

**National Center for
Learning Disabilities, Inc.**

Financial Statements

December 31, 2019 and 2018

Independent Auditors' Report

Board of Directors National Center for Learning Disabilities, Inc.

We have audited the accompanying financial statements of National Center for Learning Disabilities, Inc. ("NCLD"), which comprise the statements of financial position as of December 31, 2019 and 2018, and 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.

Auditors' 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 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 auditors' 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 National Center for Learning Disabilities, Inc. as of December 31, 2019 and 2018, 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.

PKF O'Connor Davies, LLP

July 9, 2020

National Center for Learning Disabilities, Inc.

Statements of Financial Position

	December 31	
	2019	2018
ASSETS		
Cash	\$ 4,702,234	\$ 4,687,110
Contributions receivable, net	2,284,597	2,765,960
Prepaid expenses and other assets	46,881	24,867
Security deposits	11,566	12,466
Property and equipment, net	<u>129,218</u>	<u>5,074</u>
Total Assets	<u>\$ 7,174,496</u>	<u>\$ 7,495,477</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 74,878	\$ 635,552
Accrued vacation	<u>38,612</u>	<u>89,709</u>
Total Liabilities	<u>113,490</u>	<u>725,261</u>
Net Assets		
Without donor restrictions	3,337,088	1,347,211
With donor restrictions	<u>3,723,918</u>	<u>5,423,005</u>
Total Net Assets	<u>7,061,006</u>	<u>6,770,216</u>
Total Liabilities and Net Assets	<u>\$ 7,174,496</u>	<u>\$ 7,495,477</u>

See notes to financial statements

National Center for Learning Disabilities, Inc.

Statements of Activities

	Year Ended					
	December 31, 2019			December 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS AND OTHER SUPPORT						
Revenue from annual fund-raising event	\$ 779,918	\$ -	\$ 779,918	\$ 2,992,279	\$ -	\$ 2,992,279
Direct costs of donor benefit	(68,585)	-	(68,585)	(175,312)	-	(175,312)
Net Revenue from Fund-Raising Event	711,333	-	711,333	2,816,967	-	2,816,967
Contributions	332,104	2,079,430	2,411,534	1,544,341	9,750,008	11,294,349
Fee for service	-	-	-	1,678,000	-	1,678,000
In-kind contributions	9,000	-	9,000	698,673	-	698,673
Investment return	38,276	-	38,276	(1,635)	-	(1,635)
Other income	22,067	-	22,067	24,124	-	24,124
Net assets released from restrictions	3,778,517	(3,778,517)	-	8,061,689	(8,061,689)	-
Total Revenue, Gains and Other Support	<u>4,891,297</u>	<u>(1,699,087)</u>	<u>3,192,210</u>	<u>14,822,159</u>	<u>1,688,319</u>	<u>16,510,478</u>
EXPENSES						
Program Services						
Public policy and advocacy	1,164,591	-	1,164,591	1,435,288	-	1,435,288
Young adult initiatives	251,312	-	251,312	565,888	-	565,888
LD resources and research	83,157	-	83,157	-	-	-
Innovation	600,911	-	600,911	-	-	-
Mobilization	226,475	-	226,475	-	-	-
School transformation *	-	-	-	302,992	-	302,992
Parent empowerment *	-	-	-	5,778,116	-	5,778,116
Educator project *	-	-	-	1,430,816	-	1,430,816
Total Program Services	<u>2,326,446</u>	<u>-</u>	<u>2,326,446</u>	<u>9,513,100</u>	<u>-</u>	<u>9,513,100</u>
Support Services						
Fund-raising and development	131,243	-	131,243	990,924	-	990,924
Management and general	443,731	-	443,731	2,641,844	-	2,641,844
Total Support Services	<u>574,974</u>	<u>-</u>	<u>574,974</u>	<u>3,632,768</u>	<u>-</u>	<u>3,632,768</u>
Total Expenses	<u>2,901,420</u>	<u>-</u>	<u>2,901,420</u>	<u>13,145,868</u>	<u>-</u>	<u>13,145,868</u>
Change in Net Assets	1,989,877	(1,699,087)	290,790	1,676,291	1,688,319	3,364,610
NET ASSETS (DEFICIT)						
Beginning of year	<u>1,347,211</u>	<u>5,423,005</u>	<u>6,770,216</u>	<u>(329,080)</u>	<u>3,734,686</u>	<u>3,405,606</u>
End of year	<u>\$ 3,337,088</u>	<u>\$ 3,723,918</u>	<u>\$ 7,061,006</u>	<u>\$ 1,347,211</u>	<u>\$ 5,423,005</u>	<u>\$ 6,770,216</u>

* Program ended as of December 31, 2018 (see Notes 1 and 8)

See notes to financial statements

National Center for Learning Disabilities, Inc.

Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services					Support Services		Total
	Public Policy and Advocacy	Young Adult Initiatives	LD Resources and Research	Innovation	Mobilization	Fund-raising and Development	Management and General	
Payroll	\$ 352,108	\$ 76,089	\$ -	\$ 321,760	\$ 103,895	\$ 830	\$ 36,827	\$ 891,509
Employee benefits	65,117	13,751	-	58,419	18,820	-	23,696	179,803
Payroll taxes	30,416	6,438	-	29,439	10,537	-	7,194	84,024
Program and evaluation	1,500	-	55,327	1,304	2,530	71,777	-	132,438
Rent	30,429	6,511	191	27,617	8,469	-	5,677	78,894
Website costs, equipment rental and repairs	11,014	4,586	9,389	10,496	3,065	-	16,882	55,432
Depreciation and amortization	2,443	716	-	3,037	931	-	624	7,751
Travel	14,598	29,642	12,056	19,498	26,700	7,365	15,346	125,205
Professional fees	596,089	73,846	-	92,715	38,108	101,899	254,434	1,157,091
Video	-	1,060	-	20,219	-	1,500	-	22,779
Recruitment fees	-	-	-	-	-	-	3,986	3,986
Telephone and internet	2,894	619	-	2,626	805	-	1,643	8,587
Dues and subscriptions	24,037	471	4,558	2,312	2,831	672	3,139	38,020
Meetings and conferences	25,106	35,693	497	4,593	4,373	67	1,944	72,273
Direct mail	159	40	236	127	105	15,463	413	16,543
Printing and publication	190	-	499	-	2,610	216	-	3,515
Insurance	7,585	1,623	-	6,749	2,111	-	1,415	19,483
Office supplies and expenses	906	227	404	-	585	39	30,024	32,185
Bank and payroll fees	-	-	-	-	-	-	40,487	40,487
	<u>1,164,591</u>	<u>251,312</u>	<u>83,157</u>	<u>600,911</u>	<u>226,475</u>	<u>199,828</u>	<u>443,731</u>	<u>2,970,005</u>
Less direct costs of donor benefits	-	-	-	-	-	(68,585)	-	(68,585)
	<u>\$ 1,164,591</u>	<u>\$ 251,312</u>	<u>\$ 83,157</u>	<u>\$ 600,911</u>	<u>\$ 226,475</u>	<u>\$ 131,243</u>	<u>\$ 443,731</u>	<u>\$ 2,901,420</u>

See notes to financial statements

National Center for Learning Disabilities, Inc.

