

NATIONAL CENTER FOR LEARNING DISABILITIES, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

December 31, 2022

(With Summarized Comparative Information for the Year Ended December 31, 2021)

NATIONAL CENTER FOR LEARNING DISABILITIES, INC.

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December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
National Center for Learning Disabilities, Inc.

Opinion

We have audited the accompanying financial statements of National Center for Learning Disabilities, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Adoption of New Accounting Standards

As disclosed in Note 2 to the financial statements, National Center for Learning Disabilities, Inc. adopted Financial Accounting Standards Board Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 17, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



HAN GROUP LLC
Washington, DC
August 8, 2023

NATIONAL CENTER FOR LEARNING DISABILITIES, INC.

Statement of Financial Position

December 31, 2022

(With Summarized Comparative Information for 2021)

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 8,543,635	\$ 8,013,494
Contributions receivable, net	2,239,456	2,235,382
Prepaid expenses and other assets	71,682	46,587
Security deposit	3,500	3,500
Property and equipment, net	<u>4,737</u>	<u>50,185</u>
Total assets	<u>\$ 10,863,010</u>	<u>\$ 10,349,148</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 178,792	\$ 68,554
Accrued leave	-	23,373
Paycheck Protection Program forgivable loan payable	<u>-</u>	<u>215,662</u>
Total liabilities	<u>178,792</u>	<u>307,589</u>
Net Assets		
Without donor restrictions	7,969,041	7,082,379
With donor restrictions	<u>2,715,177</u>	<u>2,959,180</u>
Total net assets	<u>10,684,218</u>	<u>10,041,559</u>
Total liabilities and net assets	<u>\$ 10,863,010</u>	<u>\$ 10,349,148</u>

See accompanying notes.

NATIONAL CENTER FOR LEARNING DISABILITIES, INC.

Statement of Activities

Year Ended December 31, 2022

(With Summarized Comparative Information for 2021)

	2022		2021	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and Support				
Contributions	\$ 364,552	\$ 2,326,157	\$ 2,690,709	\$ 2,309,100
Special fundraising event:				
Special fundraising event revenue	538,728	-	538,728	501,459
Less: Direct costs of donor benefit	(145,925)	-	(145,925)	(133,029)
Net special events revenue	392,803	-	392,803	368,430
Interest and other income	81,084	-	81,084	-
Contributions of nonfinancial assets	19,500	-	19,500	18,455
Forgiveness of debt	217,746	-	217,746	-
Net assets released from restrictions:				
Expiration of time restrictions	1,941,668	(1,941,668)	-	-
Satisfaction of purpose restrictions	628,492	(628,492)	-	-
Total revenue and support	3,645,845	(244,003)	3,401,842	2,695,985
Expenses				
Program services:				
Public policy and advocacy	574,542	-	574,542	897,036
Leadership	570,533	-	570,533	-
LD resources and research	412,173	-	412,173	230,963
Young adult initiatives	-	-	-	633,874
Innovation	-	-	-	56,374
Total program services	1,557,248	-	1,557,248	1,818,247
Supporting services				
Management and general	558,127	-	558,127	806,049
Fundraising and development	346,212	-	346,212	274,324
Communications	297,596	-	297,596	-
Total supporting services	1,201,935	-	1,201,935	1,080,373
Total expenses	2,759,183	-	2,759,183	2,898,620
Change in Net Assets	886,662	(244,003)	642,659	(202,635)
Net Assets , beginning of year	7,082,379	2,959,180	10,041,559	10,244,194
Net Assets , end of year	\$ 7,969,041	\$ 2,715,177	\$ 10,684,218	\$ 10,041,559

See accompanying notes.

NATIONAL CENTER FOR LEARNING DISABILITIES, INC.

