

# ***NATIONAL COUNCIL ON DISABILITY***

**An Independent Federal Agency**

## **Performance & Accountability Report (PAR)**

**FISCAL YEAR 2009**



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## Message from the Chairman:

On behalf of the members of the National Council on Disability (NCD), I am pleased to submit our FY 2009 Performance and Accountability Report (PAR). The mission of NCD is to promote full inclusion, independent living and economic self-sufficiency for people with disabilities of all ages and backgrounds by providing advice, analysis and recommendations on disability policy to the president, Congress, and other federal agencies. Some of those recommendations are contained in our annual *Progress Report* that our authorizing legislation requires us to submit to the president and Congress each year.

NCD is unique because of its independent status and congressional mandate to provide timely advice on disability matters to the Administration and Congress, and the manner in which we accomplish our mission also varies from many of our larger peers in the federal government.

This small independent agency has consistently provided timely advice gleaned from comprehensive research reports on a variety of subjects important to people with disabilities. The resulting recommendations have resulted in passage of important laws and enhancements to the programs and services provided by many federal agencies that serve the disability community.

The 15 Council members, all leaders in the disability community, are appointed by the President, by and with the consent of the U.S. Senate, and we spend a great deal of time and effort reviewing the situations in our society that impact over 50 million Americans who have some type of disabling condition. This document emphasizes the over-arching goal of the Council to remain responsible stewards of the federal funds entrusted to us for the accomplishment of what we consider to be an extremely important mission. It also reflects both financial and program performance results and demonstrates our enduring commitment to fulfill the responsibilities for which the NCD has been entrusted.

During FY 2009, NCD completed and released several research reports that address concerns and needs of people with disabilities. Subjects covered included:

- *The Rehabilitation Act: Outcomes for Transition-Age Youth*
- *Invisible Wounds: Serving Service Members and Veterans with PTSD and TBI*
- *Federal Employment of People with Disabilities*
- *National Disability Policy: a Progress Report*
- *Effective Emergency Management: Making Improvements for Communities and People with Disabilities*
- *The Current State of Healthcare for People with Disabilities.*

In addition to the above reports, which were disseminated to Congress, the President and constituents worldwide, the Council also has commissioned additional research projects to be released in FY 2010:

- *Progress Report on the Implementation of the Developmental Disabilities Assistance and Bill Of Rights Act*
- *Housing for People with Disabilities*
- *Study of the Workforce Infrastructure Needs to Serve People with Disabilities*
- *Study of the United States Marine Corps Exceptional Family Member Program*
- *Digital Media and Its Impact on People with Disabilities*
- *Study of the Accessibility of US-Based Overseas Development*
- *National Disability Policy: a Progress Report.*

In FY 2008, the Council began a multi-year project that will result in a National Summit on Disability Policy to be held in Washington, DC in July 2010, on the 20th anniversary of the passage of the Americans with Disabilities Act. NCD is the prime sponsor of this event, with support from other agencies and organizations interested in disability policy and programs. In preparation for the summit, the Council has commissioned ten “white papers” on subjects of importance to people with disabilities, and has been involved in a comprehensive planning process that will identify 300 delegates to attend the summit and represent the interests and needs of the broad constituency of people with disabilities. This multiyear project has occupied significant portions of the Council’s time and budget, but will ultimately result in policy recommendations that will best serve people with disabilities in this country in the challenging years that lie ahead.

Other items of importance to the achievement of our mission were the public meetings held by the Council in locations throughout the country that enabled people with disabilities to attend, interact with Council members and staff, and voice their opinions about the issues of importance to them. Each of those meetings included Council-hosted receptions for the public who attended, as well as opportunities for people who could not attend to call in on toll-free numbers to interact with the Council and express their thoughts. Those opportunities, when coupled with public consultations attracting comments through the NCD website, allow the Council to stay abreast of issues impacting the community so that the annual progress report and other NCD reports are timely and cover issues of importance to people with disabilities nationwide.

These and many other accomplishments were achieved as a result of sound financial management and the effective use of available resources. This report reflects the Council’s judicious management of funds and identifies our achievements in relation to the agency’s strategic goals. Based on the Independent Auditor’s unqualified opinion on NCD’s consolidated financial statements, and the lack of any material internal control weaknesses, the agency can provide reasonable assurance that the objectives of the Federal Manager’s Financial Integrity Act (FMFIA) have been achieved. The Agency can also provide reasonable assurance that its financial systems conform to governmentwide standards.

## Assurances

NCD relies on a support agency contract to provide financial management services by the General Services Administration. GSA provides NCD with frequent updates of payment activity and interagency payments, through preparation of monthly status reports and input to the MAX electronic accounting system. NCD's management is responsible for (1) preparing the financial statements in conformity with U.S. generally accepted accounting principles, (2) establishing, maintaining, and assessing internal control practices to provide reasonable assurance that the broad control objectives of the Federal Managers' Financial Integrity Act are met, and (3) complying with applicable laws and regulations. To the best of our cumulative knowledge the presentations in this report, and all NCD reports related to financial transactions and status, are accurate as presented. No internal control issues have been identified at NCD, as verified by our auditors.

NCD is proud to serve as an advocate for people with all types of disabilities, and of all ages, throughout the country. We take very seriously the requirements contained in the laws that allow us to be entrusted with this responsibility. We pledge to continue our work to achieve our vision of a country, and society, that accommodate and support the needs of our most vulnerable residents, people with disabilities, so that they may contribute to and enjoy the enduring values of the American people.

Sincerely,



John R. Vaughn  
Chairperson

November 16, 2009

## **Part I: Management's Discussion and Analysis**

### **NCD at a Glance**

NCD was initially established in 1978 as an advisory board within the Department of Education (Public Law 95-602). The Rehabilitation Act Amendments of 1984 (Public Law 98-221) transformed NCD into an independent agency and required NCD to provide expert advice to Congress and the Administration. Changes were made to NCD's statutory mandate by the Rehabilitation Act Amendments of 1992 and 1998 and the Education of the Deaf Act Technical Amendments of 1993.

### **Mission**

The mission of NCD is to promote the full inclusion, independent living and economic self-sufficiency of people with disabilities of all ages and backgrounds by providing advice, analysis and recommendations on disability policy to the President, Congress and other federal agencies. NCD is tasked with completing an annual progress report regarding the state of disability in the United States and delivering this along with related recommendations to the President and Congress each year. The agency also completes research reports on other issues of concern to the disability community, and uses those as background for developing policy recommendations for the President, Congress and other federal agencies.

### **Vision**

Disability touches everyone. In 2004, 51.2 million Americans reported some level of disability. All Americans have some experience with disability through their own daily experience or contact with relatives, colleagues or friends. At some point, most Americans will experience some form of functional incapacity or limitation as a normal part of aging.

Americans with disabilities represent a diverse group which includes individuals with physical, sensory and intellectual disabilities. Disabilities vary in terms of severity, longevity, cause and consequences. Some disabilities remain static throughout a person's life while others may have periods of remission or regression.

Through its outreach efforts, in various community venues, and at its quarterly meetings, NCD has continually learned about the impact of disability on individuals, families, and their communities. There are consistent messages being shared about NCD findings through comprehensive research reports, policy briefs, media outreach, our award-winning Internet website (<http://www.ncd.gov/index.html>), and a monthly newsletter that receives worldwide attention.

Despite their diverse profile, Americans with disabilities share many common concerns. They face personal, social and economic disadvantages and barriers that prevent access to the same opportunities as Americans without disabilities. People with

disabilities continue, for example, to have lower education levels and to be socially isolated and discriminated against in the workplace. They often face economic hardship in their daily lives and far too many live below the poverty line. Women and people with disabilities from diverse cultures, in particular, experience greater disadvantages, reporting higher incidences of unemployment and poverty.

Americans with disabilities share many common aspirations for themselves and for their country. They want a nation which demonstrates leadership with respect to disability issues. Persons with disabilities desire a country which is sensitive to individual needs and ensures that Americans with disabilities have input into the policies, programs and decisions that affect them. They seek a country which makes it possible to achieve a decent standard of living and support an approach to disability issues that is common to all jurisdictions but sensitive to regional differences and needs. People with disabilities want a nation that uses legal and other measures to promote social and economic equity and equality of outcomes. Through our work, NCD continually seeks to make those aspirations a reality.

## **Strategic Goals**

Following are the goals NCD established for Fiscal Year 2009:

### *Goal 1: Increase Levels of Public Participation and Outreach*

NCD is a deliberative body, providing advice, guidance and counsel to the President, Congress and federal agencies. Some of our most important activities occur when we hold our quarterly meetings in various cities and receive public comment, hear local presenters on issues of concern in their community or region and meet stakeholders in the disability community so we can identify best practices and identify needs. Our legislation mandates a minimum of four public meetings annually and requires the payment of compensation and travel expense to members when they are engaged in Council business. To accomplish that mandate, During FY 2009 the Council met in Kansas City, Missouri, Scottsdale, Arizona, Washington, DC and Minneapolis, Minnesota.

One of our goals for fiscal year 2009 was to increase our outreach to the public as demonstrated by increased public participation at NCD meetings and through the other vehicles we use to gather information. Our goal for 2009 was to realize a 30% increase in participation and comments received at meetings, beyond the rate of participation in FY 2007.

### *Goal 2: Advise the President and Congress about Issues of Importance to the Disability Community through an Annual Progress Report.*

NCD released its *Progress Report* to the President and Congress early in 2009, based on research completed during the preceding year. That report highlighted issues of importance to people with disabilities, and catalogued several positive changes in policy

and programs that benefited the disability community nationwide. The progress report delivery was followed by several meetings with executive managers of the federal agencies responsible for the programs discussed in the report.