Statement of Functional Expenses
Year Ended December 31, 2018

	Program Services					Support Services		Total
	Public Policy and Advocacy	Young Adult Initiatives	School Transformation	Parent Empowerment	Educator Project	Fund- Raising and Development	Management and General	
Payroll	\$ 733,344	\$ 278,628	\$ 140,895	\$ 4,019,688	\$ 1,065,508	\$ 236,052	\$ 231,175	\$ 6,705,290
Employee benefits	115,809	18,695	39,769	627,607	22,738	25,730	121,306	971,654
Payroll taxes	45,483	14,073	10,658	282,445	20,545	18,101	64,243	455,548
Program and evaluation	60,075	50,090	6,000	1,154	135,418	-	1,500	254,237
Rent	411	5,415	3,773	236,170	2,200	-	281,097	529,066
Website costs, equipment rental and repairs	1,242	7,000	-	126,545	-	10,872	169,858	315,517
Research	-	154,022	811	-	19,417	-	-	174,250
Depreciation and amortization	-	-	-	-	-	-	111,571	111,571
Travel	64,703	20,687	7,892	155,816	31,481	9,573	28,822	318,974
Professional fees	282,783	-	87,135	142,516	100,068	382,420	1,210,419	2,205,341
Video	-	6,178	-	3,003	1,200	547	-	10,928
Recruitment fees	-	-	-	70,755	-	68,904	16,085	155,744
Telephone and internet	1,657	-	394	28,077	-	-	23,277	53,405
Dues and subscriptions	48,031	213	764	7,960	-	15,602	17,523	90,093
Meetings and conferences	55,418	9,045	1,704	31,290	18,220	378,902	13,254	507,833
Direct mail	75	82	-	1,265	-	80	1,771	3,273
Printing and publication	23,644	1,112	2,961	1,744	13,083	16,849	4,460	63,853
Insurance	725	253	136	4,132	225	127	39,973	45,571
Office supplies and expenses	1,888	395	100	37,949	713	2,477	54,581	98,103
Bank and payroll fees	-	-	-	-	-	-	31,629	31,629
Bad debt expense	-	-	-	-	-	-	219,300	219,300
	<u>1,435,288</u>	<u>565,888</u>	<u>302,992</u>	<u>5,778,116</u>	<u>1,430,816</u>	<u>1,166,236</u>	<u>2,641,844</u>	<u>13,321,180</u>
Less direct costs of donor benefits	-	-	-	-	-	(175,312)	-	(175,312)
	<u>\$ 1,435,288</u>	<u>\$ 565,888</u>	<u>\$ 302,992</u>	<u>\$ 5,778,116</u>	<u>\$ 1,430,816</u>	<u>\$ 990,924</u>	<u>\$ 2,641,844</u>	<u>\$ 13,145,868</u>

See notes to financial statements

National Center for Learning Disabilities, Inc.

Statements of Cash Flows

	Year Ended December 31	
	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 290,790	\$ 3,364,610
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	7,751	111,571
Bad debt expense	-	219,300
Changes in assets and liabilities		
Contributions receivable	481,363	(656,261)
Prepaid expenses and other assets	(22,014)	250,728
Security deposits	900	(8,066)
Accounts payable and accrued expenses	(560,674)	412,188
Accrued vacation	(51,097)	(97,608)
Deferred revenue	-	(429,820)
Net Cash from Operating Activities	<u>147,019</u>	<u>3,166,642</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(131,895)</u>	<u>(33,037)</u>
 Net Increase in Cash	15,124	3,133,605
 CASH		
Beginning of year	<u>4,687,110</u>	<u>1,553,505</u>
End of year	<u>\$ 4,702,234</u>	<u>\$ 4,687,110</u>
 SUPPLEMENTAL CASH FLOW INFORMATION		
Non-cash Operating and Investing Activities		
Transfer of property and equipment	\$ -	\$ 103,984
Transfer of security deposits	-	74,744
Transfer of accrued vacation	-	(177,551)
Other	-	(1,177)
	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
December 31, 2019 and 2018

1. Organization and Tax Status

National Center for Learning Disabilities, Inc. (“NCLD”) is a publicly supported not-for-profit organization headquartered in Washington, D.C. NCLD was founded in 1977 and previously maintained its headquarters in New York City. The mission of NCLD is to improve the lives of the one in five children and adults nationwide with learning and attention issues – by empowering parents, transforming schools, and advocating for equal rights and opportunities. NCLD works to create a society in which every individual possesses the academic, social, and emotional skills needed to succeed in school, at work, and in life.

Public Policy and Advocacy

NCLD advocates for equal rights and opportunities for individuals with learning and attention issues by educating policymakers, agencies, members of Congress, and others at the local and national level. NCLD works to ensure that the voices of individuals with learning and attention issues are heard by those at all levels of government, and that their civil rights are protected.

Young Adult Initiatives

NCLD enables young adults with learning and attention issues to become strong and confident self-advocates. Through an online community, a Young Adult Leadership Council, and a hallmark scholarship awards program, NCLD is helping to develop resources and support that empower these young adults to thrive in post-secondary education, the workplace, and beyond.

LD Resources and Research

NCLD facilitates a 25 member Professional Advisory Board (PAB) comprised of leading educators, psychologists, researchers, physicians, and advocates. The PAB helps guide NCLD policy, research, and innovation work, and advises the team and the Board of Directors on educational needs, program opportunities, policy development, and strategic planning.