Statement of Functional Expenses

Year Ended December 31, 2022

(With Summarized Comparative Information for 2021)

	2022								2021	
	Program Services				Supporting Services				Total	Total
	Public Policy and Advocacy	Leadership	LD Resources and Research	Total Program Services	Management and General	Fundraising and Development	Communi-cations	Total Supporting Services		
Salaries and related expenses	\$ 343,646	\$ 243,410	\$ 242,471	\$ 829,527	\$ 263,586	\$ 120,003	\$ 177,677	\$ 561,266	\$ 1,390,793	\$ 1,433,929
Professional fees	151,538	178,069	120,947	450,554	106,424	183,679	92,685	382,788	833,342	1,065,102
Program and evaluation	413	45,310	539	46,262	291	156,878	243	157,412	203,674	126,787
Recruitment fees	-	105	540	645	98,840	-	431	99,271	99,916	8,939
Travel	2,466	46,017	3,190	51,673	19,951	6,425	5,593	31,969	83,642	4,545
Dues and subscriptions	41,480	7,627	13,339	62,446	4,845	8,613	7,375	20,833	83,279	72,929
Website costs, equipment rental, and repairs	19,251	20,986	6,752	46,989	2,411	3,506	3,850	9,767	56,756	45,422
Depreciation and amortization	8,158	7,118	10,649	25,925	7,714	7,009	4,801	19,524	45,449	51,641
Bank and payroll fees	-	-	-	-	42,214	-	-	42,214	42,214	33,556
Meeting and conferences	3,345	16,747	6,907	26,999	3,552	1,430	1,070	6,052	33,051	148,416
Insurance	2,212	1,930	2,888	7,030	2,091	1,901	1,302	5,294	12,324	17,393
Office supplies and expenses	26	187	1,493	1,706	5,530	1,043	547	7,120	8,826	8,911
Printing and publication	1,141	1,630	1,350	4,121	-	835	1,488	2,323	6,444	126
Direct mail	431	690	540	1,661	269	441	278	988	2,649	4,328
Rent	435	379	568	1,382	409	374	256	1,039	2,421	2,387
Video	-	328	-	328	-	-	-	-	328	7,000
Telephone and internet	-	-	-	-	-	-	-	-	-	238
Total Expenses	574,542	570,533	412,173	1,557,248	558,127	492,137	297,596	1,347,860	2,905,108	3,031,649
Less: direct costs of donor benefits	-	-	-	-	-	(145,925)	-	(145,925)	(145,925)	(133,029)
Total Functional Expenses on the Statement of Activities	\$ 574,542	\$ 570,533	\$ 412,173	\$ 1,557,248	\$ 558,127	\$ 346,212	\$ 297,596	\$ 1,201,935	\$ 2,759,183	\$ 2,898,620

See accompanying notes.

NATIONAL CENTER FOR LEARNING DISABILITIES, INC.

Statement of Cash Flows

Year Ended December 31, 2022

(With Summarized Comparative Information for 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 642,659	\$ (202,635)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in present value of contributions receivable	36,204	2,949
Depreciation and amortization	45,448	51,641
Forgiveness of debt	(215,662)	-
Change in operating assets and liabilities:		
Contributions receivable	(40,278)	1,053,899
Prepaid expenses and other assets	(25,095)	18,127
Accounts payable and accrued expenses	110,238	(150,171)
Accrued leave	(23,373)	(15,239)
Net cash provided by operating activities	<u>530,141</u>	<u>758,571</u>
Cash Flows from Financing Activities		
Borrowing on Paycheck Protection Program forgivable loan	<u>-</u>	<u>215,662</u>
Net cash provided by financing activities	<u>-</u>	<u>215,662</u>
Net Increase in Cash	530,141	974,233
Cash, beginning of year	<u>8,013,494</u>	<u>7,039,260</u>
Cash, end of year	<u>\$ 8,543,635</u>	<u>\$ 8,013,493</u>

See accompanying notes.

NATIONAL CENTER FOR LEARNING DISABILITIES, INC.

Notes to Financial Statements

December 31, 2022

1. Nature of Operations

National Center for Learning Disabilities, Inc. (the Organization) is a publicly supported not-for-profit organization headquartered in Washington, D.C. The Organization was found in 1977 and previously maintained its headquarters in New York City. The mission of the Organization 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. The Organization 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

The Organization 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. The Organization 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.

