

**FINANCIAL STATEMENTS**



**NACDD**

National Association of Councils  
on Developmental Disabilities

**FOR THE YEAR ENDED SEPTEMBER 30, 2018  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2017**

**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, 2018, 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, 2018, 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.

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### **Report on Summarized Comparative Information**

We have previously audited NACDD's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 8, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Friedman".

March 18, 2019

## NATIONAL ASSOCIATION OF COUNCILS ON DEVELOPMENTAL DISABILITIES

STATEMENT OF FINANCIAL POSITION  
AS OF SEPTEMBER 30, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017

## ASSETS

	<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 381,432	\$ 284,530
Investments	183,307	176,624
Accounts receivable	70,838	152,357
Prepaid expenses	<u>-</u>	<u>2,175</u>
Total current assets	<u>635,577</u>	<u>615,686</u>
<b>FIXED ASSETS</b>		
Furniture and equipment	23,379	23,379
Less: Accumulated depreciation	<u>(21,307)</u>	<u>(20,478)</u>
Net fixed assets	<u>2,072</u>	<u>2,901</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 637,649</u></b>	<b><u>\$ 618,587</u></b>

## LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 12,111	\$ 18,141
Accrued salaries and related benefits	48,372	53,815
Deferred revenue:		
Membership	185,642	168,793
Conference	-	6,402
Funds held for agencies	<u>182,793</u>	<u>117,793</u>
Total current liabilities	<u>428,918</u>	<u>364,944</u>
<b>NET ASSETS - Unrestricted</b>	<u>208,731</u>	<u>253,643</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 637,649</u></b>	<b><u>\$ 618,587</u></b>

## NATIONAL ASSOCIATION OF COUNCILS ON DEVELOPMENTAL DISABILITIES

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	<u>Unrestricted</u>	
	<u>2018</u>	<u>2017</u>
<b>REVENUE AND SUPPORT</b>		
Membership	\$ 469,675	\$ 495,090
Government grants	649,295	641,518
Conference	106,727	80,470
Contributions	31,740	89,500
Other revenue	11,752	14,951
Executive Director Retreat Registrations	10,273	1,735
Investment income	6,683	7,508
Rental income	<u>945</u>	<u>-</u>
Total revenue and support	<u>1,287,090</u>	<u>1,330,772</u>
<b>EXPENSES</b>		
Program Services:		
Technical Assistance Contract	463,770	500,095
Public Policy	156,005	151,811
Council Services	<u>40,201</u>	<u>46,112</u>
Total program services	659,976	698,018
General and Administrative	<u>672,026</u>	<u>565,687</u>
Total expenses	<u>1,332,002</u>	<u>1,263,705</u>
Change in net assets	(44,912)	67,067
Net assets at beginning of year	<u>253,643</u>	<u>186,576</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 208,731</u></b>	<b><u>\$ 253,643</u></b>

## NATIONAL ASSOCIATION OF COUNCILS ON DEVELOPMENTAL DISABILITIES

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	2018					2017	
	<u>Program Services</u>						
	<u>Technical Assistance Contract</u>	<u>Public Policy</u>	<u>Council Services</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Total Expenses</u>	<u>Total Expenses</u>
Salaries	\$ 214,857	\$ 83,496	\$ 6,673	\$ 305,026	\$ 291,550	\$ 596,576	\$ 590,201
Events and meetings	20,789	-	22,303	43,092	151,754	194,846	86,127
Benefits and taxes	22,013	11,398	-	33,411	107,518	140,929	121,764
TA project expenses	123,375	-	-	123,375	-	123,375	151,440
Consulting fees	17,700	56,428	8,333	82,461	13,836	96,297	142,644
Occupancy	20,624	-	-	20,624	48,583	69,207	66,262
Professional fees	41,362	-	-	41,362	9,584	50,946	66,163
Miscellaneous	2,477	-	-	2,477	25,179	27,656	3,466
Telephone	573	-	-	573	10,269	10,842	13,015
Travel and entertainment	-	-	-	-	9,439	9,439	10,556
Printing and production	-	4,683	-	4,683	219	4,902	375
Supplies	-	-	-	-	2,927	2,927	2,843
Grants	-	-	2,892	2,892	-	2,892	3,750
Depreciation	-	-	-	-	829	829	2,653
Postage and delivery	-	-	-	-	339	339	470
Insurance	-	-	-	-	-	-	1,976
<b>TOTAL</b>	<b><u>\$ 463,770</u></b>	<b><u>\$ 156,005</u></b>	<b><u>\$ 40,201</u></b>	<b><u>\$ 659,976</u></b>	<b><u>\$ 672,026</u></b>	<b><u>\$ 1,332,002</u></b>	<b><u>\$ 1,263,705</u></b>

See accompanying notes to financial statements.

## NATIONAL ASSOCIATION OF COUNCILS ON DEVELOPMENTAL DISABILITIES

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (44,912)	\$ 67,067
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	829	2,653
Change in allowance for doubtful accounts	-	16,343
Unrealized gain on investments	(4,872)	(5,610)
(Increase) decrease in:		
Accounts receivable	81,519	(38,498)
Prepaid expenses	2,175	(1,175)
(Decrease) increase in:		
Accounts payable	(6,030)	(33,044)
Accrued salaries and related benefits	(5,443)	12,249
Deferred revenue	10,447	33,215
Funds held for agencies	65,000	(232,762)
Net cash provided (used) by operating activities	98,713	(179,562)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(32,811)	(91,598)
Proceeds from the maturity of certificates of deposit	31,000	90,000
Net cash used by investing activities	(1,811)	(1,598)
Net increase (decrease) in cash and cash equivalents	96,902	(181,160)
Cash and cash equivalents at beginning of year	284,530	465,690
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 381,432</b>	<b>\$ 284,530</b>



**NATIONAL ASSOCIATION OF COUNCILS ON DEVELOPMENTAL DISABILITIES**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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, 2017, from which the summarized information was derived.