Innovation

NCLD publishes groundbreaking reports and resources to help educators, policymakers, parents, and students enhance their understanding of learning and attention issues and education policy. The goal for this research is to improve practices that support all learners. These reports and studies provide essential information and resources to the community of individuals with learning disabilities and those who serve them. Examples include *Personalized Learning: Meeting the Needs of Students with Disabilities*; *Student Voices: A Study of Young Adults with Learning and Attention Issues*; and *The State of Learning Disabilities - 3rd Edition*.

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
December 31, 2019 and 2018

1. Organization and Tax Status (*continued*)

Innovation (continued)

In 2019, NCLD released *Assessing ESSA: Missed Opportunities for Students with Disabilities*. This report provides the first national analysis of how state plans are including and serving students with disabilities under the Every Student Succeeds Act ("ESSA"). NCLD also released a report entitled *Forward Together*, which examines how general education teachers view and teach children with learning disabilities and provides recommendations to improve this practice.

Mobilization

In 2019, the NCLD public policy team worked to mobilize parents around state plans to implement the federal education law and ESSA. NCLD educates parents and equips them with a comprehensive advocacy toolkit to effect change in their state. In Iowa, Colorado, and Georgia, parent advocates hosted local gatherings, forums, and meetings with local leaders to ensure that states were held accountable for providing a quality education to all students.

Change in Focus

As of December 31 2018, certain NCLD programs had either ended or components transitioned to a new entity as follows: NCLD ended its School Transformation program due to a change in strategic direction, and in connection with the Agreements mentioned in Note 8, NCLD transferred ownership and intellectual property associated with the website, Understood.org, to a new entity. This content had previously formed the bulk of NCLD's parent empowerment and educator program work. Any remaining content from either of those programs that was not transferred under the Agreements to the new entity now exists in NCLD's Innovation program.

Tax Status

NCLD is a nonprofit publicly supported organization as defined under Section 509(a)(1) of the Internal Revenue Code (the "Code") and, as such, is exempt from federal income taxes under Section 501(c)(3) of the Code. Accordingly, no provision for federal income taxes has been made in the accompanying financial statements. NCLD is subject to taxes on unrelated business income, if any.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (*continued*)

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Adoption of New Accounting Policy

On January 1, 2019, NCLD adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"). This guidance provides a framework for evaluating whether grants and contributions should be accounted for as exchange transactions or as nonexchange transactions. Analysis of various provisions of this standard resulted in no significant changes in the way NCLD recognizes contributions, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. Adoption of this ASU had no impact on NCLD's financial statements.

Additionally, on January 1, 2019, NCLD adopted ASU 2014-09 *Revenue from Contracts with Customers*, which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. Adoption of this ASU had no impact on NCLD's financial statements.

Net Asset Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions represent resources that are not subject to donor-imposed restrictions.

Net assets with donor restrictions represent net assets subject to donor-imposed restrictions that expire by the passage of time or by actions of NCLD. When a donor's time-restriction expires or a purpose-restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the accompanying statements of activities as "net assets released from restrictions."

Concentration of Credit Risk

NCLD's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of contributions receivable, which are expected to be collected in the normal course of business, and cash. NCLD maintains cash balances in certain financial institutions which, at times, may exceed the Federal Deposit Insurance Corporation coverage and subjects NCLD to a concentration risk. NCLD manages this risk by placing its cash in high-quality financial institutions.

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
December 31, 2019 and 2018

2. Summary of Significant Accounting Policies *(continued)*

Concentration of Credit Risk (continued)

NCLD monitors this risk on a regular basis and has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk associated with such accounts.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are reported at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at their present value using a risk adjusted rate. Conditional promises to give are not included as support until conditions are substantially met. The allowance for doubtful accounts is based upon management's assessment of historical and expected net collections and in consideration of business and economic conditions.

Property and Equipment

Property and equipment are carried at cost and are depreciated using the straight-line method over the following estimated useful lives of the assets:

	<u>Years</u>
Furniture and fixtures	3 to 7
Computer equipment	3 to 5
Website development	3 to 5

Revenue Recognition

Revenue from contributions is recorded upon receipt of cash or unconditional pledges. Revenue from fund-raising events is recorded after the event takes place, and fee for service revenue is recorded after the services are provided. Amounts are considered to be available for general use unless specifically restricted by donors.

Amounts received that are designated for future periods or restricted by donors for specific purposes are reported as support with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

NCLD recognizes contributions of services if they (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services that do not meet the above criteria are not recognized.