*Goal 3: Review Programs, Practices and Policies of Other Federal Agencies and Provide Recommendations for Improvement.*

While NCD is not a formal monitoring or control agency, we have a mandate to periodically review programs delivered or administered by other agencies in the federal government to assure that they meet the needs of the community and comply with their congressional mandates. During FY 2009, NCD published reports about services delivered by the Department of Education, Department of Health and Human Services, Department of Homeland Security, Veterans Affairs, Department of Labor, and Department of Transportation, plus others. During the preparation of these reports, agency staff and a variety of stakeholders were consulted or interviewed to provide the most up-to-date information to the consultants working on the reports. After the reports were published, NCD members and staff met with these agencies to determine what follow-up activities were planned to correct any identified deficiencies, or to improve the programs to the benefit of the people with disabilities they serve. NCD also meets regularly with federal agency partners in an ongoing effort to determine what follow-up actions have been taken as a result of prior NCD report recommendations, and to identify challenges in administering the programs that may require additional NCD research or policy recommendations. The annual progress report also evaluates services provided to people with disabilities by all federal agencies.

*Goal 4: Respond to the Needs and Priorities Identified by the Public by Completing Comprehensive Research Reports on Issues of Concern.*

NCD gathers information from the public through a number of means: public testimony at quarterly meetings either in person or on toll-free phone lines, electronic mail received on the NCD website, letters of concern from members of the public, formal public consultations in order to provide advice on reports underway at NCD, information gathered by contractors preparing NCD research reports, interaction between Council members and staff at conferences and meetings of stakeholder groups, and during sessions where NCD is releasing its research reports. The information gathered through all of these means and during NCD's periodic meetings is used by the Council to develop policy recommendations that are shared with Congress and the president through the more formal avenue of the annual progress report or as needed during discussions about pending legislation.

*Goal 5: Support the Attendance and Participation of Council Members at Meetings and in Activities Where NCD Accomplishments and Outreach Occur.*

The current Council believes strongly that face-to-face interactions with the broad community of disability stakeholders nationwide benefit this agency in two ways: we are able to gather relevant information to guide our reports and activities and we gain

another avenue of dissemination of quality work products or important news of interest to the disability community. To measure this, NCD monitors the amount of time members spend on travel to meetings and conferences, as well as the time they invest in preparing for and participating in NCD meetings and other activities

*Goal 6: Continue to Be Responsible Stewards of Funding Committed to the Support of NCD and Its Activities.*

In order to assure that controllable costs are maintained at a minimal level in order to meet the mission mandates, the executive director works with other staff and members of the Council to assure that all such expenditures are minimized and that we make the most effective use of our relatively small budget and staff. NCD continues to seek out opportunities for such reductions and to identify them when they occur.

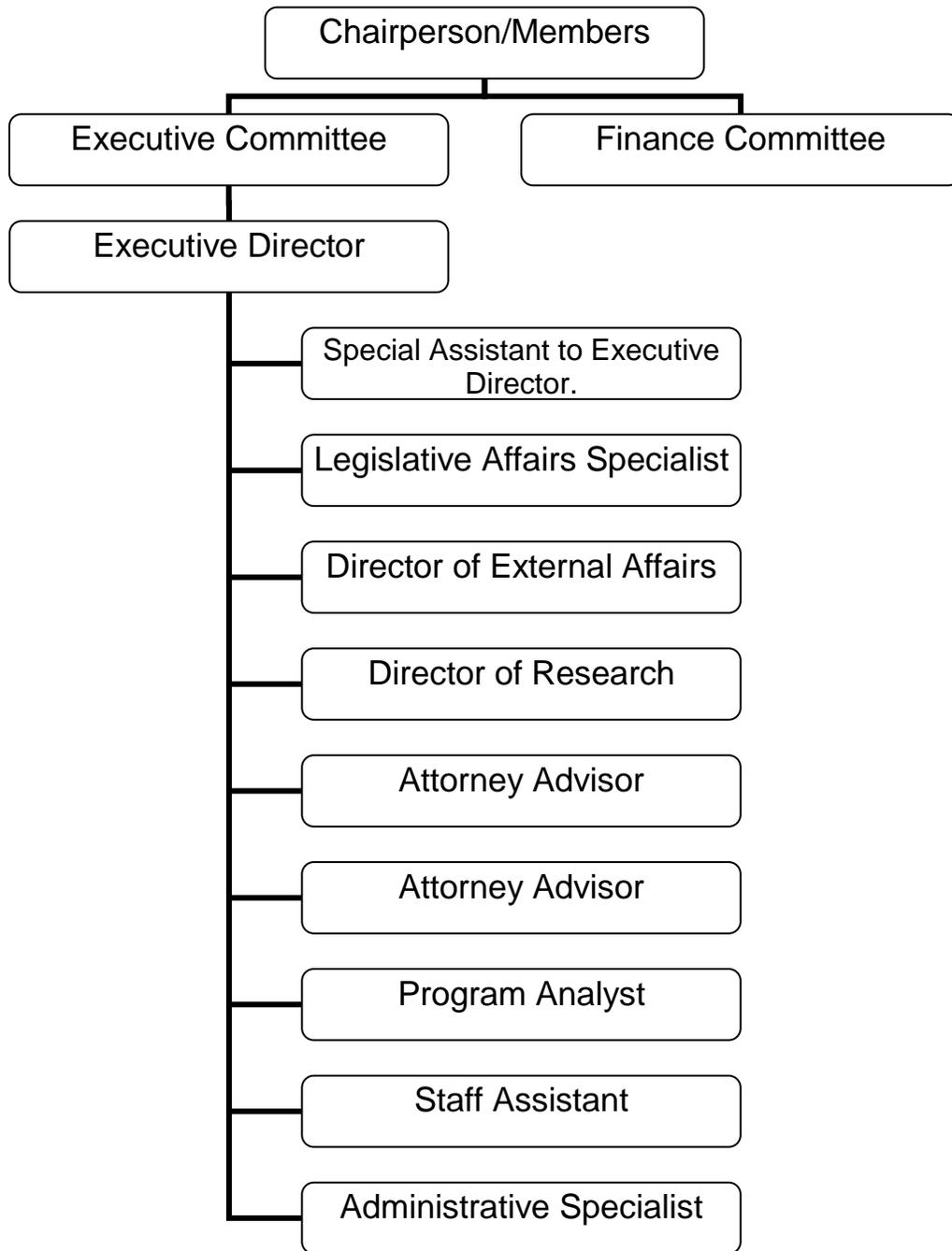
*Goal 7: Continue to Work with the Federal Emergency Management Agency (FEMA) and Others Responsible for Enhancing the Safety and Security of the Nation's Disability Community As Mandated by the Post-Katrina Emergency Management Reform Act.*

The congressional mandate and fiscal support received by NCD have made it possible to call a heightened level of attention to the needs of the disability community in emergencies of any type. NCD continues to seek out opportunities for participation with FEMA in meeting the requirements outlined by Congress, and maintains a record of that participation for periodic reports to Congress when requested.

## **NCD Organizational Overview**

NCD is a small agency, and does not require a complex management structure. Operating as a true policy Board, the Council sets the agency budget and establishes the parameters for what it will support. The NCD executive director has full responsibility for carrying out the agency operations necessary to accomplish the goals and mission of the agency as established by the Council members. The small staff (currently 10 FTEs) report directly to the executive director, who acts with the oversight of the NCD executive committee under the guidance of the chair of the Council.

**NATIONAL COUNCIL ON DISABILITY  
ORGANIZATIONAL CHART**



## **Program Performance Overview**

The National Council on Disability (NCD) provides leadership in the disability policy arena by building on its traditions of innovation, objectivity, independence, and transcending disciplinary boundaries to meet the changing needs of society. Influencing the policy making process is important to the NCD in the work that it conducts as an independent federal advisory agency. Informing and influencing federal policy making and implementation is an important core activity of NCD.

Many NCD project and program activities reflect the expectation that the work it undertakes and supports will influence or have a positive impact on the policy process, and ultimately improve the quality of life and outcomes for Americans with disabilities. Within projects and programs, NCD members and staff promote various means of linking their activities to Federal Government policy and the work undertaken and supported is often reported to have enhanced decision makers' awareness of policy options or to have been otherwise taken into account in policy processes.

Over the past year, NCD reviewed and evaluated key disability laws, programs and policies to assess their effectiveness. NCD has also extended its outreach through public consultations and its quarterly board meetings. As a result of these various efforts, and others, NCD has issued formal advice -- e.g., through reports, policy papers, proceedings papers, and oral and written testimony -- that was disseminated to decision makers in the White House and members of the U.S. Congress, key leaders in the Executive Branch of the Federal Government, people with disabilities, and various stakeholders throughout the nation. As is often the case, NCD engages in research and policy analysis that is cumulative in nature, and its impact may not be measurable within any one fiscal year.

An ambitious schedule of research projects is planned for FY 2010 in order to investigate issues or programs of importance to the disability community, as pointed out in their feedback to NCD throughout the past two years. NCD has six operating or program committees composed of Council members and supported by NCD staff. These committees provide guidance to contractors for all research reports, provide an independent resource for investigating new issues or concerns brought to the Council by the public and recommend subjects for additional study or those that may require policy recommendations to the president, Congress or other stakeholders. The program committees in place at NCD during FY 2009 include: Homeland Security/Emergency Preparedness, Health Care, Employment, Emerging Trends, International and Civil Rights.

