

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

Financial Statements

December 31 2018 and 2017

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"), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the year ended December 31, 2018 and the six months ended December 31, 2017, 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, 2018 and 2017, and the changes in its net assets and its cash flows for the year ended December 31, 2018 and the six months ended December 31, 2017 in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, during the year ended December 31, 2018, NCLD adopted new accounting guidance resulting in a change in the manner in which it presents net assets and reports certain aspects of its financial statements. Our opinion is not modified with respect to this matter.

PKF O'Connor Davies, LLP

September 19, 2019

National Center for Learning Disabilities, Inc.

Statements of Financial Position

	December 31	
	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 4,687,110	\$ 1,553,505
Contributions receivable, net	2,765,960	2,328,999
Prepaid expenses and other assets	24,867	275,595
Security deposits	12,466	79,144
Property and equipment, net	<u>5,074</u>	<u>186,415</u>
 Total Assets	 <u>\$ 7,495,477</u>	 <u>\$ 4,423,658</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 635,552	\$ 223,364
Accrued vacation	89,709	364,868
Deferred revenue	<u>-</u>	<u>429,820</u>
Total Liabilities	<u>725,261</u>	<u>1,018,052</u>
 Net Assets (Deficit)		
Without donor restrictions	1,347,211	(329,080)
With donor restrictions	<u>5,423,005</u>	<u>3,734,686</u>
Total Net Assets	<u>6,770,216</u>	<u>3,405,606</u>
 Total Liabilities and Net Assets	 <u>\$ 7,495,477</u>	 <u>\$ 4,423,658</u>

See notes to financial statements

National Center for Learning Disabilities, Inc.

Statements of Activities

	Year Ended December 31, 2018			Six Months Ended December 31, 2017		
	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	\$ 2,992,279	\$ -	\$ 2,992,279	\$ -	\$ -	\$ -
Direct costs of donor benefit	<u>(175,312)</u>	<u>-</u>	<u>(175,312)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Revenue from Fund-Raising Event	2,816,967	-	2,816,967	-	-	-
Contributions	1,544,341	9,750,008	11,294,349	456,589	3,160,561	3,617,150
Fee for service	1,678,000	-	1,678,000	11,750	-	11,750
In-kind contributions	698,673	-	698,673	527,074	-	527,074
Investment return	(1,635)	-	(1,635)	55	-	55
Other income	24,124	-	24,124	1,488	-	1,488
Net assets released from restrictions	<u>8,061,689</u>	<u>(8,061,689)</u>	<u>-</u>	<u>3,368,083</u>	<u>(3,368,083)</u>	<u>-</u>
Total Revenue, Gains and Other Support	<u>14,822,159</u>	<u>1,688,319</u>	<u>16,510,478</u>	<u>4,365,039</u>	<u>(207,522)</u>	<u>4,157,517</u>
EXPENSES						
Program Services						
School transformation	302,992	-	302,992	293,472	-	293,472
Parent empowerment	5,778,116	-	5,778,116	2,744,294	-	2,744,294
Policy and Advocacy	1,435,288	-	1,435,288	680,719	-	680,719
Young adult	565,888	-	565,888	123,030	-	123,030
Educator project	<u>1,430,816</u>	<u>-</u>	<u>1,430,816</u>	<u>460,754</u>	<u>-</u>	<u>460,754</u>
Total Program Services	<u>9,513,100</u>	<u>-</u>	<u>9,513,100</u>	<u>4,302,269</u>	<u>-</u>	<u>4,302,269</u>
Support Services						
Management and general	2,641,844	-	2,641,844	802,162	-	802,162
Fund-raising and development	<u>990,924</u>	<u>-</u>	<u>990,924</u>	<u>404,738</u>	<u>-</u>	<u>404,738</u>
Total Support Services	<u>3,632,768</u>	<u>-</u>	<u>3,632,768</u>	<u>1,206,900</u>	<u>-</u>	<u>1,206,900</u>
Total Expenses	<u>13,145,868</u>	<u>-</u>	<u>13,145,868</u>	<u>5,509,169</u>	<u>-</u>	<u>5,509,169</u>
Change in Net Assets	1,676,291	1,688,319	3,364,610	(1,144,130)	(207,522)	(1,351,652)
NET ASSETS (DEFICIT)						
Beginning of period	<u>(329,080)</u>	<u>3,734,686</u>	<u>3,405,606</u>	<u>815,050</u>	<u>3,942,208</u>	<u>4,757,258</u>
End of period	<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>