Leadership

The Organization 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, the Organization 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

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

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

NATIONAL CENTER FOR LEARNING DISABILITIES, INC.

Notes to Financial Statements

December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Standards

Effective January 1, 2022, the Organization adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires that an organization present contributions of nonfinancial assets as a separate line item apart from contributions of cash or other financial assets on the statement of activities. Additionally, the categories of recognized contributed nonfinancial assets, how the services were utilized and the valuation techniques and inputs used to arrive at a fair value measure are disclosed. The Organization adopted ASU 2020-07 on a retrospective basis. Contributions of nonfinancial assets are presented as a separate line item on the statement activities in accordance with the standards. Certain enhanced disclosures of contributed nonfinancial assets are not included in the notes to the financial statements due to immateriality.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits, money market accounts and all highly liquid investments with initial maturities of three months or less.

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 collections and in consideration of business and economic conditions.

Property and Equipment

Property and equipment over \$1,500 with a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful life of the related assets. Direct costs incurred during the application stage of the development of the Organization's website are capitalized and amortized over an estimated useful life. Expenditures for minor and routine repairs and maintenance are expensed as incurred. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in revenue or expenses.

Classification of Net Assets

- *Net Assets Without Donor Restrictions* represent funds that are not subject to donor-imposed stipulations and are available for support of the Organization's general operations.
- *Net Assets With Donor Restrictions* represent funds that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization did not have any donor-imposed restrictions which are perpetual in nature at December 31, 2022.

NATIONAL CENTER FOR LEARNING DISABILITIES, INC.

Notes to Financial Statements

December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts reported on the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition

Contributions

Unconditional contributions without conditions are recognized upon notification of the award and are reported as support with donor restrictions if they are received with donor stipulations that limit the use of donated assets. Contributions with donor-imposed restrictions are reclassified to net assets without donor restrictions when those restrictions are met, only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and for the expiration of donor-imposed time restrictions. These reclassifications are reported on the accompanying statement of activities as net assets released from restrictions.

Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are recognized as revenue once the conditions on which they depend have been met. Amounts received in advance of the conditions being met are recorded as refundable advances. There were no unrecognized conditional awards at December 31, 2022.

Special Fundraising Event Revenue

The Organization recognizes special fundraising event revenue at the point in time when the goods and services are delivered. Special fundraising event revenue is shown net of related direct costs of donor benefit on the accompanying statement of activities. Amounts received in advance of events are recorded in deferred revenue. There were no deferred revenue for future events at December 31, 2022.

Paycheck Protection Program Conditional Contribution

The Organization received its second draw of the Small Business Administration, Paycheck Protection Program (PPP) forgivable loan in January 2021. The loan carried an interest rate of 1% per annum, had a two-year repayment period and was unsecured. In addition, there was a deferral of the repayment of the loan for up to ten months after the end of each covered period.

The Organization's policy is to account for the PPP loan as debt. In March 2022, the full amount of the PPP loan was forgiven under the provisions of the Coronavirus Aid, Relief, and Economic Security Act. Accordingly, the total amount forgiven on the loan of \$217,746 is presented as forgiveness of debt on the accompanying statement of activities.

NATIONAL CENTER FOR LEARNING DISABILITIES, INC.

Notes to Financial Statements

December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Contributions of Nonfinancial Assets

Contributions of nonfinancial assets are recognized as revenue and expenses on the accompanying statement of activities at their estimated fair value at the date of receipt. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis on the accompanying statement of activities. The statement of functional expenses presents expenses by function and natural classification. The Organization incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Organization also conducts a number of activities which benefit both its program objectives as well as supporting services. These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited based on the time and effort records, square footage, and estimates made by the Organization's management. Expenses allocated include salaries and related expenses, professional services, dues and subscriptions, website costs, equipment, depreciation and amortization, meetings and conferences, insurance, direct mail and rent.

Summarized Comparative Information

The accompanying financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021 from which the summarized information was derived.