The Council has taken positions on several issues that involve other federal agencies, and two of those issues will continue to be under discussion during the next year. NCD recommended to the President, in March 2007, that the United States sign the United Nations Convention on the Rights of Persons with Disabilities (CRPD). In order to help frame the discussion about the relative merits of signing or ratifying that convention, the NCD released a policy paper during May, 2008 that was a comparative analysis of

United States disability-related laws and the CRPD. To the best of our knowledge, that is the only such analysis that has been completed on this issue and made available to those who are interested from both the public and private sectors.

The other current issue concerns accessible currency that is usable by people who are blind. NCD has taken a public position that all paper currency in the United States should be accessible to people with all levels of vision loss, and that this should be accomplished without the necessity to utilize external electronic devices that would need to be carried by those who are blind. The NCD Chair and Executive Director have met numerous times with staff of the Department of Treasury, particularly the Bureau of Engraving and Printing, and will continue to cooperate fully in the crafting of a reasonable solution now that the Treasury has decided not to contest the recent lawsuit decision regarding the need to make that currency accessible.

### **Financial Performance Overview**

As an independent agency, NCD takes a unique approach to the responsibilities of management and the need for the presidentially-appointed Council members to be knowledgeable about the routine activities of this small federal agency. Council members, led by the chair, routinely discuss the management of the agency during daily telephone calls, monthly executive committee and finance committee teleconference meetings, and through reports and discussions at the quarterly meetings of the full Council. Work products related to the administration of the agency, including all reports to control agencies, are shared with the executive committee for their input and approval. The chair of the Council meets with the executive director on a face-to-face basis at least 10 times per year, as well as for multiple days during quarterly meetings of the full Council.

Fiscal activities of the agency are the responsibility of the Executive Director, and fall under the purview of the NCD finance committee that is composed of four Council members who are knowledgeable about government financial standards, record-keeping and transactions. NCD maintains a financial policies and procedures manual to govern all fiscal processes, and that manual is currently being updated. The finance committee reviews the monthly reports from the contracted GSA financial officer, and the chair of that committee is the approval authority on all funds requests for expenditures over \$3000 and reviews all potential purchases in advance. Processing financial invoices involves a three-part review by NCD staff and the final approval of the executive director prior to forwarding it to the General Services Administration for two additional levels of review before payment.

The NCD executive director and executive committee members are responsible for establishing and maintaining a system of internal control. Pursuant to 31 U.S.C. 3512(c), (d) (commonly known as the Federal Managers' Financial Integrity Act), our auditors have assessed the effectiveness of the agency's internal control procedures and have determined that NCD has achieved the following objectives:

- a. Reliability of financial reporting: Transactions are properly recorded, processed and summarized to permit the preparation of the financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use or disposition.
- b. Compliance with applicable laws and regulations: Transactions are executed in accordance with laws governing the use of budget authority; other laws and regulations that could have a direct and material effect on the financial statements, and any other laws and regulations identified in OMB audit guidance.

Because NCD is dependent upon larger agencies to provide many of the support functions that are provided in-house by large agencies, it requires extreme vigilance to control costs and ensure that all needs and reporting requirements are being met. The General Services Administration provides fiscal management, accounting, payroll, human resources, legal and lease administration for NCD. The Department of Education provides a contracted ethics and conflict of interest attorney on an as-needed basis to educate members and staff about their responsibilities as federal employees. The Department of Homeland Security provides building security, and the Government Printing Office provides printing services and supports the agency Web site. These agencies and the services they provide consume about 10% of the agency budget, although it has proved more cost-effective than trying to employ internal staff to perform all of these functions for NCD.

The following items will provide a snapshot of the financial status of NCD at the conclusion of FY 2009, in addition to how our funding will be allocated for FY 2010 and what we hope to have available to support continuing operations during FY 2011.

## **Management Controls, Systems and Compliance**

### **Federal Managers' Financial Integrity Act (FMFIA)**

The FMFIA requires federal agencies to provide an annual statement of assurance regarding management controls and financial systems. The statement of assurance is provided in the Chairman's message at the beginning of the Performance and Accountability Report. This statement was based on the review and consideration of internal analyses, reconciliations and the independent auditor's opinion on the NCD's financial statements.

### **Prompt Payment Act**

The Prompt Payment Act requires federal agencies to make timely payments to vendors, including any interest penalties for late invoice payments. In FY 2008, the NCD did not pay any interest penalties on invoices processed.

## **Federal Financial Management Improvement Act (FFMIA)**

The National Council on Disability is a federal agency subject to the Accountability of Tax Dollars Act, 2002. Agencies subject to the ATDA are not subject to the requirements of FFMIA.

## **Improper Payments Information Act**

The Improper Payments Information Act (Public Law (P.L. No. 107-300) defined requirements to reduce improper/erroneous payments made by the federal government. OMB also has established specific reporting requirements for agencies with programs that possess a significant risk of erroneous payments and for reporting on the results of recovery auditing activities. A significant erroneous payment as defined by OMB guidance is an annual payment in a program that exceeds both 2.5 percent of the program payments and \$10 million. NCD has not identified any programs where significant erroneous payments have occurred within the agency. The agency will continue to review programs on an annual basis to determine if any significant erroneous payments exist.

## **Part II: Performance Section**

### **Performance by Strategic Goals**

The Council's Fiscal Year 2009 Performance Report links the agency's funding to its goals and accomplishments and demonstrates NCD's continued commitment to shaping and preserving a complex framework of policies and programs that serve and support people with disabilities nationwide. This year the agency expanded partnerships with federal and local entities on major initiatives that support its long-range plans, and completed several research projects of interest to the diverse constituency we serve. Following are the goals NCD established for Fiscal Year 2009, and a summary of the results we attained:

#### *Goal 1: Increase Levels of Public Participation and Outreach*

NCD is a deliberative body, providing advice, guidance and counsel to the President, Congress and federal agencies. Some of our most important activities occur when we hold our quarterly meetings in various cities and receive public comment, hear local presenters on issues of concern in their community or region and meet stakeholders in the disability community so we can identify best practices and identify needs. Our legislation mandates a minimum of four public meetings annually and requires the payment of compensation and travel expense to members when they are engaged in Council business. To accomplish that mandate, During FY 2009 the Council met in Kansas City, KS, Scottsdale, AZ, Washington, DC, and Minneapolis, MN.

One of our goals for fiscal year 2009 was to increase outreach to the public as demonstrated by increased public participation at NCD meetings and through the other vehicles we use to gather information. While we set a goal of a 30 percent increase in participation and comments received at meetings over FY 2007, that participation

increased by over 70 percent during the year. The following table illustrates that increase in participation and public comments received at NCD quarterly meetings:

<b>Fiscal Year</b>	<b>Participants</b>	<b>Public Comments</b>
<b>FY 2007 Totals</b>	<b>223</b>	<b>47</b>
<b>Fiscal Year 2009</b>		
Kansas City Oct 2008	45	10
Scottsdale Jan 2009	141	27
Washington DC Apr 2009	70	32
Minneapolis July 2009	79	24
<b>FY 2009 Totals</b>	<b>335</b>	<b>93</b>

NCD also maximizes the use of electronic communications in order to advise the public about Council meetings and other activities, and to solicit information from the disability community about issues of concern in their daily lives. For a small agency, with only 12 FTEs, NCD sends and receives a large volume of electronic mail messages. During Fiscal Year 2009 NCD made significant strides to reach more of the public in every part of the United States and obtain much-needed feedback.

NCD receives approximately 570,000 emails per year. The NCD Web site ([www.ncd.gov](http://www.ncd.gov)) receives nearly eight million successful “hits” per year. We think this is significant for such a small agency. Even more significant is the number of reports and papers that are downloaded each year. During FY 2009, 800,744 reports and papers were downloaded from our Web site, which is an increase of 81,273 downloads over last year. This produces a savings to the taxpayer of literally thousands of dollars in printing, handling and mailing costs. In addition, the NCD listserv now has more than 2,500 subscribers. Many of those subscribers share NCD messages, news advisories and news releases with their own listservs, exponentially increasing our public outreach.

NCD works closely with media sources around the world. This symbiotic relationship helps spread much-needed information about people with disabilities and issues related to disability policy to every corner of the globe. News stories on NCD issues and the reports it releases to the president and Congress are frequently published in the United States. During the fiscal year, there were 46 media placements of news items related to

NCD. Several editorials and opinion pieces were also disseminated about the release of NCD publications.

In addition, NCD utilizes US Newswire and PR Newswire to distribute its news releases and news advisories to major media markets in Washington, DC, and throughout the country. As a result of this relationship, NCD news items are also distributed to every member of Congress and 3,600 of the world's most widely accessed Web sites, databases and online services, including AOL, Google and Yahoo. Readership is in the millions.

NCD's monthly newsletter, *NCD Bulletin*, provides readers with an update on NCD current and future activities and other disability-related items of interest. The newsletter is published 12 times a year and reaches millions of readers when it's published on the NCD listserv, US Newswire and PR Newswire, utilizing the same distribution as NCD news releases and news advisories.

NCD's mission requires worldwide involvement regarding disability issues so this past year NCD provided technical assistance and outreach to several different foreign delegations that visited our offices. NCD staff and members met with representatives of Ireland, Russia, Vietnam, South Korea, India, Bhutan, Afghanistan, Jordan, Morocco, Bahrain, Lebanon, Oman, and Syria.

During the year, NCD held one public consultation that was advertised on our Web site and designed to gather specific information to help guide the drafting of our annual progress report, which is in development to be released to the president and Congress early in 2010. The public consultation for the progress report (about any issue of concern) resulted in over 150 comments which are under review by the NCD committee members, staff and the consultants responsible for drafting the report.