Promotional Costs

NCLD incurs promotional costs to understand NCLD's target audiences and to reach and serve them effectively. Promotional costs are expensed as incurred and are included in program and evaluation expenses in the statements of functional expenses and amounted to approximately \$5,500 and \$2,100 for the years ended December 31, 2019 and 2018, respectively.

Functional Allocation of Expenses

NCLD allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification; these expenses include program and evaluation, website costs, equipment rental and repairs and research costs. Costs that are common to several functions are allocated among the program and supporting services based on time and effort records, square footage, and estimates made by NCLD's management; these include payroll, employee benefits, payroll taxes, professional fees, rent and meetings and conferences.

Accounting for Uncertainty in Income Taxes

NCLD recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that NCLD had no uncertain tax positions that would require financial statement recognition or disclosure. NCLD is no longer subject to examination by the applicable taxing jurisdictions for periods prior to 2016.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date the financial statements were available to be issued, which date is July 9, 2020.

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
December 31, 2019 and 2018

3. Contributions Receivable

NCLD received multi-year pledges from donors to support its fiscal operations and related programs. These pledges obligate the donors to make annual payments against their pledges in installments, which are due as follows at December 31:

	<u>2019</u>	<u>2018</u>
Within one year	\$ 1,747,126	\$2,685,260
Within two years	291,666	300,000
Within two to ten years (scholarships)	<u>270,000</u>	<u>-</u>
	2,308,792	2,985,260
Less:		
Discount on pledges greater than one year	(24,195)	-
Allowance for bad debt	<u>-</u>	<u>(219,300)</u>
	<u>\$ 2,284,597</u>	<u>\$2,765,960</u>

Approximately 63% and 73% of revenue, gains and other support were received from three and two donors for the years ended December 31, 2019 and 2018, respectively. The amount due from three and two donors was approximately \$1,510,000 and \$1,431,000 as of December 31, 2019 and 2018, respectively.

4. Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Furniture and fixtures	\$ 1,560	\$ -
Computer equipment	6,158	6,158
Website development	<u>130,335</u>	<u>-</u>
	138,053	6,158
Accumulated depreciation and amortization	<u>(8,835)</u>	<u>(1,084)</u>
	<u>\$129,218</u>	<u>\$ 5,074</u>

In connection with the exchange of certain programs and intellectual property in August 2018 (See Note 8), NCLD also transferred property and equipment with a remaining basis of approximately \$104,000.

5. Line of Credit

In October 2015, NCLD entered into a line of credit arrangement (the "arrangement") with the Poses Family Foundation (the "Foundation"), a related party of NCLD as the Foundation's chairman was also the board chair of NCLD. In 2018, the chairman resigned from NCLD's board of directors.

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
December 31, 2019 and 2018

5. Line of Credit (continued)

The arrangement allows NCLD to draw up to \$750,000 with a 0% interest rate for the first 24 months after funds are disbursed and 2% thereafter, with interest compounded monthly on the last day of each month. All outstanding amounts are payable in full no later than October 31, 2020. There were no withdrawals or repayments during the years ended December 31, 2019 and 2018.

6. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for or relate to the following purposes at December 31:

	<u>2019</u>	<u>2018</u>
Public Policy and Advocacy	\$ 1,519,304	\$ 1,590,643
Young Adult Initiatives	267,599	235,671
LD Resources and Research	69,753	-
Innovation	251,817	-
Mobilization	-	174,741
Parent Empowerment	-	2,490,740
Educator Project	-	931,210
Scholarships	292,804	-
Time Restricted	1,322,641	-
	<u>\$ 3,723,918</u>	<u>\$ 5,423,005</u>

Net assets were released from donor restrictions during the years ended December 31, 2019 and 2018, by incurring expenses satisfying the related purposes or by the occurrence of other events or expiration of time restrictions as follows:

	<u>2019</u>	<u>2018</u>
Public Policy and Advocacy	\$ 71,339	\$ 521,909
Young Adult Initiatives	77,193	516,829
LD Resources and Research	33,294	-
Mobilization	174,741	329,127
Parent Empowerment	2,490,740	5,252,090
Educator Project	931,210	1,281,867
Personalized Learning	-	70,496
School Transformation	-	71,871
Scholarships	-	17,500
	<u>\$ 3,778,517</u>	<u>\$ 8,061,689</u>

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
December 31, 2019 and 2018

7. Benefit Plans

NCLD maintains a noncontributory defined contribution retirement plan (the "Plan"), which covers substantially all employees who satisfy age and service requirements of the Plan. In accordance with the provisions of the Plan, employer contributions to the Plan are made on a discretionary basis. Total Plan contributions recognized as expense for the years ended December 31, 2019 and 2018 were \$65,740 and \$252,548, respectively. In addition, NCLD also provides a tax-deferred 403(b) plan funded solely by payroll deductions from eligible employees. NCLD does not contribute to this plan.