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

See notes to financial statements

National Center for Learning Disabilities, Inc.

Statement of Functional Expenses
Six Months Ended December 31, 2017

	Program Services					Support Services		Total
	School Transformation	Parent Empowerment	Policy and Advocacy	Young Adult	Educator Project	Management and General	Fund-Raising and Development	
Payroll	\$ 117,335	\$ 1,657,738	\$ 344,296	\$ 82,667	\$ 151,996	\$ 284,541	\$ 158,009	\$ 2,796,582
Employee benefits	20,609	313,534	39,284	3,245	-	65,370	18,073	460,115
Payroll taxes	7,870	105,656	18,489	6,557	2,470	17,552	9,526	168,120
Program and evaluation	76,782	103,382	57,726	14,627	136,350	-	-	388,867
Rent	-	109,220	23,965	-	-	110,601	-	243,786
Website costs, equipment rental and repairs	-	155,296	5,412	-	-	28,235	50	188,993
Research	-	-	-	-	77,567	-	-	77,567
Depreciation and amortization	-	44,536	-	-	-	24,009	-	68,545
Travel	31,141	67,965	31,176	-	1,519	18,314	7,858	157,973
Professional fees	-	-	5,300	-	-	140,616	178,036	323,952
Video	1,900	-	-	-	-	-	-	1,900
Recruitment fees	-	55,224	-	-	45,710	21,548	-	122,482
Telephone and internet	-	12,245	6,436	-	-	5,013	-	23,694
Dues and subscriptions	6,533	46,125	22,780	168	-	21,675	14,377	111,658
Meetings and conferences	21,139	13,169	43,307	-	795	12,406	3,249	94,065
Direct mail	-	100	-	-	-	1,092	-	1,192
Printing and publication	-	1,944	12,189	4,946	-	372	14,751	34,202
Insurance	336	6,315	985	237	86	19,129	452	27,540
Office supplies and expenses	9,654	49,982	69,185	10,500	44,231	26,706	198	210,456
Bank and payroll fees	173	1,863	189	83	30	4,983	159	7,480
	<u>\$ 293,472</u>	<u>\$ 2,744,294</u>	<u>\$ 680,719</u>	<u>\$ 123,030</u>	<u>\$ 460,754</u>	<u>\$ 802,162</u>	<u>\$ 404,738</u>	<u>\$ 5,509,169</u>

See notes to financial statements

National Center for Learning Disabilities, Inc.

Statements of Cash Flows

	Year Ended December 31, 2018	Six Months Ended December 31, 2017
	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,364,610	\$ (1,351,652)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	111,571	68,545
Bad debt expense	219,300	-
Changes in assets and liabilities		
Contributions receivable	(656,261)	422,181
Prepaid expenses and other assets	250,728	(213,355)
Security deposits	(8,066)	-
Accounts payable and accrued expenses	412,188	(317,555)
Accrued vacation	(97,608)	35,084
Deferred revenue	<u>(429,820)</u>	<u>429,820</u>
Net Cash from Operating Activities	3,166,642	(926,932)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(33,037)</u>	<u>(18,643)</u>
Net Increase (Decrease) in Cash	3,133,605	(945,575)
CASH		
Cash at beginning of period	<u>1,553,505</u>	<u>2,499,080</u>
Cash at end of period	<u>\$ 4,687,110</u>	<u>\$ 1,553,505</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	<u>(1,177)</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

1. Organization and Tax Status

National Center for Learning Disabilities, Inc. (“NCLD”) is a publicly supported not-for-profit organization that was headquartered in New York City through December 31, 2018. Thereafter, NCLD moved its headquarters to Washington, D.C. Founded in 1977, 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.