*Goal 2: Advise the President and Congress about Issues of Importance to the Disability Community through an Annual Progress Report.*

NCD released its progress report (*Disability Policy: A Progress Report*) to the president and Congress early in 2009, based on research completed during the preceding year. That report highlighted issues of importance to people with disabilities, and catalogued several positive changes in policy and programs that benefited the disability community nationwide. The progress report delivery was followed by meetings with executive managers of the federal agencies responsible for the programs discussed in the report. The progress report for the current year is being completed at this time, and will be published in February 2010.

*Goal 3: Review Programs, Practices and Policies of Other Federal Agencies and Provide Recommendations for Improvement.*

While NCD is not a formal monitoring or control agency, we have a mandate to periodically review programs delivered or administered by other agencies in the federal

government to assure that they meet the needs of the community and comply with their congressional mandates. During 2009, NCD published reports about services delivered by the Department of Education, Department of Health and Human Services, Department of Homeland Security, Veterans Affairs, Department of Labor, and Department of Transportation, plus others. During the preparation of these reports, agency staff and a variety of stakeholders were consulted or interviewed to provide the most up-to-date information to the consultants working on the reports. After the reports were published, NCD members and staff met with many of these agencies to determine what follow-up activities were planned to correct any identified deficiencies, or to improve the programs to the benefit of the people with disabilities they serve.

NCD continues to meet with federal agency partners in an ongoing effort to determine what follow-up actions were taken as a result of prior NCD report recommendations, and to identify challenges in administering the programs that may require additional NCD research or policy recommendations.

*Goal 4: Respond to the Needs and Priorities Identified by the Public by Completing Comprehensive Research Reports on Issues of Concern.*

NCD gathers information from the public through a number of means: public testimony at quarterly meetings either in person or on toll-free phone lines, electronic mail received on the NCD website, letters of concern from members of the public, formal public consultations in order to provide advice on reports underway at NCD, information gathered by contractors preparing NCD research reports, interaction between Council members and staff at conferences and meetings of stakeholder groups, and during sessions where NCD is releasing its research reports.

The information gathered during the preparation of these reports and during NCD's periodic meetings is used by the Council to develop policy recommendations that are shared with Congress and the president through the more formal avenue of the annual progress report or as needed during discussions about pending legislation.

During FY 2009, NCD completed and released several research reports that address concerns and needs of people with disabilities. Subjects covered included:

- *The Rehabilitation Act: Outcomes for Transition-Age Youth*
- *Invisible Wounds: Serving Service Members and Veterans with PTSD and TBI*
- *Federal Employment of People with Disabilities*
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- *Effective Emergency Management: Making Improvements for Communities and People with Disabilities*
- *The Current State of Healthcare for People with Disabilities.*

In addition to the above reports, which were disseminated to Congress, the President and constituents worldwide, the Council also has commissioned additional research projects to be released in FY 2010:

- *Progress Report on the Implementation of the Developmental Disabilities Assistance and Bill Of Rights Act*
- *Housing for People with Disabilities*
- *Workforce Infrastructure in Support of People with Disabilities: Matching Human Resources to Service Needs*
- *Study of the United States Marine Corps Exceptional Family Member Program*
- *Digital Media and Its Impact on People with Disabilities*
- *Study of the Accessibility of US-Based Overseas Development*
- *National Disability Policy: a Progress Report.*

NCD also contracted with a consultant to complete 10 Policy Papers on subjects of concern to people with disabilities to be used as discussants and tracks for a 2011 National Summit on Disability Policy in Washington, DC. That summit is a top priority for the Council, and will include up to 300 representatives from the disability community nationwide who will meet in the nation's capital on the 20th anniversary of the Americans with Disabilities Act to review significant achievements and to develop policy recommendations to help guide government programs for the next 20 years.

The types of research reports and projects listed above are not valuable unless they are used by the applicable administering agencies, or even Congress in some cases, to bring about positive change or modify existing programs to benefit those they are supposed to serve. NCD has many examples of quality research by this agency being used to develop and implement policies of benefit to people with disabilities, including the initial Americans with Disabilities Act, through and including the recently passed ADA Amendments Act.

*Goal 5: Support the Attendance and Participation of Council Members at Meetings and in Activities Where NCD Accomplishments and Outreach Occur.*

The current Council believes strongly that face-to-face interactions with the broad community of disability stakeholders nationwide benefit this agency in two ways: we are able to gather relevant information to guide our reports and activities and we gain another avenue of dissemination of quality work products or important news of interest to the disability community. To accomplish this, members must be paid for their travel to meetings and conferences, as well as for the time they invest in preparing for and participating in NCD meetings and other activities. During the last two fiscal years, the NCD budget has funded an increased level of travel and salaries for the appointed members of the Council. This recognizes the increased involvement of members in agency operations and a pledge by the Council leadership to meet at geographically dispersed locations throughout the country in order to gather information from our diverse stakeholders outside the Beltway. Between public meetings, the various committees of the Council carry on the business of the agency through teleconference meetings and email.

*Goal 6: Continue to Be Responsible Stewards of Funding Committed to the Support of NCD and Its Activities.*

We understand that costs need to be maintained at a minimal level in order to meet the mission mandates, and the executive director works with other staff and members of the Council to assure that all controllable costs are minimized and that we make the most effective use of our relatively small budget and staff. To help accomplish that, during the past year the following cost reductions were realized:

1. Reduced payments to the Government Printing Office for Web site support by over \$25,000 through the use of enhanced editing that includes creation of accessible formatting for reports.
2. NCD is contracting with GSA for all legal and financial management services at a cost savings compared to providing these services with staff in past years.

NCD continues to realize additional savings from new operational efficiencies, and members and staff continually seek out the viability of additional changes to accomplish our important mission at a reduced cost. Despite being forced to operate on what is basically a flat budget for the past five years, NCD has finished each year within budget and with an impressive list of accomplishments. The current economy has resulted in increased costs for air travel to meetings, hotel sleeping rooms and meeting facilities, member and staff salaries and benefits, office rent and may begin to affect the amounts that NCD will force to pay in order to find qualified contractors willing to produce NCD research reports.

Because NCD is such a small agency, and since our mission requires the ability to gather timely and relevant information regarding disability needs and concerns to produce our research reports, we have few opportunities to realize a significant reduction in the cost of supporting this agency's mission. The executive director has been charged with identifying potential savings in a variety of support services that NCD receives from other agencies, and that has become an ongoing effort to avoid the necessity of scaling back our disability policy research efforts in future years.

*Goal 7: Continue to Work with the Federal Emergency Management Agency (FEMA) and Others Responsible for Enhancing the Safety and Security of the Nation's Disability Community As Mandated by the Post-Katrina Emergency Management Reform Act.*

The congressional mandate and fiscal support received by NCD have made it possible to call a heightened level of attention to the needs of the disability community in emergencies of any type. Using the funding provided by Congress, NCD has held hearings in New Orleans, Louisiana following hurricanes Katrina and Rita, and recently released a report reviewing current response to major emergencies by federal, state and local entities and the impact it has had on people with disabilities. That report has resulted in several additional opportunities for Council members to speak about the findings and recommendations in the report to emergency management and disability related conferences nationwide.

During the past year, the NCD Chair, staff and homeland security committee members have met several times with staff of the Federal Emergency Management Agency and their DHS counterparts. We have supported the participation of NCD members to make presentations at or attend emergency management conferences, and provided input to major documents published by FEMA. Additionally, each quarterly NCD meeting includes presentations by local or regional emergency response personnel, as well as people from the disability community within that area, to discuss their knowledge and preparations for the types of emergency situations most common to that region. FEMA staff also attend and make presentations at our meetings periodically, including FEMA regional staff when NCD meets in other parts of the country.

NCD has also worked with FEMA staff, other federal agency personnel and representatives of National Voluntary Organizations Active in Disasters around emergency preparedness initiatives in various efforts. This includes the development of a functional needs support unit service model, National Disaster Housing Strategy annexes, and various short-term working initiatives of the Interagency Coordinating Committee on Emergency Preparedness for Individuals with Disabilities.

### **Part III. Financial Section**

#### ***Message From the Executive Director:***

In Fiscal Year 2009 the National Council on Disability continued to make strides towards financial management excellence. The Council's progress is measured by the results and outcomes captured in this annual Performance and Accountability Report. I am pleased to report that, for the third consecutive year, the audit did not identify any material weaknesses in the agency's financial transactions or record-keeping.

Any internal control matters involving operations determined by the audit to carry more risk, but not considered to be material weaknesses or significant deficiencies, will be continually monitored. We will also continue to review, assess the validity of and, when appropriate, de-obligate outstanding obligations.

The Council has made progress in fiscal year 2009 toward integration of performance management into our budget process. Such integration provides the Council's leadership with the robust financial analysis required to support timely and effective strategic planning and decision-making. Besides our independent auditors, NCD has also contracted with an outside financial consulting firm to independently review the agency's financial policies and procedures manual and recommend additional steps which might be taken to improve efficiency and fiscal responsibility.

During FY 2009, the NCD continued to engage an outside agency to administer various aspects of financial management and accounting functions. Through lessons learned from this partnership, NCD staff have developed new policies and procedures to enhance internal controls in the financial management operations. Financial management and internal control matters have been enhanced further through the active participation of the Council's finance committee, whose members met quarterly to

review operations. We take financial accountability, a commitment to sound agency performance, and providing taxpayers with the service they deserve very seriously. NCD is committed to ensuring it has the organization, systems, and resources to sustain a clean opinion in future years and to continue to improve its financial management performance.

