

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

Financial Statements

June 30, 2015 and 2014



Independent Auditors' Report

**Board of Directors
National Center for Learning Disabilities, Inc.
New York, New York**

We have audited the accompanying financial statements of National Center for Learning Disabilities, Inc. ("NCLD") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, 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 June 30, 2015 and 2014, 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

April 12, 2016

PKF O'CONNOR DAVIES, LLP
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National Center for Learning Disabilities, Inc.

Statements of Financial Position

	June 30	
	2015	2014
ASSETS		
Cash	\$ 471,288	\$ 1,640,834
Contributions receivable (notes 3 and 8)	526,629	1,365,614
Prepaid expenses and other assets	162,374	141,817
Investments, at fair value	-	70,920
Security deposits	79,144	16,810
Property and equipment, net (note 4)	685,874	284,196
Total Assets	\$ 1,925,309	\$ 3,520,191
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 344,110	\$ 747,418
Accrued vacation	248,914	168,073
Deferred revenue	946	281,966
Deferred rent	62,375	86,772
Total Liabilities	656,345	1,284,229
 Net Assets		
Unrestricted	493,592	890,788
Temporarily restricted (note 5)	775,372	1,345,174
Total Net Assets	1,268,964	2,235,962
Total Liabilities and Net Assets	\$ 1,925,309	\$ 3,520,191

See notes to financial statements

National Center for Learning Disabilities, Inc.

Statements of Activities

	Year Ended June 30					
	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE, GAINS AND OTHER SUPPORT						
Revenue from annual fund-raising event	\$ 2,407,875	\$ -	\$ 2,407,875	\$ 2,521,527	\$ -	\$ 2,521,527
Direct costs of annual fund-raising event	(155,027)	-	(155,027)	(157,460)	-	(157,460)
Net Support from Fund-Raising Event	2,252,848	-	2,252,848	2,364,067	-	2,364,067
Contributions	545,353	3,088,639	3,633,992	579,040	2,047,644	2,626,684
Fee for service	1,387,618	-	1,387,618	5,467,222	-	5,467,222
Rent income	183,740	-	183,740	-	-	-
In-kind contributions	396,863	-	396,863	69,000	-	69,000
Investment income	5,679	-	5,679	15,531	-	15,531
Net assets released from restrictions (note 5)	3,658,441	(3,658,441)	-	2,391,360	(2,391,360)	-
Total Revenue, Gains and Other Support	<u>8,430,542</u>	<u>(569,802)</u>	<u>7,860,740</u>	<u>10,886,220</u>	<u>(343,716)</u>	<u>10,542,504</u>
Expenses						
Program Services						
School transformation	436,547	-	436,547	1,153,123	-	1,153,123
Parent empowerment	5,328,391	-	5,328,391	8,388,809	-	8,388,809
Public policy	963,102	-	963,102	562,712	-	562,712
Young adult	564,361	-	564,361	571,137	-	571,137
Total Program Services	<u>7,292,401</u>	<u>-</u>	<u>7,292,401</u>	<u>10,675,781</u>	<u>-</u>	<u>10,675,781</u>
Support Services						
Management and general	667,993	-	667,993	312,235	-	312,235
Fund-raising and development	867,344	-	867,344	444,824	-	444,824
Total Support Services	<u>1,535,337</u>	<u>-</u>	<u>1,535,337</u>	<u>757,059</u>	<u>-</u>	<u>757,059</u>
Total Expenses	<u>8,827,738</u>	<u>-</u>	<u>8,827,738</u>	<u>11,432,840</u>	<u>-</u>	<u>11,432,840</u>
Change in Net Assets	(397,196)	(569,802)	(966,998)	(546,620)	(343,716)	(890,336)
Net Assets						
Beginning of year	<u>890,788</u>	<u>1,345,174</u>	<u>2,235,962</u>	<u>1,437,408</u>	<u>1,688,890</u>	<u>3,126,298</u>
End of year	<u>\$ 493,592</u>	<u>\$ 775,372</u>	<u>\$ 1,268,964</u>	<u>\$ 890,788</u>	<u>\$ 1,345,174</u>	<u>\$ 2,235,962</u>

See notes to financial statements

National Center for Learning Disabilities, Inc.