In October 2017 the Board of Directors resolved to change NCLD’s fiscal year end from June 30 to December 31 effective July 1, 2017. The net assets without donor restrictions deficit as of December 31, 2017 is primarily due to NCLD changing its year end from June to December and as a result, the statement of activities reflects only six months of activity for July 1, 2017 – December 31, 2017, and does not include NCLD’s major fund-raising event, which has historically occurred in March.

School Transformation

NCLD’s school transformation initiative focuses on improving outcomes for all students, including students with learning and attention issues, to help them become college and career ready. 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, learning disabilities identification, and other issues critical to transforming students in schools utilizing supportive learning environments. NCLD also provides professional development to educators through online training modules and mentoring via the RTINetwork.org, GetReadytoRead.org and LDNavigator.org websites.

Parent Empowerment

In collaboration with fifteen non-profit partners, NCLD operated and managed Understood.org – a comprehensive online resource, through December 31, 2018. (See Note 8).

Policy and Advocacy

NCLD advocates for equal rights and opportunities by educating policymakers, agencies, members of Congress, 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.

Young Adult

NCLD enables young adults with learning and attention issues to become strong and confident self-advocates. Through the online community, Friends of Quinn, a Young Adult Leadership Council, and the hallmark scholarship awards program, NCLD offers resources and support that enable young adults to thrive in post-secondary education, the workplace and beyond.

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

1. Organization and Tax Status (*continued*)

Educator Project

NCLD enables educators to expect, embrace, and ensure students with learning and attention issues succeed in school and life by providing credible and actionable tools and resources that lift success for all students.

In addition to these programs, NCLD produces reports and studies which provide essential information and resources to the learning disabled community, such as *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*.

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").

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.

Change in Accounting Principle

On January 1, 2018, NCLD adopted new guidance regarding the *Presentation of Financial Statements for Not-for-Profit Entities*. This guidance requires NCLD to collapse the three-category (unrestricted, temporarily restricted, and permanently restricted) classification of net assets into two categories: with donor restrictions and without donor restrictions. In addition, the new guidance requires NCLD to make certain expanded disclosures relating to (1) the liquidity of financial assets, and (2) expenses by both their natural and functional classification in one location in the financial statements. As a result of implementing this standard, prior period amounts for temporarily restricted net assets are now presented as net assets with donor restrictions.

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

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.

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.

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

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

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 5
Computer equipment	3 to 5
Leasehold improvements	*

* Lesser of the useful life or term of the lease

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.

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 \$2,100 and \$2,000 for the year ended December 31, 2018 and the six months ended December 31, 2017, respectively.

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

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

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 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 2015.

Subsequent Events

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 September 19, 2019.

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>2018</u>	<u>2017</u>
Within one year	\$ 2,685,260	\$ 1,203,999
Within two to four years	<u>300,000</u>	<u>1,125,000</u>
	2,985,260	2,328,999
Allowance for bad debt	<u>(219,300)</u>	<u>-</u>
	<u>\$ 2,765,960</u>	<u>\$ 2,328,999</u>

Approximately 73% and 83% of revenue, gains and other support was received from two donors and one donor, for the year ended December 31, 2018 and six months ended December 31, 2017, respectively. The amount due from these donors was approximately \$1,431,000 and \$2,000,000 as of December 31, 2018 and 2017, respectively.

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

4. Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Furniture and fixtures	\$ -	\$ 178,399
Computer equipment	6,158	332,612
Leasehold improvements (32 Laight Street)	<u>-</u>	<u>753,558</u>
	6,158	1,264,569
Accumulated depreciation and amortization	<u>(1,084)</u>	<u>(1,078,154)</u>
	<u>\$ 5,074</u>	<u>\$ 186,415</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 agreement (the "Agreement") 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 individual resigned from NCLD's board of directors.