*Michael C. Collins*  
Executive Director

## APPROPRIATIONS HISTORY

Salaries and Expense Account  
(Amounts in thousands of dollars)

<u>Fiscal Year</u>	<u>Budget Authority</u>	<u>Fiscal Year</u>	<u>Budget Authority</u>
1980	25	2005	3,344*****
1981	205	2006	3,144*'
1982	197	2007	3,125*''
1983	198	2008	3,113
1984	500	2009	3,206
1985	750	2010	3,271 (req)
1986	732	2011	3,336 (req)
1987	860		
1988	871*		
1989	1,160		
1990	1,540		
1991	1,439		
1992	1,569		
1993	1,541		
1994	1,690		
1995	1,793		
1996	1,793		
1997	1,791		
1998	1,793		
1999	2,344		
2000	2,391**		
2001	2,615		
2002	2,829***		
2003	2,839****		
2004	3,021*****		

FY 1988 amount reflects reductions pursuant to Public Law 100-436. \*

FY 2000 amount reflects reductions pursuant to Public Law 106-113. \*\*

FY 2002 amount reflects reductions pursuant to Public Law 107-206. \*\*\*

FY 2003 amount reflects reductions pursuant to Public Law 108-7. \*\*\*\*

FY 2004 amount reflects reductions pursuant to Public Law 108-199\*\*\*\*\*

FY 2005 amount reflects reductions pursuant to Public Law 108-447\*\*\*\*\*

FY 2006 amount reflects reductions pursuant to Public Law 109-148\*'

FY 2007 amount reflects reductions pursuant to Public Law 110-5\*''

## Budget detail (FY 2008-2011)

	FY 2008 Final	FY 2009 Final	FY 2010 Proposed	FY 2011 Proposed Budget (2% Increase)
Appropriation	\$ 3,113,000	\$ 3,206,000	\$ 3,271,090	\$ 3,336,512
Supplemental Appropriation	\$ -	\$ -	\$ -	\$ -
Enacted Reductions	\$ (54,384)	\$ -	\$ -	\$ -
Net Appropriation	\$ 3,058,616	\$ 3,206,000	\$ 3,271,090	\$ 3,336,512
Obligations/Expenses				
Salaries, Full Time	\$ 1,031,000	\$ 1,109,004	1,280,000	\$ 1,218,972
Salaries, Board	\$ 209,510	\$ 206,178	220,000	\$ 220,000
Incentive Awards	\$ 7,000	\$ 1,500	15,000	\$ 25,000
Leave Payout	\$ 14,402	\$ -	\$ -	\$ -
<i>Subtotal Salaries</i>	\$ 1,261,912	\$ 1,316,683	\$ 1,515,000	\$ 1,463,972
Benefits	\$ 266,340	\$ 266,307	\$ 318,518	\$ 316,933
Travel				
<i>Member Travel</i>	\$ 50,246	\$ 39,062	\$ 99,800	\$ 99,800
<i>Member Assistant</i>	\$ 14,389	\$ 3,220	\$ 15,000	\$ 15,000
<i>Staff Travel</i>	\$ 19,586	\$ 12,829	\$ 20,200	\$ 20,000
<i>Participant Citibank (Airline Tickets)</i>	\$ 1,938	\$ 603	\$ 5,000	\$ 5,000
<i>Miscellaneous</i>	\$ 44,760	\$ 66,680	\$ 30,000	\$ 30,000
<i>Hotel DOT Reimbursement</i>	\$ 11,426	\$ 500	\$ -	\$ -
<i>Hotel</i>	\$ 126,174	\$ 97,617	\$ 110,000	\$ 110,000
<i>DOT Reimbursement</i>	\$ -	\$ -	\$ -	\$ -
<i>Subtotal Travel</i>	\$ 268,521	\$ 220,511	\$ 280,000	\$ 279,800
Training	\$ -	\$ -	\$ -	\$ 10,000
Rent	\$ 246,833	\$ 238,768	241,080	\$ 241,080
Communications	\$ 54,854	\$ 31,517	80,000	\$ 80,000
Utilities	\$ -	\$ -	\$ -	\$ -
Printing/Reproduction	\$ 5,114	\$ 18,605	30,000	\$ 30,000
Contracts				
<i>Program Contracts</i>	\$ 485,800	\$ 700,545	\$ 430,746	\$ 513,981
<i>Administrative Contracts</i>	\$ 443,732	\$ 273,304	\$ 355,746	\$ 355,746
Supplies	\$ 17,651	\$ 10,008	20,000	\$ 20,000

Equipment	\$ 3,835.90	\$ -	\$ -	\$ 25,000
Total	\$	\$	\$	
Obligation/Expenses	3,054,592	3,076,247	3,271,090	\$ 3,336,512
Unobligated Balances	\$ 4,024	\$ 129,753	\$ -	\$ 0

The principal financial statements of NCD have been prepared to report the financial position and results of operations of the entity pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from the books and records of NCD in accordance with generally acceptable accounting practices for federal entities and in the format prescribed by OMB, the statements are in addition to the financial reports used to monitor and control our budgetary resources which are prepared from the same books and records. The statements should thus be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

Like our larger peers, NCD utilizes external auditors to review all agency financial records and transactions during the past year, and their work has become a part of this report. Our annual financial audit includes copies of all principal statements, which include a Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and Statement of Budgetary Resources. The balance sheet presents, as of September 30, 2009, amounts of future economic benefits owned or managed by NCD (assets), amounts owed by NCD (liabilities), and amounts which comprise the difference (net position). The Statement of Net Cost reports the full cost of the program, both direct and indirect costs of the output and the costs of identifiable supporting services provided by other segments within NCD and other reporting entities. The Statement of Budgetary Resources reports NCD's budgetary activity.

NCD is an appropriated fund. It receives appropriations from the General Fund. Other financing sources for NCD consist of imputed financing sources which are costs financed by other Federal entities on behalf of NCD, as required by Statement of Federal Financial Accounting Standard (SFFAS) No. 5, Accounting for Liabilities of the Federal Government.

All of NCD's fund balance with Treasury comes from appropriations. No trust, revolving or other fund types are used to fund NCD's activities. NCD operates as an annual fund, receiving a new single-year appropriation each year. The fund balance with Treasury is a consolidated balance of one no-year fund and five annual funds (FY 2005, FY 2006, FY 2007, FY 2008 and FY 2009). The annual fund for FY 2004 was cancelled and the remaining fund balance of \$1,655 was returned to the U.S. Treasury during fiscal year 2009.

With the exception of the detailed financial spreadsheets that follow which were provided by NCD's auditors, no outside parties have assisted in the preparation of this NCD Performance and Accountability Report.

## Independent Auditors' Report



Council Members and Executive Director  
National Council on Disability  
Washington, DC

In accordance with the Accountability of Tax Dollars Act of 2002, we are responsible for conducting audits of the National Council on Disability. In our audits of the National Council on Disability for the fiscal years ended September 30, 2009 and 2008, we found

- the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles,
- no material weaknesses in internal control over financial reporting (including safeguarding assets) and compliance, although internal controls could be improved,
- no reportable noncompliance with laws and regulations we tested.

The following sections discuss in more detail (1) these conclusions, (2) our conclusions on Management Discussion and Analysis and other supplementary information, (3) our audit objectives, scope and methodology, and (4) agency comments and our evaluation.

### **Opinion on Financial Statements**

The financial statements including the accompanying notes present fairly, in all material respects, in conformity with U.S. generally accepted accounting principles, the National Council on Disability's assets, liabilities, and net position as of September 30, 2009 and 2008; and net costs; changes in net position; and budgetary resources; for the years then ended.

### **Consideration of Internal Control**

In planning and performing our audit, we considered the National Council on Disability's internal controls over financial reporting and compliance. We did this to determine our procedures for auditing the financial statements and to comply with OMB audit guidance, not to express an opinion on internal control. Accordingly, we do not express an opinion on internal control over financial reporting and compliance or on management's assertion on internal control included in Management's Discussion and Analysis. However, our work identified the need to improve certain internal controls as described below.

## **09-01: Ineffective Process for Period-End Review of Accounts Payable and Undelivered Orders**

Condition: The National Council on Disability lacks formal policies and procedures to facilitate the timely identification and estimation of accruals related to accounts payable, and the validation of outstanding obligations at period-end.

Criteria: Statement of Federal Financial Accounting Standards (SFFAS) Number 1, *Accounting for Selected Assets and Liabilities*, defines accounts payable as “amounts owed by a federal entity for goods and services received from, progress in contract performance made by, and rents due to other entities.” SFFAS No. 1 further indicates, “[i]f invoices for those goods [or services] are not available when financial statements are prepared, the amounts owed should be estimated.

The Federal Manager’s Financial Integrity Act of 1982 (FMFIA) required the Government Accountability Office (GAO) to establish standards for internal control. GAO/AIMD-00-21.3. 1 , *Standards for Internal Control in the Federal Government*, provides, “[t]ransactions should be promptly recorded to maintain their relevance and value to management...This applies to the entire process or life cycle of a transaction...In addition, control activities help to ensure that all transactions are completely and accurately recorded...Internal control and all transactions and other significant events need to be clearly documented, and the documentation should be readily available for examination. The documentation should appear in management directives, administrative policies, or operating manuals and may be in paper or electronic form.”

Cause: The National Council on Disability has not developed formal policies and procedures to facilitate the timely identification and estimation of accruals related to accounts payable, and the validation of outstanding obligations at period-end.

Effect: The National Council on Disability failed to identify goods and services received prior to year-end, which should have been accrued as of September 30, 2009. This oversight led to a material understatement of accounts payable and expenses that was identified in the course of conducting the audit.

This deficiency in internal control, although not considered a material weakness, represents a significant deficiency in the design or operation of internal control, which adversely affects the entity’s ability to meet the internal control objectives listed in the

objectives, scope, and methodology, or meet OMB criteria for reporting matters under FMFIA.