Statement of Functional Expenses
Year Ended June 30, 2015

	Program Services				Support Services		Total
	School Transformation	Parent Empowerment	Public Policy	Young Adult	Management and General	Fund-Raising and Development	
Payroll	\$ 86,633	\$ 1,979,872	\$ 497,610	\$ 238,553	\$ 120,583	\$ 346,439	\$ 3,269,690
Website costs, equipment rental and repairs	5,911	1,491,260	9,754	4,676	2,364	6,791	1,520,756
Program and evaluation	207,579	506,178	106,374	215,264	-	205	1,035,600
Rent (note 7)	7,546	409,746	111,368	30,289	14,974	44,557	618,480
Professional fees	-	-	60	220	279,762	284,348	564,390
Employee benefits	12,570	285,220	70,667	33,878	36,429	49,199	487,963
Payroll taxes	6,790	151,702	38,171	18,299	9,218	26,575	250,755
Depreciation and amortization	1,559	218,305	8,786	4,208	2,127	6,112	241,097
Travel	35,642	56,922	46,710	1,480	24,395	8,436	173,585
Dues and subscriptions	15,767	46,284	28,715	2,536	8,619	29,347	131,268
Recruitment fees	-	808	-	-	126,560	-	127,368
Meetings and conferences	44,482	21,978	5,792	827	4,875	329	78,283
Office supplies and expenses	4,590	51,512	11,444	2,082	3,677	3,687	76,992
Printing and publication	99	39,906	4,017	18	1,004	30,764	75,808
Telephone and internet	3,084	35,794	15,193	1,911	1,760	3,261	61,003
Insurance	862	19,250	4,844	2,322	1,174	3,372	31,824
Direct mail	247	1,185	536	629	1,755	21,991	26,343
Bank and payroll fees	464	10,356	2,606	1,249	831	1,814	17,320
Bad debt expense	-	-	-	-	14,492	-	14,492
Miscellaneous	422	2,113	455	80	10,194	117	13,381
Video	2,300	-	-	5,840	3,200	-	11,340
	<u>\$ 436,547</u>	<u>\$ 5,328,391</u>	<u>\$ 963,102</u>	<u>\$ 564,361</u>	<u>\$ 667,993</u>	<u>\$ 867,344</u>	<u>\$ 8,827,738</u>

See notes to financial statements

National Center for Learning Disabilities, Inc.

Statement of Functional Expenses
Year Ended June 30, 2014

	Program Services				Support Services		Total
	School Transformation	Parent Empowerment	Public Policy	Young Adult	Management and General	Fund-Raising and Development	
Payroll	\$ 434,448	\$ 1,144,476	\$ 239,829	\$ 198,618	\$ 133,392	\$ 232,821	\$ 2,383,584
Website costs, equipment rental and repairs	22,213	2,673,992	6,641	5,499	3,693	6,446	2,718,484
Program and evaluation	321,769	3,814,887	159,165	259,924	-	-	4,555,745
Rent (note 7)	70,538	189,223	43,189	20,713	13,911	24,280	361,854
Professional fees	-	-	-	-	48,335	43,056	91,391
Employee benefits	64,274	169,319	35,481	29,420	26,054	34,341	358,889
Payroll taxes	33,032	87,016	18,235	15,101	10,142	17,702	181,228
Depreciation and amortization	17,250	22,847	3,947	3,269	2,195	3,832	53,340
Travel	121,254	22,415	25,402	10,649	37,176	1,482	218,378
Dues and subscriptions	5,081	12,795	7,552	1,310	7,922	6,494	41,154
Recruitment fees	-	-	25	-	10,928	-	10,953
Meetings and conferences	21,073	2,583	1,841	193	7,490	-	33,180
Office supplies and expenses	9,341	18,563	5,828	1,868	2,474	5,924	43,998
Printing and publication	7,223	61,683	1,942	394	1,051	20,892	93,185
Telephone and internet	15,034	20,422	7,970	3,395	2,320	4,322	53,463
Insurance	5,122	13,493	2,827	2,383	1,651	2,625	28,101
Direct mail	-	-	-	-	-	37,910	37,910
Bank and payroll fees	4,853	12,784	2,679	2,219	1,911	2,601	27,047
Bad debt expense	-	-	-	-	-	-	-
Miscellaneous	618	472	159	82	1,590	96	3,017
Video	-	121,839	-	16,100	-	-	137,939
	<u>\$ 1,153,123</u>	<u>\$ 8,388,809</u>	<u>\$ 562,712</u>	<u>\$ 571,137</u>	<u>\$ 312,235</u>	<u>\$ 444,824</u>	<u>\$ 11,432,840</u>

See notes to financial statements

National Center for Learning Disabilities, Inc.

