	67,087		296,716
-	-		50,696
214	4,684		14,161
\$ 471,019	\$ 1,010,257	\$	1,247,683

NATIONAL ASSOCIATION OF COUNCILS ON DEVELOPMENTAL DISABILITIES

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014**

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (107,447)	\$ (76,892)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	3,782	3,917
Change in allowance for doubtful accounts	(18,295)	50,696
(Increase) decrease in:		
Accounts receivable	194,293	(294,202)
Increase (decrease) in:		
Accounts payable	(71,886)	24,492
Accrued salaries and related benefits	3,458	14,861
Deferred revenue	(102,750)	109,492
Funds held for agencies	<u>54,175</u>	<u>33,241</u>
Net cash used by operating activities	<u>(44,670)</u>	<u>(134,395)</u>
Net decrease in cash and cash equivalents	(44,670)	(134,395)
Cash and cash equivalents at beginning of year	<u>232,473</u>	<u>366,868</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 187,803</u>	<u>\$ 232,473</u>

NATIONAL ASSOCIATION OF COUNCILS ON DEVELOPMENTAL DISABILITIES

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The National Association of Councils on Developmental Disabilities (NACDD) is a non-profit organization, incorporated in the District of Columbia. National Association of Councils on Developmental Disabilities is the national voice of the Councils on Developmental Disabilities that works for change on behalf of people with developmental disabilities and their families. NACDD's purpose is to support the Councils on Developmental Disabilities in implementing the Developmental Disabilities Assistance and Bill of Rights Act and in promoting the interests and rights of people with developmental disabilities and their families.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with NACDD's financial statements for the year ended September 30, 2014, from which the summarized information was derived.

Cash and cash equivalents -

NACDD considers all cash and other highly liquid investments, including certificates of deposit, to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, NACDD maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Accounts receivable -

Accounts receivable approximate fair value. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the customer.

Fixed assets -

Fixed assets are stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, usually five to seven years. Fixed assets purchased in excess of \$1,000 are capitalized. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation expense for the year ended September 30, 2015 totaled \$3,782.

Income taxes -

NACDD is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. NACDD is not a private foundation.

Uncertain tax positions -

For the year ended September 30, 2015, NACDD has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

NATIONAL ASSOCIATION OF COUNCILS ON DEVELOPMENTAL DISABILITIES

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Deferred revenue -

Deferred revenue consists of membership dues and conference registration fees received in advance. NACDD recognizes member dues on a pro-rata basis over the annual membership period. NACDD recognizes conference and meeting revenue when the related event has occurred. Deferred fees will be recognized during the year ended September 30, 2016.

Funds held for agencies -

Funds paid to NACDD by an unrelated not-for-profit organization using its own funds and for its own benefit are classified by NACDD as a liability, rather than as a net asset. NACDD refers to such funds as agency funds. The financial effects of transactions related to agency funds are recorded as changes in the funds held for agencies liability and are not included in the Statement of Activities and Change in Net Assets. As of September 30, 2015, NACDD owed \$94,916 to the organization.

Net asset classification -

Unrestricted net assets include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of NACDD and include both internally designated and undesignated resources.

Contributions and grants -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

NACDD receives funding under grants and contracts from the U.S. Government and other grantors for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants are considered exchange transactions and are recorded as unrestricted income to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

Accounts receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant agreements.

Use of estimates -

The preparation of financial statements is in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NATIONAL ASSOCIATION OF COUNCILS ON DEVELOPMENTAL DISABILITIES

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

2. LEASE COMMITMENT

NACDD entered into a one-year office lease that commenced on October 1, 2014 and expired on September 30, 2015. Prior to year-end, NACDD extended its office lease through September 30, 2016.

Rent expense for the year ended September 30, 2015 was \$51,908. The following is a schedule of the future minimum lease payments:

Year Ending September 30, 2016	\$ <u>62,880</u>
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3. RETIREMENT PLAN

NACDD participates in a 401(k) Profit Sharing Plan and Trust. Employees are fully vested from the time they enroll in the program. NACDD makes a matching contribution up to five percent of the employee's compensation for the year. As of September 30, 2015, there were three employees participating in the plan. Plan contribution expense for the year ended September 30, 2015 was \$9,479.

4. CONTINGENCY

NACDD receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of OMB Circular A-133. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the provisions of OMB Circular A-133 have been completed for all required fiscal years through 2014. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

During 2015, NACDD did not receive Federal funding in excess of \$500,000 requiring a single audit under OMB Circular A-133.

5. SUBSEQUENT EVENTS

In preparing these financial statements, NACDD has evaluated events and transactions for potential recognition or disclosure through date or report, the date the financial statements were issued.