A material weakness is a control deficiency that results in more than a remote likelihood that the design or operation of one or more internal controls will not allow management or employees, in the normal course of performing their duties, to promptly detect or prevent errors, fraud, or noncompliance in amounts that would be material to the financial statements. Our internal control work would not necessarily disclose all deficiencies in internal control that might be material weaknesses or other significant deficiencies.

### **Compliance with Laws and Regulations**

Our tests of the National Council on Disability's compliance with selected provisions of laws and regulations for fiscal year 2009 disclosed no instances of noncompliance that would be reportable under U.S. generally accepted government auditing standards or OMB audit guidance. However, the objective of our audit was not to provide an opinion on overall compliance with laws and regulations. Accordingly, we do not express such an opinion.

### **Consistency of Other Information**

The National Council on Disability's Management's Discussion and Analysis, required supplementary information (including stewardship information), and other accompanying information contain a wide range of information, some of which is not directly related to the financial statements. We do not express an opinion on this information. However, we compared this information for consistency with the financial statements and discussed the methods of measurement and presentation with National Council on Disability officials. Based on this limited work, we found no material inconsistencies with the financial statements, U.S. generally accepted accounting principles, or OMB guidance.

### **Objectives. Scope. and Methodology**

The National Council on Disability's management is responsible for (1) preparing the financial statements in conformity with U.S. generally accepted accounting principles, (2) establishing, maintaining, and assessing internal control to provide reasonable assurance that the broad control objectives of the Federal Managers' Financial Integrity Act are met, and (3) complying with applicable laws and regulations.

We are responsible for obtaining reasonable assurance about whether the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. We are also responsible for (1) obtaining a sufficient understanding of internal control over financial reporting and compliance to plan the audit, (2) testing compliance with selected provisions of laws and regulations that have a direct and material effect on the financial statements and laws for which OMB audit guidance requires testing, and (3) performing limited procedures with respect to certain other information appearing in the Annual Financial Statement.

In order to fulfill these responsibilities, we

- examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessed the accounting principles used and significant estimates made by management;
- evaluated the overall presentation of the financial statements;
- obtained an understanding of the entity and its operations, including its internal control related to financial reporting (including safeguarding assets), and compliance with laws and regulations (including execution of transactions in accordance with budget authority);
- tested relevant internal controls over financial reporting, and compliance, and evaluated the design and operating effectiveness of internal control;
- considered the design of the process for evaluating and reporting on internal control and financial management systems under the Federal Managers' Financial Integrity Act; and
- tested compliance with selected provisions of the following laws and regulations: the Anti-Deficiency Act; Provisions Governing Claims of the U.S. Government (31 U.S.C. 3711 -3720E), including the Debt Collection Improvement Act of 1996 (DCIA), the Prompt Payment Act; the Pay and Allowance System for Civilian Employees as provided primarily in Chapters 51-59 of title 5, United States Code; the Civil Service Retirement Act, 5 U.S.C. Chapter 83; Federal Employee Health Benefits Act, 5 U.S.C. Chapter 89; Federal Employees Compensation Act (FECA), 5 U.S.C. Chapter 81; Federal Employee's Retirement System (FERS) Act of 1986, 5 U.S.C. Chapter 84; and Rehabilitation Act Amendments of 1984, Public Law 98-22 1.

We did not evaluate all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act, such as those controls relevant to preparing statistical reports and ensuring efficient operations. We limited our internal control testing to controls over financial reporting and compliance. Because of inherent limitations in internal control, misstatements due to error or fraud, losses, or noncompliance may nevertheless occur and not be detected. We also caution that projecting our evaluation to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate. In addition, we caution that our internal control testing may not be sufficient for other purposes.

We did not test compliance with all laws and regulations applicable to the National Council on Disability. We limited our tests of compliance to selected provisions of laws and regulations that have a direct and material effect on the financial statements and those required by OMB audit guidance that we deemed applicable to the National Council on Disability's financial statements for the fiscal year ended September 30, 2009. We caution that noncompliance may occur and not be detected by these tests and that such testing may not be sufficient for other purposes.

We performed our audit in accordance with U.S. generally accepted government auditing standards and OMB audit guidance.

Martin & Wall, Independent Auditors

December 14, 2009

**NATIONAL COUNCIL ON DISABILITY  
BALANCE SHEETS  
AS OF SEPTEMBER 30, 2009 AND 2008**

		2009	2008
Assets:			
Intragovernmental:			
Fund Balance With Treasury	(Note 2)	\$ 1,569,814	\$ 1,340,070
Total Intragovernmental		1,569,814	1,340,070
 Total Assets		\$ 1,569,814	\$ 1,340,070
 Liabilities:			
Intragovernmental:			
Accounts Payable	(Note 4)	\$ 27,385	\$
Other	(Note 5)	12,512	
Total Intragovernmental		39,897	
Accounts Payable		87,810	39,518
Other	(Note 5)	154,152	145,056
Total Liabilities		281,859	184,574
 Net Position:			
Unexpended Appropriations - Other Funds		1,467,944	1,236,871
Cumulative Results of Operations - Other Funds		(179,989)	(81,375)
Total Net Position		1,287,955	1,155,495
Total Liabilities and Net Position		\$ 1,569,814	\$ 1,340,070

\*Amounts may be off by a dollar due to rounding.

The accompanying notes are an integral part of these financial statements.

**NATIONAL COUNCIL ON DISABILITY  
STATEMENTS OF NET COST  
FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008**

		2009
Program Costs:		
Program A:	(Note 7)	
Gross Costs	<u>\$3,113,436</u>	<u>\$3,052,831</u>
Net Program Costs	<u>3,113,436</u>	<u>3,052,831</u>
Net Cost of Operations	\$ 3,113,436	\$ 3,052,831

\*Amounts may be off by a dollar due to rounding. The accompanying notes are an integral part of these financial statements.

**NATIONAL COUNCIL ON DISABILITY  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Earmarked Funds	All Other Funds	Eliminations	Consolidated Total
<b>Cumulative Results of Operations:</b>				
Beginning Balances	\$	\$ (81,375)	\$	\$ (81,375)
<b>Budgetary Financing Sources:</b>				
Appropriations Used		2,960,048		2,960,048
<b>Other Financing Resources (Non-Exchange):</b>				
Imputed Financing		54,774		54,774
Total Financing Sources		3,014,822		3,014,822
Net Cost of Operations (+/-)		3,113,436		3,113,436
Net Change		(98,614)		(98,614)
<b>Cumulative Results of Operations</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Unexpended Appropriations:</b>				
Beginning Balances	\$	\$ 1,236,871	\$	\$ 1,236,871
<b>Budgetary Financing Sources:</b>				
Appropriations Received		3,206,000		3,206,000
Other Adjustments		(14,879)		(14,879)
Appropriations Used		(2,960,048)		(2,960,048)
Total Budgetary Financing Sources		231,073		231,073
Total Unexpended Appropriations		1,467,944		1,467,944
Net Position	\$	\$ 1,287,955	\$	\$ 1,287,955

\*Amounts may be off by a dollar due to rounding.

The accompanying notes are an integral part of these financial statements.

**NATIONAL COUNCIL ON DISABILITY  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Earmarked Funds	All Other Funds	Eliminations	Consolidated Total
<b>Cumulative Results of Operations:</b>				
Beginning Balances	\$	\$ (77,901)	\$	\$ (77,901)
<b>Budgetary Financing Sources:</b>				
Appropriations Used		2,995,908		2,995,908
<b>Other Financing Resources (Non-Exchange):</b>				
Imputed Financing		53,449		53,449
Total Financing Sources		3,049,357		3,049,357
Net Cost of Operations (+/-)		3,052,831		3,052,831
Net Change		(3,474)		(3,474)
<b>Cumulative Results of Operations</b>	<b>\$</b>	<b>\$ (81,375)</b>	<b>\$</b>	<b>\$ (81,375)</b>
<b>Unexpended Appropriations:</b>				
Beginning Balances	\$	\$ 1,194,999	\$	\$ 1,194,999
<b>Budgetary Financing Sources:</b>				
Appropriations Received		3,113,000		3,113,000
Other Adjustments		(75,221)		(75,221)
Appropriations Used		(2,995,908)		(2,995,908)
Total Budgetary Financing Sources		41,871		41,871
Total Unexpended Appropriations		1,236,871		1,236,871
Net Position	\$	\$ 1,155,495	\$	\$1,155,495

\*Amounts may be off by a dollar due to rounding.

The accompanying notes are an integral part of these financial statements.