Statements of Cash Flows

	Year Ended June 30	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (966,998)	\$ (890,336)
Adjustments to reconcile change in net assets to net cash from operating activities		
Donated property	(183,321)	-
Depreciation and amortization	241,097	53,340
Bad debt expense	14,492	-
Write off of website development costs	-	88,000
Net appreciation of investments	(5,145)	(12,876)
Deferred rent	(24,397)	(17,664)
Changes in assets and liabilities		
Contributions receivable	824,493	(127,453)
Prepaid expenses and other assets	(20,557)	(49,383)
Security deposits	(62,334)	(6,185)
Accounts payable and accrued expenses	(403,308)	495,806
Accrued vacation	80,841	40,082
Deferred revenue	(281,020)	259,466
Net Cash from Operating Activities	(786,157)	(167,203)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(459,454)	(254,951)
Purchase of investments	-	(1,250)
Proceeds from sale of investments	76,065	-
Net Cash from Investing Activities	(383,389)	(256,201)
Net Decrease in Cash	(1,169,546)	(423,404)
CASH		
Cash at beginning of year	1,640,834	2,064,238
Cash at end of year	\$ 471,288	\$ 1,640,834

See notes to financial statements

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
June 30, 2015 and 2014

1. Organization and Tax Status

National Center for Learning Disabilities, Inc. (“NCLD”) is a publicly supported not-for-profit organization headquartered in New York City. Beginning in 1977, NCLD has been led by passionate and devoted parents committed to improving the lives of all individuals with learning and attention issues. To fulfill its mission, NCLD is structured around four strategic priorities: empowering parents, transforming students in schools, advocating for equal rights and opportunities, and enabling young adults to become strong self-advocates.

NCLD empowers parents by providing essential information and resources through its website LD.org, which reaches approximately 800,000 parents each month with a variety of content to support parents on their journey forward through the following means: messages of encouragement, tips, e-books, conversation starters, webinars, and sharing personal stories and blogs.

NCLD “transforms” students in schools by assisting with their being college and career ready. This initiative focuses on improving outcomes for all students including students with learning and attention issues. It provides professional development to educators through the following websites: RTINetwork.org and the GetReadytoRead.org, via online training modules and mentoring for principals through the Leadership in Action program. Through strategic consulting services, leaders at the state, district and school level receive advice and professional development on systems changes, implementing evidence-based teaching tools, Common Core, LD identification, and other issues critical to transforming students in schools utilizing supportive learning environments.

NCLD advocates for equal rights and opportunities by educating policymakers, agencies, members of the White House, and others to ensure that the voices of individuals with learning and attention issues are heard by those at all levels of government, and that the civil rights of students and adults are protected.

NCLD also enables young adults to become strong and confident self-advocates. This work will be guided by a first-of-its kind research study to understand this group of complex individuals.

During fiscal 2014, NCLD and The Poses Family Foundation (the “Foundation”), embarked on a national education and community outreach program to promote awareness of learning and attention issues and to provide support tools and other resources to parents of children with learning and attention issues (the “Program”).

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
June 30, 2015 and 2014

1. Organization and Tax Status (*continued*)

The Foundation is a related party of NCLD as the Foundation's chairman is also the board chairman of NCLD. The Foundation contributed the following approximate revenue and support during the years ended June 30, 2015 and 2014 as follows:

	<u>2015</u>	<u>2014</u>
Fee for service	\$ 1,321,000	\$ 5,243,000
Contributions	3,020,000	1,600,000
Annual fund-raising event	1,220,000	816,000
In-kind contributions	<u>397,000</u>	<u>69,000</u>
	<u>\$ 5,958,000</u>	<u>\$ 7,728,000</u>

The above support is included in the respective caption in the statement of activities.

Essential to the Program is the creation, maintenance and operation of a website (the "Website"), the ownership rights which are retained by the Foundation, in order to achieve and deliver certain aspects of the Program to the public.

In order to foster the creation, development and management of the Website, NCLD and the Foundation entered into a master service agreement (the "Service Agreement") dated December 1, 2012 (the "effective date"), pursuant to which NCLD will furnish such services (fee for service) to the Foundation.

On August 1, 2014, NCLD and the Foundation entered into a three-year commitment for NCLD to operate and manage the Program (which includes the website Understood.org) for the period August 1, 2014 - June 30, 2017. Under this commitment, the Foundation provided funding of \$2,665,521 through June 30, 2015. Subsequent to June 30, 2015, NCLD received additional commitments of \$5,130,088 in aggregate to cover expenses of the Program, of which \$2,324,623 has been paid.

To support the Program, a Quitclaim and License Agreement was also executed on August 1, 2014 by and among NCLD, the Foundation and a wholly owned subsidiary of the Foundation.