3. Concentrations

The Organization maintains demand deposits with financial institutions that may, from time to time, exceed the Federal Deposit Insurance Corporation (FDIC) limits. The Organization has not experienced any losses to date as it relates to FDIC insurance limits, monitors the credit worthiness of these institutions, and believes that the risk of any loss is minimal.

At December 31, 2022, the Organization had 88% of contributions receivable due from five donors. In addition, revenue and support from two sources composed 64% of total revenue and support during the year ended December 31, 2022.

NATIONAL CENTER FOR LEARNING DISABILITIES, INC.

Notes to Financial Statements

December 31, 2022

4. Contributions Receivable

Contributions receivable represent amounts due from the Organization's various contributors. It is comprised of unconditional promises to give and are receivable as follows at December 31, 2022:

Receivable in one year	\$	1,690,750
Receivable in one to five years		<u>596,666</u>
Total contributions receivable		2,287,416
Less: present value discount		<u>(47,960)</u>
Total contributions receivable, net	\$	<u><u>2,239,456</u></u>

The multi-year contributions are discounted to their present value with discount rates ranging from 0.39% to 4.20% over the period of the contribution using an estimate of expected cash flows. The Organization has not recorded an allowance for uncollectible accounts, as management believes all amounts are fully collectible.

5. Property and Equipment

The Organization held the following property and equipment at December 31, 2022:

Website	\$	150,635
Furniture and equipment		<u>1,561</u>
		152,196
Less: accumulated depreciation and amortization		<u>(147,459)</u>
Property and equipment, net	\$	<u><u>4,737</u></u>

6. Liquidity and Availability of Resources

The Organization'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:

Financial Assets:		
Cash and cash equivalents	\$	8,543,635
Contributions receivable, net		<u>2,239,456</u>
Total financial assets		10,783,091
Less those unavailable for general expenditures within one year due to:		
Donor-imposed restrictions on the financial assets		<u>(2,715,177)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>8,067,914</u></u>

NATIONAL CENTER FOR LEARNING DISABILITIES, INC.

Notes to Financial Statements

December 31, 2022

6. Liquidity and Availability of Resources (continued)

The Organization's policy is to structure its financial assets to become available as general expenditures, liabilities and other obligations become due, operating within a prudent range of financial soundness and stability while maintaining and monitoring reserves to provide reasonable assurance that long-term program goals with donor restrictions will continue to be met.

7. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following at December 31, 2022:

Subject to passage of time	\$ 1,371,577
Subject of expenditures for specific purposes:	
Public Policy and Advocacy	528,754
Scholarships	367,009
Young Adult Initiatives	279,898
LD Resources and Research	<u>167,939</u>
Total net assets with donor restrictions	<u>\$ 2,715,177</u>

During the year ended December 31, 2022, releases from net assets with donor restrictions were for the following:

Expiration of time restrictions:	\$ 1,941,668
Satisfaction of purpose restrictions:	
Public policy and advocacy	338,335
Young Adult Initiative	146,973
LD resources and research	88,184
Scholarships	<u>55,000</u>
Total net assets released from donor restrictions	<u>\$ 2,570,160</u>

8. Retirement Plan

The Organization 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 contribution to the Plan recognized as expense for the year ended December 31, 2022 was \$54,583. In addition, the Organization also provided a tax-deferred 403(b) plan funded solely by payroll deductions from eligible employees. The Organization does not contribute to this plan.

NATIONAL CENTER FOR LEARNING DISABILITIES, INC.

Notes to Financial Statements

December 31, 2022

9. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, the Organization is a nonprofit organization and is exempt from federal taxes on income other than net unrelated business income. No provision for federal or state income taxes is required for the year ended December 31, 2022, as the Organization had no taxable net unrelated business income.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in Accounting Standards Codification Topic 740-10, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized on an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expenses.

The Organization performed an evaluation of uncertain tax positions for the year ended December 31, 2022 and determined that there were no matters that would require recognition on the financial statements or that may have any effect on its tax-exempt status. The statute of limitations generally remains open for three tax years with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns.

10. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 8, 2023, the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, the financial statements.