**NATIONAL COUNCIL ON DISABILITY  
STATEMENTS OF BUDGETARY RESOURCES  
FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008**

	2009	2009	2008	2008
	Budgetary	Non-Budgetary Credit Program Financing Accounts	Budgetary	Non-Budgetary Credit Program Financing Accounts
<b>Budgetary Resources:</b>				
Unobligated Balance, Brought Forward, October 1	\$ 415,578	\$	\$ 498,356	\$
Recoveries of Prior Year Obligations	178,168		34,086	
Budget Authority:				
Appropriation	3,206,000		3,113,000	
Earned				
Collected	500		2,736	
Subtotal	3,206,500		3,115,736	
Permanently Not Available	(14,879)		(75,221)	
Total Budgetary Resources	<u>\$ 3,785,367</u>	<u>\$</u>	<u>\$ 3,572,957</u>	<u>\$</u>
<b>Status of Budgetary Resources:</b>				
Obligations Incurred		(Note 8)		
Direct	\$ 3,269,135	\$	\$ 3,157,379	\$
Subtotal	3,269,135		3,157,379	
Unobligated Balances				
Apportioned	257,081		242,092	
Subtotal	257,081		242,092	
Unobligated Balances - Not Available	259,151		173,486	
Total Status of Budgetary Resources	<u>\$ 3,785,367</u>	<u>\$</u>	<u>\$ 3,572,957</u>	<u>\$</u>
<b>Change in Obligated Balances:</b>				
Obligated Balance, Net:				
Unpaid Obligations, Brought Forward, October	\$ 924,491	\$	\$ 819,039	\$
Total, Unpaid Obligated Balance, Net	924,491		819,039	
Obligations Incurred	3,269,135		3,157,379	
Gross Outlays (-)	(2,961,876)		(3,017,840)	
Recoveries of Prior-Year Unpaid Obligations, Actual	(178,168)		(34,086)	
Obligated Balance, Net, End of Period:				
Unpaid Obligations (+)	1,053,582	(Note 9)	924,491	
Total, Unpaid Obligated Balance, Net, End of	<u>\$ 1,053,582</u>	<u>\$</u>	<u>\$ 924,491</u>	<u>\$</u>
<b>Net Outlays:</b>				
Gross Outlays (+)	2,961,876		3,017,840	
Offsetting Collections (-)	(500)		(2,736)	
Net Outlays	<u>\$ 2,961,376</u>	<u>\$</u>	<u>\$ 3,015,104</u>	<u>\$</u>

\*Amounts may be off by a dollar due to rounding.

The accompanying notes are an integral part of these financial statements.

## **NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

### **Reporting Entity**

The National Council on Disability (NCD) is an independent agency of the Executive Branch of the United States Government that makes recommendations to the President and Congress on issues affecting Americans with disabilities.

NCD was initially established in 1978 as an advisory board within the Department of Education (Public Law 95-602). The Rehabilitation Act Amendments of 1984 (Public Law 98-22 1) transformed NCD into an independent agency and required NCD to provide expert advice to Congress and the Administration. The Rehabilitation Act Amendments of 1992 and 1998 and the Education of the Deaf Act Technical Amendments of 1993 updated NCD's statutory mandate.

NCD is composed of 15 members appointed by the President and confirmed by the U.S. Senate. The Council members set the agency budget and establish the parameters for what it will support. The NCD executive director has full responsibility for carrying out the agency's operations as necessary to accomplish the goals and mission of the agency as established by the Council members.

NCD's overall purpose is to promote policies, programs, practices and procedures that guarantee equal opportunity for all individuals with disabilities, regardless of the nature or severity of the disability; and to empower individuals with disabilities to achieve economic self-sufficiency, independent living, and inclusion and integration into all aspects of society. This mission is accomplished by serving as a policy agency that publishes reports and works with other federal agencies on policy development and implementing best practices. Strategic goals established for fiscal year 2009 included:

- Goal 1: Increase Levels of Public Participation and Outreach
- Goal 2: Advise the President and Congress about Issues of Importance to the Disability Community through an Annual Progress Report.
- Goal 3: Review Programs, Practices and Policies of Other Federal Agencies and Provide Recommendations for Improvement.
- Goal 4: Respond to the Needs and Priorities Identified by the Public by Completing Comprehensive Research Reports on Issues of Concern.
- Goal 5: Support the Attendance and Participation of Council Members at Meetings and in Activities Where NCD Accomplishments and Outreach Occur.
- Goal 6: Continue to Be Responsible Stewards of Funding Committed to the Support of NCD and Its Activities.
- Goal 7: Continue to Work with the Federal Emergency Management Agency (FEMA) and Others Responsible for Enhancing the Safety and Security of the Nation's Disability Community As Mandated by the Post-Katrina Emergency Management Reform Act.

## **Basis of Presentation**

These financial statements have been prepared from the accounting records of NCD in accordance with generally accepted accounting principles (GAAP) as promulgated by the Federal Accounting Standards Advisory Board (FASAB), and the form and content for entity financial statements specified in Office of Management and Budget (OMB) Circular A-136, "Financial Reporting Requirements." GAAP for Federal entities is the hierarchy of accounting principles prescribed in Statement of Federal Financial Accounting Standards (SFFAS) 34, "The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards issued by the Financial Accounting Standards Board."

OMB Circular No. A- 136 requires agencies to prepare principal statements, which include a Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and Statement of Budgetary Resources. The balance sheet presents, as of September 30, 2009, amounts of future economic benefits owned or managed by NCD (assets), amounts owed by NCD (liabilities), and amounts which comprise the difference (net position). The Statement of Net Cost reports the full cost of the program, both direct and indirect costs of the output, and the costs of identifiable supporting services provided by other segments within NCD and other reporting entities. The Statement of Budgetary Resources reports an agency's budgetary activity.

## **Basis of Accounting**

Transactions are recorded on the accrual accounting basis of accounting in accordance with OMB Circular A-136. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to the receipt or payment of cash.

## **Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

## **Budgets and Budgetary Accounting**

NCD follows standard federal budgetary accounting policies and practices in accordance with OMB Circular A-11, "Preparation, Submission, and Execution of the Budget," dated June 2008. Budgetary accounting facilitates compliance with legal constraints and controls over the use of federal funds. Each year, Congress provides NCD appropriations to incur obligations in support of agency programs. For Fiscal Years (FY) 2009 and 2008, NCD is accountable for general fund appropriations and no-year fund carryover. NCD recognizes budgetary resources as assets when cash (funds held by

Treasury) is made available through warrants and when spending authority from the offsetting collections is incurred.

### **Revenues and Other Financing Sources**

NCD receives substantially all of the funding needed to support its programs through appropriations. NCD receives annual and no-year appropriations that may be used, within statutory limits, for operating and capital expenditures. Appropriations are recognized as revenues as the related program or administrative expenses are incurred.

Other financing sources for NCD consist of imputed financing sources which are costs financed by other federal entities on behalf of NCD, as required by SFFAS No. 5, "Accounting for Liabilities of the Federal Government." In certain instances, operating costs of NCD are paid out of funds appropriated to other federal agencies. In accordance with SFFAS 5, all expenses of a federal entity should be reported by that agency regardless of whether the agency will ultimately pay those expenses. Amounts for certain expenses of NCD, which will be paid by other federal agencies, are recorded in the Statement of Net Cost. A related amount is recognized in the Statement of Changes in Net Position as an imputed financing source. NCD records imputed expenses and financing sources for employee retirement plan contributions, group term life insurance, and health benefit costs, which are paid by the Office of Personnel Management (OPM).

### **Personnel Compensation and Benefits**

Salaries and wages of employees are recognized as accrued payroll expenses and related liabilities as earned. These expenses are recognized as a funded liability when accrued.

Annual leave is accrued as it is earned by employees and is included in personnel compensation and benefit costs. An unfunded liability is recognized for earned but unused annual leave, since from a budgetary standpoint, this annual leave will be paid from future appropriations when employees use the leave. The amount accrued is based upon current pay rates for employees. Sick leave and other types of leave that are not vested are expensed when used and no future liability is recognized for these amounts.

NCD's employees participate in one of two retirement programs, either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS), which became effective on January 1, 1987. NCD and its employees both contribute to these systems. Although NCD funds a portion of the benefits under CSRS and FERS and makes the necessary payroll withholdings, it does not report assets associated with these benefit plans in accordance with SFFAS 5.

For CSRS employees, NCD contributes an amount equal to 11.2% of the employees' basic pay to the plan. For FERS employees, NCD contributes an amount equal to 7% of the employees' basic pay to the plan.

Both CSRS employees and FERS employees are eligible to participate in the Thrift Savings Plan (TSP). The TSP is a defined contribution retirement plan intended to supplement the benefits provided under CSRS and FERS. For FERS employees, NCD contributes an amount equal to 1% of the employee's basic pay to the TSP and matches employee contributions up to an additional 4%. CSRS employees receive no matching contribution from NCD.

OPM is responsible for reporting assets, accumulated plan benefits, and unfunded liabilities, if any, applicable to CSRS participants and FERS employees government-wide, including NCD's employees. NCD has recognized an Imputed Cost and Imputed Financing Source for the difference between the estimated service cost and the contributions made by NCD and its covered employees. The estimated cost of pension benefits is based on rates issued by OPM.

Employees are entitled to participate in the Federal Employees Group Life Insurance (FEGLI) Program. Participating employees can obtain "basic life" term life insurance, with the employee paying two-thirds of the cost and NCD paying one-third. Additional coverage is optional, to be paid fully by the employee. The basic life coverage may be continued into retirement if certain requirements are met. OPM administers the FEGLI program and is responsible for the reporting of related liabilities. Each fiscal year, OPM calculates the U.S. Government's service cost for the post-retirement portion of basic life coverage. Because NCD's contributions to the basic life coverage are fully allocated by OPM to the pre-retirement portion of coverage, the Board has recognized the entire service cost of the post-retirement portion of basic life coverage as an Imputed Cost and Imputed Financing Source.

### **Assets and Liabilities**

Intra-governmental assets and liabilities arise from transactions between NCD and other Federal entities.

Funds with the U.S. Treasury comprise the majority of assets on NCD's balance sheet. All other assets result from activity with non-federal sources.

Liabilities represent amounts that are likely to be paid by NCD as a result of transactions that have already occurred. The accounts payable portion of liabilities consists of amounts owed to federal agencies and commercial vendors for goods, services, and other expenses received but not yet paid.

Liabilities covered by budgetary or other resources are those liabilities of NCD for which Congress has appropriated funds, or funding is otherwise available to pay amounts due.