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
June 30, 2015 and 2014

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.

Net Assets 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:

Unrestricted net assets represent resources that are not subject to donor-imposed restrictions.

Temporarily restricted net assets represent net assets subject to donor-imposed restrictions that expire by the passage of time, or restrictions by the donor for specific purposes.

Permanently restricted net assets represent net assets restricted by donors to be maintained by NCLD in perpetuity. There were no permanently restricted net assets as of June 30, 2015 and 2014.

Concentration of Credit Risk

NCLD maintains cash balances in certain financial institutions which, at times, may exceed federally insured limits and potentially subjects NCLD to a concentration of credit risk. NCLD manages this risk by placing its cash in high-quality financial institutions. NCLD has not experienced any losses in 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 amount of allowance for doubtful accounts is based upon management's assessment of historical and expected net collections and over business and economic conditions.

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
June 30, 2015 and 2014

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

Fair Value Measurements

NCLD follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investments as of June 30, 2014 consisted of one mutual fund and was carried at fair value. This investment was valued using level 1 inputs.

Investment Income Recognition

Dividends are recorded on the ex-dividend date, and interest is recorded when earned. Purchases and sales are accounted for on a trade date basis. Net realized gains or losses on sales of investments are determined on the basis of average cost. Unrealized gains and losses are included in the determination of the change in net assets.

Property and Equipment

Property and equipment is carried at cost and are primarily comprised of office furniture and fixtures, computer and telephone equipment, leasehold improvements and software development costs. NCLD capitalizes all expenditures for property and equipment in excess of \$500. Property and equipment are depreciated using the straight-line method over the following estimated useful lives of the assets:

	<u>Years</u>
Furniture and fixtures	3 to 5
Computer equipment	3 to 5
Telephone equipment	5
Website development costs	12
Leasehold improvements	*

* Lesser of the useful life or term of the lease

Gifts of long-lived assets received without stipulations as to how long the donated asset must be used are reported as support with an implied restriction that expires over the useful life of the donated asset.

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
June 30, 2015 and 2014

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenue from contributions and NCLD's fund-raising events are recorded upon receipt of cash or unconditional pledges, and are considered to be available for unrestricted use unless specifically restricted by donors. Amounts received that are designated for future periods or restricted by donors for specific purposes are reported as temporarily restricted support that increases this net asset class. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

In connection with the Service Arrangement with the Foundation to create, maintain and operate the Understood.Org website owned by the Foundation, fee for service revenue is recognized as revenue as services are provided. Amounts billed and collected before such services are provided are reflected in the statement of financial position as deferred revenue.

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 and promises to give services that do not meet the above criteria are not recognized. There was approximately \$397,000 and \$69,000 of contributed goods and services (inclusive of approximately \$183,000 of leasehold improvements in 2015) paid by the Foundation on behalf of NCLD for the years ended June 30, 2015 and 2014, respectively.

Promotion Costs

NCLD charges promotional costs to expense as incurred, and are for the purposes of understanding NCLD's target audiences and to reach and serve them effectively. Promotion costs are included in program and evaluation in the statement of functional expenses and amounted to approximately \$123,000 and \$517,000 for the years ended June 30, 2015 and 2014, respectively.

Functional 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 and support services are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated to each based on the estimated time spent on each function.

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 2012.

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
June 30, 2015 and 2014

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

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 April 12, 2016.

3. Contributions Receivable

NCLD received multi-year pledges from two donors to support its fiscal operations and related programs. These pledges obligate the donors to make annual payments against these pledges in installments which are due as follows at June 30:

	<u>2015</u>	<u>2014</u>
Within one year	\$ 526,629	\$ 1,031,095
Within two years	-	334,519
	<u>\$ 526,629</u>	<u>\$ 1,365,614</u>

In 2015, approximately 53% of revenue, gains and other support was received from one contributor. In 2014, approximately 95% of revenue, gains and other support was received from two contributors. The amount due from these contributors was \$-0- and approximately \$1,008,000 as of June 30, 2015 and 2014, respectively.