The Agreement 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 year ended December 31, 2018 and the six months ended December 31, 2017.

6. Net Assets With Donor Restrictions

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

	<u>2018</u>	<u>2017</u>
Parent Empowerment	\$ 2,490,740	\$ 1,249,875
Educator Project	931,210	1,613,076
Mobilization	174,741	191,868
Personalized Learning	-	70,496
School Transformation	-	71,871
Young Adult	235,671	347,500
Policy and Advocacy	1,590,643	172,500
Scholarships	<u>-</u>	<u>17,500</u>
	<u>\$ 5,423,005</u>	<u>\$ 3,734,686</u>

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

6. Net Assets With Donor Restrictions (*continued*)

Net assets were released from donor restrictions during the year ended December 31, 2018 and the six months ended December 31, 2017, by incurring expenses satisfying the related purposes or by the occurrence of other events or expiration of time restrictions as follows:

	<u>2018</u>	<u>2017</u>
Parent Empowerment	\$ 5,252,090	\$ 2,181,729
Educator Project	1,281,867	419,925
Mobilization	329,127	168,475
Personalized Learning	70,496	219,590
School Transformation	71,871	85,864
Young Adult	516,829	255,500
Policy and Advocacy	521,909	34,500
Scholarships	17,500	2,500
	<u>\$ 8,061,689</u>	<u>\$ 3,368,083</u>

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 year ended December 31, 2018 and the six months ended December 31, 2017 were \$252,548 and \$104,038, 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.

After the launch of Understood.org in August 2014, NCLD and the Foundation entered into a commitment for NCLD to operate and manage Understood.org for the period August 1, 2014 through December 31, 2017.

Although this commitment term expired in December 2017, the parties continue to operate on a month to month basis with NCLD receiving additional funding of approximately \$4 million which is included in contributions with donor restrictions in the 2018 statement of activities.

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
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8. Related Party Transactions *(continued)*

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 its related organizations. 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 the following approximate support (which includes the aforementioned amounts) during the year ended December 31, 2018 and the six months ended December 31, 2017 as follows:

	<u>2018</u>	<u>2017</u>
Contributions	\$ 10,087,000	\$ 236,000
Fee for service	1,667,000	-
In-kind contributions	<u>699,000</u>	<u>527,000</u>
	<u>\$ 12,453,000</u>	<u>\$ 763,000</u>

NCLD received revenue and other support of approximately \$68,000 and \$402,000 from its board members during the year ended December 31, 2018 and the six months ended December 31, 2017, respectively. Contributions receivable from these board members totaled approximately \$31,000 and \$-0- as of December 31, 2018 and 2017, respectively.

9. Commitments

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 (payable to an unrelated third party).

Upon expiration of these leases in May 2017, the leases were to be renewed at \$15,882 and \$15,261, respectively, through May 31, 2019. In connection with the aforementioned Agreements (See Note 8), the leases were transferred from NCLD to a new entity in August 2018.

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9. Commitments (continued)

NCLD also conducted operations and program activities in Washington, D.C. under an operating lease agreement which began on March 1, 2014 and expired in December 2018. Under this lease arrangement, NCLD made monthly lease payments of \$4,600.

In November 2018, NCLD entered into a membership agreement which provides for office space at its new headquarters in Washington, D.C. The membership agreement also includes other office services such as internet accessibility, use of common office facilities, office equipment and utilities. The term of this agreement is for one year at a monthly fee of approximately \$5,400 beginning January 1, 2019.

Rent expense for the year ended December 31, 2018 and six months ended December 31, 2017 was approximately \$529,000 and \$244,000, 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>2018</u>
Financial assets:	
Cash	\$ 4,687,110
Contributions receivable - due within one year	<u>2,685,260</u>
Total Financial Assets	7,372,370
Less: donor restricted for time and purpose	<u>(5,423,005)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,949,365</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, 2018.

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