8. Related Party Transactions

On December 1, 2012, NCLD and the Foundation entered into a master service agreement under which NCLD provided services to foster the creation, development and management of Understood.org, on a fee for service basis. The ownership rights of Understood.org were retained by the Foundation. Although this commitment term expired in December 2017, the parties continued to operate on a month to month basis which ended December 31, 2018, with NCLD receiving additional funding of approximately \$4 million which is included in contributions with donor restrictions in the 2018 statement of activities.

In August 2018, NCLD entered into a series of agreements (the "Agreements") with the Foundation and other related organizations (the "Parties") to transition certain NCLD programs, intellectual property, other program assets and liabilities to the Foundation and/or the Parties. As the liabilities transferred were approximately equal to the assets transferred, no amounts have been reflected on the 2018 statement of activities. NCLD continued to operate the Understood.org website and undertake certain other activities as mutually agreed between the Parties on a fee for service basis during the transition period, which ended December 31, 2018. In exchange for these services, NCLD received approximately \$1.7 million from the Foundation recorded as fee for service in the 2018 statement of activities.

The Foundation contributed support of \$10,000 and \$12,453,000 in the form of contributions, fee for service and in-kind contributions during the years ended December 31, 2019 and 2018, respectively.

NCLD received revenue and other support of approximately \$681,000 and \$68,000 from its board members during the years ended December 31, 2019 and 2018, respectively. Contributions receivable from these board members totaled approximately \$420,000 and \$31,000 as of December 31, 2019 and 2018, respectively.

9. Commitments

In November 2018, NCLD entered into a membership agreement which provided office space for eight individuals at its new headquarters in Washington, D.C. The membership agreement also included office services such as internet accessibility, use of common office facilities, office equipment and utilities. The term of this membership agreement was for one year at a monthly fee of approximately \$5,400 beginning January 1, 2019. Upon its expiration, NCLD renewed the membership agreement for three individuals at a monthly fee of approximately \$2,200 through March 31, 2021.

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
December 31, 2019 and 2018

9. Commitments (*continued*)

NCLD had conducted operations and program activities in Washington, D.C. under an operating lease agreement which expired in December 2018. Under this lease arrangement, NCLD had made monthly lease payments of \$4,600.

In 2018, NCLD and Understood.org program staff occupied the ground and second floor space and conducted operations and program activities in the same building in downtown Manhattan, New York under two separate lease arrangements. The monthly lease amounts for the ground and second floor were \$13,542 and \$13,759, respectively, and payable to an unrelated third party. In connection with the afore-mentioned Agreements (See Note 8), the leases were transferred from NCLD to a new entity in August 2018.

Rent expense for the years ended December 31, 2019 and 2018 was approximately \$79,000 and \$529,000, respectively.

10. Liquidity and Availability of Financial Assets

NCLD's financial assets and resources available to meet cash needs for general expenditures within one year of the date of the statement of financial position were as follows:

	<u>2019</u>
Financial assets:	
Cash	\$ 4,702,234
Contributions receivable	<u>2,284,597</u>
Total Financial Assets	6,986,831
Less: donor restricted for time and purpose	<u>(3,723,918)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 3,262,913</u>

Management monitors its level of available financial assets to anticipate cash requirements for general expenditures as obligations come due. NCLD also has a \$750,000 line of credit which it can draw upon in the event of a liquidity need. There is no balance outstanding on this line of credit as of December 31, 2019.

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
December 31, 2019 and 2018

11. Contingencies

The Coronavirus disease (“COVID-19”) pandemic has had and may continue to have an adverse effect on the results of operations. Given the uncertainty around the extent and timing of the potential future spread or mitigation of COVID-19 and around the imposition or relaxation of protective measures, management cannot reasonably estimate the impact to future results of operations, cash flows, or financial condition.

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