4. Property and Equipment

Property and equipment consists of the following as of June 30:

	<u>2015</u>	<u>2014</u>
Furniture and fixtures	\$ 156,948	\$ 56,626
Computer equipment	286,148	233,012
Leasehold improvements (381 Park Avenue South)	235,359	137,907
Leasehold improvements (32 Laight Street)	597,994	206,128
Telephone equipment	302,991	302,991
Website development costs	116,431	116,431
	<u>1,695,871</u>	<u>1,053,095</u>
Less accumulated depreciation and amortization	<u>1,009,997</u>	<u>768,899</u>
	<u>\$ 685,874</u>	<u>\$ 284,196</u>

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
June 30, 2015 and 2014

5. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for or relate to the following purposes at June 30:

	<u>2015</u>	<u>2014</u>
School Transformation	\$ 272,762	\$ 510,884
Parent Empowerment	55,239	548,763
Personalized Learning	67,195	-
Understood.org	324,114	-
Scholarships	30,000	30,000
Young Adult Initiative	14,609	244,074
LD.org	6,453	6,453
Step Forward	5,000	5,000
	<u>\$ 775,372</u>	<u>\$ 1,345,174</u>

Net assets were released from donor restrictions during the years ended June 30, 2015 and 2014, by incurring expenses satisfying the related purposes or by the occurrence of other events or expiration of time restrictions as follows:

	<u>2015</u>	<u>2014</u>
Understood.org	\$ 2,907,641	\$ 175,500
Parent Empowerment	159,094	1,563,340
School Transformation	238,121	11,203
Young Adult Initiative	229,465	216,834
Understood Public Policy	67,000	-
Personalized Learning	57,120	-
Time restricted	-	333,334
LD.org	-	38,547
The Bully Project	-	22,500
Scholarships	-	15,000
Depreciation	-	10,102
Rozelle Award Program	-	5,000
	<u>\$ 3,658,441</u>	<u>\$ 2,391,360</u>

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
June 30, 2015 and 2014

6. 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 June 30, 2015 and 2014 were \$114,220 and \$98,041, 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.

7. Commitments

NCLD conducted its operations/program activities at its offices located in midtown Manhattan, New York under an operating lease agreement with a term scheduled to end on April 30, 2017. This lease is subject to customary escalation clauses for real estate taxes, electricity usage and building operating expenses.

NCLD also conducted operations/program activities in Washington, D.C. under an operating lease agreement which began on March 1, 2014 and has a term expected to end on November 30, 2018.

Approximate future annual minimum lease commitments under the afore-mentioned leases are as follows for years ending June 30:

2016	\$ 287,000
2017	255,000
2018	54,000
2019	<u>23,000</u>
	<u>\$ 619,000</u>

In January 2014 NCLD relocated certain staff to a location in downtown Manhattan, New York. For 2014 the Foundation contributed approximately \$69,000 in rent on behalf of NCLD for these premises. This in-kind rent is reflected as revenue and expense in the accompanying statement of activities. Deferred rent payable of \$62,375 and \$86,772 at June 30, 2015 and 2014, respectively, is the difference between the cumulative amounts recorded for rent expense on a straight-line basis over the term of the leases, as compared to the cumulative required amounts under the leases as of June 30, 2015 and 2014. Rent expense for the years ended June 30, 2015 and 2014 was approximately \$618,000 and \$362,000, respectively.

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
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7. Commitments (*continued*)

The arrangements between NCLD and the Foundation include the availability of these premises during the term of this lease to enable NCLD to oversee the management and operations of the Understood.Org US LLC Program from a strategic location. During fiscal year ended June 30, 2015, NCLD moved its entire operations from its midtown offices to the downtown location.

In September 2014, NCLD entered into a lease agreement with an unrelated third party to rent the second floor of the downtown Manhattan, New York location for a term of 18 months, beginning September 1, 2014 and ending February 28, 2016. The monthly lease amount is \$12,000.

In September 2014, NCLD entered into a sub-lease agreement with an unrelated third party to rent the midtown Manhattan, New York location for a term beginning September 1, 2014 and ending April 29, 2017. Approximate future annual minimum rental income to be received under this sub-lease is as follows for years ending June 30:

2016	\$ 234,000
2017	<u>200,000</u>
	<u>\$ 434,000</u>

8. Related Party Transaction

NCLD received revenue and other support of approximately \$5,835,000 and \$8,305,000 from its board members during fiscal 2015 and 2014. A reduction in such contributions will have a significant negative effect on NCLD's overall operations. Contributions receivable for these board members was approximately \$88,000 and \$839,000 as of June 30, 2015 and 2014, respectively.

9. Subsequent Events

In October 2015, NCLD entered into a line of credit agreement (the "Agreement") with the Foundation. The Agreement allows NCLD to draw up to \$750,000 with a 0% interest rate accruing on any outstanding unpaid balance 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. Subsequent to year end, the total withdrawals against the Agreement were \$600,000, and aggregate repayments were \$300,000. As of April 12, 2016, NCLD had an outstanding balance of \$300,000.

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