Cash and cash equivalents -

NACDD considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Money market funds in the amount of \$97,332 are included in the investment balance. 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. It was determined that an allowance for doubtful accounts was not necessary at September 30, 2018.

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income in the Statement of Activities and Change in Net Assets.

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, 2018 totaled \$829.

**NATIONAL ASSOCIATION OF COUNCILS ON DEVELOPMENTAL DISABILITIES**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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, 2018, 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.

Deferred revenue -

Deferred revenue consists of membership dues and conference registration received in advance. NACDD recognizes member dues on a pro-rata basis over the annual membership period. Conference registration is recognized at the time that the conference takes place.

Funds held for agencies -

NACDD receives funds from an unrelated not-for-profit organization that are for the benefit of the contributing not-for-profit. These funds are classified by NACDD as an agency transaction and as such are recorded as a liability and are not included in the Statement of Activities and Change in Net Assets. As of September 30, 2018, NACDD owed \$182,793 to these organizations.

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.

NATIONAL ASSOCIATION OF COUNCILS ON DEVELOPMENTAL DISABILITIES

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

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

Contributions and grants (continued) -

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.

Conference and retreat income -

Conference and retreat income is recognized at the time the conference or retreat takes place. Funds received in advance of the conference or retreat are recorded as deferred income until earned.

Fair value measurements -

In accordance with FASB ASC 820, *Fair Value Measurement*, NACDD has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market NACDD has the ability to access.

**Level 2.** These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**Level 3.** These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NACDD follows the measurement provisions of Accounting Standards Update (ASU) No. 2009-12, *Investments in Certain Entities that Calculate Net Asset per Share* (or its equivalent).

**NATIONAL ASSOCIATION OF COUNCILS ON DEVELOPMENTAL DISABILITIES**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

Fair value measurements (continued) -

The guidance permits, as a practical expedient, the fair value of investments within its scope to be estimated using net asset value (NAV) or its equivalent. NAV or its equivalent is the value per share or value of ownership interest in partner's capital, as provided by the fund, whose financial statements are prepared in a manner consistent with measurement principles of an investment company or that have the attributes of an investment company. In many instances, NAV will not equal fair value that would be calculated pursuant to the Fair Value Measurement Topic.

For disclosure of inputs and valuation techniques, see Note 2.

Risks and uncertainties -

NACDD invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

New accounting pronouncements (not yet adopted) -

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the Statement of Activities and Change in Net Assets. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for fiscal years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of NACDD's financial statements, it is not expected to alter NACDD's reported financial position.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. NACDD has not yet decided on a transition method. The ASU is effective for fiscal years beginning after December 15, 2018.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance.

**NATIONAL ASSOCIATION OF COUNCILS ON DEVELOPMENTAL DISABILITIES**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

New accounting pronouncements (not yet adopted) (continued) -

The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is fiscal years beginning after December 15, 2018. Early adoption is permitted. NACDD has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for fiscal years beginning after December 15, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

NACDD plans to adopt the new ASUs at the respective required implementation dates.

**2. INVESTMENTS**

The table below summarizes the investments measured at fair value on a recurring basis, aggregated by the fair value hierarchy level with the measurement were made. NACDD's investments as of September 30, 2018:

<b>Asset Class:</b>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 97,332	\$ -	\$ -	\$ 97,332
Equity Funds	49,239	-	-	49,239
Fixed Income Funds	-	5,404	-	5,404
Certificates of Deposit	-	31,332	-	31,332
<b>TOTAL</b>	<b><u>\$ 146,571</u></b>	<b><u>\$ 36,736</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 183,307</u></b>

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at September 30, 2018.

- *Money Market Funds* - The money market fund is an open-end funds that are registered with the Securities and Exchange Commission (SEC) and is deemed to be actively traded.
- *Equity Funds* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Fixed Income Funds* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.
- *Certificates of Deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.

NATIONAL ASSOCIATION OF COUNCILS ON DEVELOPMENTAL DISABILITIES

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

2. INVESTMENTS (Continued)

There were no transfers between levels in the fair value hierarchy during the year ended September 30, 2018. Transfers between levels are recorded at the end of the reporting period, if applicable.

Included in investment income are the following for the year ended September 30, 2018:

Interest and dividends	\$	1,811
Unrealized gain		<u>4,872</u>
<b>TOTAL INVESTMENT INCOME</b>	<b>\$</b>	<b><u>6,683</u></b>

3. LEASE COMMITMENT

NACDD entered into a one year office lease that commenced on October 1, 2015 and expired on September 30, 2016, and was extended to September 30, 2017. On September 14, 2017, NACDD entered into a new lease that started on October 1, 2017 and will expire on September 30, 2022. Base rent is \$69,483 annually and will increase 4% each year.

Rent expense for the year ended September 30, 2018 was \$69,207. The following is a schedule of the future minimum lease payments:

Year Ended September 30,

2019	\$	72,262
2020		75,153
2021		78,159
2022		<u>81,285</u>
	<b>\$</b>	<b><u>306,859</u></b>

4. 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, 2018, there were five employees participating in the Plan. Plan contribution expense for the year ended September 30, 2018 was \$30,126.

5. SUBSEQUENT EVENTS

In preparing these financial statements, NACDD has evaluated events and transactions for potential recognition or disclosure through date of report March 18, 2019, the date the financial statements were issued.