

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

Financial Statements

December 31, 2020 and 2019



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, 2020 and 2019, 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.

Board of Directors
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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, 2020 and 2019, 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

June 28, 2021

National Center for Learning Disabilities, Inc.

Statements of Financial Position

	December 31	
	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 7,039,260	\$ 4,702,234
Contributions receivable, net	3,292,230	2,284,597
Prepaid expenses and other assets	64,714	46,881
Security deposits	3,500	11,566
Property and equipment, net	<u>101,826</u>	<u>129,218</u>
 Total Assets	 <u>\$ 10,501,530</u>	 <u>\$ 7,174,496</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 218,724	\$ 74,878
Accrued vacation	<u>38,612</u>	<u>38,612</u>
Total Liabilities	<u>257,336</u>	<u>113,490</u>
 Net Assets		
Without donor restrictions	6,638,915	3,337,088
With donor restrictions	<u>3,605,279</u>	<u>3,723,918</u>
Total Net Assets	<u>10,244,194</u>	<u>7,061,006</u>
 Total Liabilities and Net Assets	 <u>\$ 10,501,530</u>	 <u>\$ 7,174,496</u>

See notes to financial statements

National Center for Learning Disabilities, Inc.

Statements of Activities

	Year Ended					
	December 31, 2020			December 31, 2019		
	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	\$ 624,493	\$ -	\$ 624,493	\$ 779,918	\$ -	\$ 779,918
Direct costs of donor benefit	(147,383)	-	(147,383)	(68,585)	-	(68,585)
Net Revenue from Fund-Raising Event	477,110	-	477,110	711,333	-	711,333
Contributions	299,391	4,795,239	5,094,630	332,104	2,079,430	2,411,534
Payroll Protection Program loan forgiveness	181,822	-	181,822	-	-	-
In-kind contributions	14,780	-	14,780	9,000	-	9,000
Investment return	17,511	-	17,511	38,276	-	38,276
Other income	2,081	-	2,081	22,067	-	22,067
Net assets released from restrictions	4,913,878	(4,913,878)	-	3,778,517	(3,778,517)	-
Total Revenue, Gains and Other Support	<u>5,906,573</u>	<u>(118,639)</u>	<u>5,787,934</u>	<u>4,891,297</u>	<u>(1,699,087)</u>	<u>3,192,210</u>
EXPENSES						
Program Services						
Public policy and advocacy	1,132,662	-	1,132,662	1,164,591	-	1,164,591
Young adult initiatives	417,388	-	417,388	251,312	-	251,312
LD resources and research	65,310	-	65,310	83,157	-	83,157
Innovation	274,704	-	274,704	600,911	-	600,911
Mobilization	-	-	-	226,475	-	226,475
Total Program Services	<u>1,890,064</u>	<u>-</u>	<u>1,890,064</u>	<u>2,326,446</u>	<u>-</u>	<u>2,326,446</u>
Support Services						
Fund-raising and development	180,206	-	180,206	131,243	-	131,243
Management and general	534,476	-	534,476	443,731	-	443,731
Total Support Services	<u>714,682</u>	<u>-</u>	<u>714,682</u>	<u>574,974</u>	<u>-</u>	<u>574,974</u>
Total Expenses	<u>2,604,746</u>	<u>-</u>	<u>2,604,746</u>	<u>2,901,420</u>	<u>-</u>	<u>2,901,420</u>
Change in Net Assets	3,301,827	(118,639)	3,183,188	1,989,877	(1,699,087)	290,790
NET ASSETS						
Beginning 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>
End of year	<u>\$ 6,638,915</u>	<u>\$ 3,605,279</u>	<u>\$ 10,244,194</u>	<u>\$ 3,337,088</u>	<u>\$ 3,723,918</u>	<u>\$ 7,061,006</u>

See notes to financial statements

National Center for Learning Disabilities, Inc.

Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services				Support Services		Total
	Public Policy and Advocacy	Young Adult Initiatives	LD Resources and Research	Innovation	Fund-raising and Development	Management and General	
Payroll	\$ 509,513	\$ 114,574	\$ 45,307	\$ 153,298	\$ 37,500	\$ 193,488	\$ 1,053,680
Employee benefits	64,377	12,349	4,506	19,167	3,552	20,833	124,784
Payroll taxes	40,187	9,547	3,160	12,720	2,564	15,012	83,190
Program and evaluation	81,119	42,040	314	-	167,384	10,608	301,465
Rent	22,043	4,840	1,398	6,220	1,174	5,641	41,316
Website costs, equipment rental and repairs	26,709	13,026	1,690	7,520	3,669	4,930	57,544
Depreciation and amortization	25,446	5,587	1,614	7,180	1,355	6,510	47,692
Travel	12,319	6,817	1,532	1,385	-	1,915	23,968
Professional fees	275,877	175,402	461	61,528	84,887	219,606	817,761
Video	-	17,004	-	-	21,705	-	38,709
Recruitment fees	-	-	-	-	-	4,572	4,572
Telephone and internet	1,947	428	520	549	104	2,472	6,020
Dues and subscriptions	51,341	6,978	4,027	2,340	3,062	1,944	69,692
Meetings and conferences	11,553	6,203	10	44	8	1,215	19,033
Direct mail	780	518	79	86	16	276	1,755
Printing and publication	-	-	-	-	106	-	106
Insurance	9,451	2,075	599	2,667	503	2,420	17,715
Office supplies and expenses	-	-	93	-	-	8,403	8,496
Bank and payroll fees	-	-	-	-	-	34,631	34,631
	1,132,662	417,388	65,310	274,704	327,589	534,476	2,752,129
Less direct costs of donor benefits	-	-	-	-	(147,383)	-	(147,383)
	<u>\$ 1,132,662</u>	<u>\$ 417,388</u>	<u>\$ 65,310</u>	<u>\$ 274,704</u>	<u>\$ 180,206</u>	<u>\$ 534,476</u>	<u>\$ 2,604,746</u>

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.

Statements of Cash Flows

	Year Ended December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,183,188	\$ 290,790
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	47,692	7,751
Discount on pledges	(6,240)	-
Changes in assets and liabilities		
Contributions receivable	(1,001,393)	481,363
Prepaid expenses and other assets	(17,833)	(22,014)
Security deposits	8,066	900
Accounts payable and accrued expenses	143,846	(560,674)
Accrued vacation	-	(51,097)
Net Cash from Operating Activities	2,357,326	147,019
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(20,300)	(131,895)
 Net Increase in Cash	2,337,026	15,124
 CASH		
Beginning of year	4,702,234	4,687,110
End of year	\$ 7,039,260	\$ 4,702,234

See notes to financial statements

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

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 NCLD 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 and attention issues 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*; *The State of Learning Disabilities - 3rd Edition and Significant Disproportionality in Special Education*, *Inclusive Technology in a 21st Century Learning System*, *Why Now? Why Us? Inclusive 21st Century Learning and Forward Together: Helping Educators Unlock the Power of Students who Learn Differently*.

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

1. Organization and Tax Status (continued)

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. In 2020, NCLD revamped its mobilization program to increase its effectiveness and impact by merging it into the Policy and Advocacy program. NCLD continued its direct work with parents, by forming state based-councils in 3 states, Georgia, Pennsylvania, and Texas. These councils worked to influence and inform NCLD's policy agenda and worked to host advocate academies for parents in each of these states.

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.

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

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.

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

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

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 costs to understand NCLD's target audiences and to reach and serve them effectively. These costs are expensed as incurred and are included in program and evaluation expenses in the statements of functional expenses and amounted to approximately \$82,800 and \$5,500 for the years ended December 31, 2020 and 2019, 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, and professional fees. 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, rent and dues and subscriptions.

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 2017.

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

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 June 28, 2021.

3. Contributions Receivable

Approximately 98% of NCLD's multi-year contributions receivable are from foundations to support its fiscal operations and related programs. These contributions obligate the donors to make annual payments against their pledges in installments, which are due as follows at December 31:

	<u>2020</u>	<u>2019</u>
Within one year	\$1,845,185	\$1,747,126
Within two years	1,050,000	291,666
Within two to ten years (scholarships)	<u>415,000</u>	<u>270,000</u>
	3,310,185	2,308,792
Less:		
Discount on pledges greater than one year	<u>(17,955)</u>	<u>(24,195)</u>
	<u>\$3,292,230</u>	<u>\$2,284,597</u>

Approximately 70% and 63% of revenue, gains and other support were received from two and three donors for the years ended December 31, 2020 and 2019, respectively. The amount due from two and three donors was \$2,050,000 and \$1,510,000 as of December 31, 2020 and 2019, respectively.

4. Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Furniture and fixtures	\$ 1,560	\$ 1,560
Computer equipment	6,158	6,158
Website development	<u>150,635</u>	<u>130,335</u>
	158,353	138,053
Accumulated depreciation and amortization	<u>(56,527)</u>	<u>(8,835)</u>
	<u>\$101,826</u>	<u>\$ 129,218</u>

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

5. Line of Credit

NCLD has a line of credit arrangement (the “arrangement”) which allows NCLD to draw up to \$750,000, with an interest rate of 0% for the first 24 months after funds are disbursed, 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, which is when the agreement expired. There were no withdrawals or repayments during the years ended December 31, 2020 and 2019.

6. Net Assets With Donor Restrictions

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

	<u>2020</u>	<u>2019</u>
Public Policy and Advocacy	\$ 494,206	\$ 1,519,304
Young Adult Initiatives	213,712	267,599
LD Resources and Research	41,368	69,753
Innovation	37,282	251,817
Scholarships	478,927	292,804
Time Restricted	<u>2,339,784</u>	<u>1,322,641</u>
	<u>\$3,605,279</u>	<u>\$3,723,918</u>

Net assets were released from donor restrictions during the years ended December 31, 2020 and 2019, by incurring expenses satisfying the related purposes or by the occurrence of other events or expiration of time restrictions as follows:

	<u>2020</u>	<u>2019</u>
Public Policy and Advocacy	\$ 815,668	\$ 71,339
Young Adult Initiatives	322,493	77,193
LD Resources and Research	83,610	33,294
Innovation	689,132	-
Scholarships	72,000	-
Time Restricted	2,930,975	-
Mobilization	-	174,741
Parent Empowerment	-	2,490,740
Educator Project	-	931,210
	<u>\$4,913,878</u>	<u>\$3,778,517</u>

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

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, 2020 and 2019 were \$59,379 and \$65,740, 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

NCLD received revenue and other support of approximately \$777,000 and \$681,000 from its board members during the years ended December 31, 2020 and 2019, respectively. Contributions receivable from these board members totaled \$825,000 and \$420,000 as of December 31, 2020 and 2019, 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. On June 30, 2020, NCLD terminated the lease agreement due to the Coronavirus disease ("COVID-19") without penalty to NCLD.

Rent expense for the years ended December 31, 2020 and 2019 was approximately \$41,000 and \$79,000, 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>2020</u>	<u>2019</u>
Financial Assets:		
Cash	\$7,039,260	\$4,702,234
Contributions receivable	<u>3,292,230</u>	<u>2,284,597</u>
Total Financial Assets	10,331,490	6,986,831
Less: donor restricted for time and purpose	<u>(3,605,279)</u>	<u>(3,723,918)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$6,726,211</u>	<u>\$3,262,913</u>

National Center for Learning Disabilities, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

10. Liquidity and Availability of Financial Assets (*continued*)

Management monitors its level of available financial assets to anticipate cash requirements for general expenditures as obligations come due.

11. Paycheck Protection Program loan

On April 7, 2020, NCLD received loan proceeds of \$181,822 from the Small Business Administration (“SBA”) under the Paycheck Protection Program (the “PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”), provides for loans to qualifying entities for amounts up to 2.5 times their 2019 average monthly payroll expenses of the qualifying entity. The loan has an interest rate of 1% per annum. If certain defined conditions are met, the above loan may be forgiven.

In November 2020, the defined conditions were met, and as a result, the SBA notified NCLD that the PPP loan was forgiven. Under requirements contained in ASU 2018-08, “Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made,” NCLD recognized the full amount of the proceeds from the PPP loan as PPP loan forgiveness in the 2020 statement of activities.

In February 2021, NCLD received a second PPP loan of \$215,662 from the SBA. This loan also has an interest rate of 1.0% per annum, with no payments due until June 2022, and is scheduled to mature in February 2026. If certain defined conditions are met, this loan may also be forgiven by the SBA, otherwise NCLD will be required to repay this loan in full.

12. Contingencies

The Coronavirus disease (“COVID-19”) may 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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