### **Fund Balance with Treasury**

The U.S. Department of the Treasury (Treasury) processes NCD's receipts and disbursements. Fund Balance with Treasury is the aggregate amount of the agency's accounts with Treasury for which the agency is authorized to liquidate obligations, pay funded liabilities, and make expenditures. The fund balance is increased through the receipt of non-expenditure Treasury warrants for appropriations, positive non-expenditure transfers, and other expenditure inflows of funds. The Fund Balance with Treasury is reduced through non-expenditure Treasury Warrants for recissions, negative non-expenditure transfers, disbursements, and other expenditure cash outflows of funds.

NCD's funds with the U.S. Treasury are cash balances from appropriations as of the fiscal yearend from which NCD is authorized to make expenditures and pay liabilities resulting from operational activity.

### **General Property, Plant and Equipment, Net**

Property, plant, and equipment (PP&E) have been defined in the Federal Government as tangible items owned by the Federal Government and having an expected useful life of greater than two years. NCD has established the following policies for PP&E:

PP&E is reported at acquisition cost.

The capitalization threshold is \$5,000 for assets with a useful life of two or more years.

For bulk purchases, items will be capitalized when the individual useful lives are at least two years and the property acquired has an aggregate value of \$100,000 or more.

Acquisitions of PP&E that do not meet the capitalization criteria outlined above are recorded as operating expenses. General PP&E consists of items that are used by NCD to support its mission.

Depreciation on assets is calculated using the straight-line method. Depreciation begins the month after the asset is placed in service.

Useful lives are as follows:

Equipment -	4 years
Furniture -	4 years

Maintenance, repairs and minor renovations are expensed as incurred. Expenditures that materially increase values, change capacities or extend useful lives are capitalized.

The costs of any leasehold improvements financed with NCD appropriated funds is capitalized if the total cost exceeds \$25,000. Construction costs are accumulated as “construction in-progress” until completion, at which time they are transferred to “leasehold improvements” and depreciated over 7 years or the remainder of the lease, whichever is less.

Internal use software development and acquisition costs of \$25,000 are capitalized as “software development-in-progress” until the development stage is completed and the software is successfully tested. At acceptance, “software development-in-progress” costs are reclassified as “internal use software” and amortized using the straight-line method over an estimated useful life of 4 years. Purchased commercial software that does not meet the capitalization criteria is expensed. Enhancements that do not add significant new capability or functionality are expensed.

### **Prepaid and Deferred Charges**

Payments in advance of the receipt of goods and services are recorded as prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

### **Liabilities**

Liabilities represent amounts expected to be paid as the result of a transaction or event that has already occurred. Liabilities covered by budgetary resources are liabilities incurred which are covered by realized budgetary resources as of the balance sheet date. Available budgetary resources include new budget authority, spending authority from the offsetting collections, recoveries of unexpired budget authority through downward adjustments of prior year obligations, and unobligated balances of budgetary resources at the beginning of the year. Unfunded liabilities are not considered to be covered by such budgetary resources. Examples of unfunded liabilities are actuarial liabilities for future Federal Employees’ Compensation Act (FECA) payments and annual leave. The Government, acting in its sovereign capacity, can abrogate liabilities arising from other than contracts.

## **Contingencies**

The criteria for recognizing contingencies for claims are (1) a past event or exchange transaction has occurred as of the date of the statements; (2) a future outflow or other sacrifice of resources is probable; and (3) the future outflow or sacrifice of resources is measurable (reasonably estimated). NCD recognizes material contingent liabilities in the form of claims, legal action, administrative proceedings and environmental suits that have been brought to the attention of legal counsel, some of which will be paid by the Treasury Judgment Fund. It is the opinion of management and legal counsel that the ultimate resolution of these proceedings, actions and claims, will not materially affect the financial position or results of operations.

## **Net Position**

Net position consists of unexpended appropriations and cumulative results of operations. Unexpended appropriations represent amounts of budget authority to include unobligated or obligated balances not rescinded or withdrawn. Cumulative results of operations is comprised of the following: (1) the difference between revenues and expenses, (2) the net amount of transfers of assets in and out without reimbursement, and (3) donations, all since inception of the fund(s).

## **NOTE 2 – FUND BALANCE WITH TREASURY**

All of NCD's Fund Balance with Treasury is derived from appropriated funds. No trust, revolving or other fund types are used to fund NCD's activities. NCD operates as an annual fund, receiving a new appropriation each year. This fund balance with treasury is a consolidated balance of one no-year fund and five annual funds (FY 2005, FY 2006, FY 2007, FY 2008, and FY 2009). The annual fund for FY 2004 was cancelled and the remaining fund balance of \$14,879 was transferred back to the US Treasury during fiscal year 2009.

A. Fund Balance with Treasury	<u>2009</u>	<u>2008</u>
General Funds	\$1,569,814	\$1,340,070
B. Status of Fund Balance with Treasury		
1) Unobligated Balance		
a) Available	257,081	242,092
b) Unavailable	259,151	173,486
2) Obligated Balance not yet Disbursed	1,053,582	924,491
Total	<u>\$1,569,814</u>	<u>\$1,340,070 *</u>

\* Rounding

### NOTE 3 – GENERAL PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment is used in NCD's operations and consumed over time. NCD owns certain furniture, computer equipment and software that are not reflected on the balance sheet as of September 30, 2009 and 2008 because either: (1) items were acquired several years ago, are still in service, but are fully depreciated and have immaterial book values, or (2) purchases were below the capitalization policy stated in Note 1. Therefore, these property, plant and equipment items are not recorded as assets as of September 30, 2009 or 2008.

### NOTE 4 – LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Liabilities of NCD are classified as liabilities covered or not covered by budgetary resources. As of September 30, 2009, NCD showed liabilities covered by budgetary resources of \$186,449 and liabilities not covered by budgetary resources of \$95,410. As of September 30, 2008, NCD showed liabilities covered by budgetary resources of \$103,199 and liabilities not covered by budgetary resources of \$81,375.

As of September 30, 2009, liabilities covered by budgetary resources is composed of Accounts Payable of \$30,618, Accrued Funded Payroll and Leave of \$58,742, and Employer Contributions and Payroll Taxes Payable of \$12,512. As of September 30, 2008, liabilities covered by budgetary resources was composed of Accounts Payable of \$39,518 Accrued Funded Payroll and Leave of \$63,681.

	<u>2009</u>	<u>2008</u>
Other (Unfunded leave liability)	95,410	81,375
Total liabilities not covered by budgetary	95,410	81,375
Total liabilities covered by budgetary resources	186,449	103,199
Total Liabilities	<u>\$281,859</u>	<u>\$184,574</u>

\*Rounding

## NOTE 5 – OTHER LIABILITIES

As of September 30, 2009, other liabilities with the public consisted of Accrued Funded Payroll and Leave of \$58,742 and unfunded leave in the amount of \$95,410. Other Intragovernmental liabilities consist of employer contributions and payroll taxes payable of \$12,512. As of September 30, 2008, other liabilities with the public consisted of Accrued Funded Payroll and Leave of \$63,681 and unfunded leave in the amount of \$81,375.

	Non-Current	Current	FY 2009 Total
Intragovernmental			
Employer Contributions & Payroll Taxes	\$ -	\$ 12,512	\$ 12,512
Total Intragovernmental	-	12,512	12,512
Unfunded Leave	95,410	-	95,410
Accrued Funded Payroll & Leave	-	58,742	58,742
Total Other Liabilities	\$ 95,410	\$ 71,254	\$ 166,664

	Non-Current	Current	FY 2008 Total
Unfunded Leave	\$ 81,375	\$ -	\$ 81,375
Accrued Funded Payroll & Leave	-	63,681	63,681
Total Other Liabilities	\$ 81,375	\$ 63,681	\$ 145,056

## NOTE 6 –LEASES

### Entity as Lessee:

#### Operating Leases

NCD leases office space at 1331 F Street, NW, Washington, DC. The lease was entered into and became effective December 2007, and expires September 2011. The lease does not contain an option to renew, and the space may be vacated at any time upon four (4) months written notice.

The following is a schedule of future minimum lease payments required by the lease:

Fiscal Year Ended	Minimum Lease Payments	
September 30, 2009	\$	240,168
September 30, 2010		241,080
September 30, 2011		<u>222,079</u>
	\$	<u>703,327</u>

## NOTE 7 – INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE

Intragovernmental costs are those of goods/services purchased from a federal entity.

	Total 2009	Total 2008
Program A		
Intragovernmental costs	475,234	550,023
Public costs	2,638,202	2,502,809
Total Program A costs	3,113,436 *	3,052,831 *

\* Rounding

## NOTE 8 – APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

Apportionment is a plan, approved by OMB, to spend resources provided by one of the annual appropriations acts, a supplemental appropriations act, a continuing resolution, or a permanent law (mandatory appropriations). Resources are apportioned by Treasury Account Fund Symbol (TAFS). The apportionment identifies amounts available for obligation and expenditure. It specifies and limits the obligations that may be incurred and expenditures made (or makes other limitations, as appropriate) for specified time periods, programs, activities, projects, objects, or any combination thereof. An apportioned amount may be further subdivided by an agency into allotments, suballotments, and allocations. All of NCD's obligations incurred are considered direct. None are reimbursable. Obligations incurred for NCD include both Category A and Category B apportionments, as defined by OMB Circular A-11, and reported on NCD's latest SF 132. Category A apportionments distribute budgetary resources by fiscal quarters. Category B apportionments typically distribute budgetary resources by activities, projects, objects or a combination of these categories. NCD has no funds exempt from apportionment. The table below presents the distribution of obligations incurred by apportionment category.

	<u>2009</u>	<u>2008</u>		
Direct				
Category A	\$129,080	\$ 3,157,379		
Category B	3,140,055	-		
			\$	3,269,135
				\$

## NOTE 9 – UNDELIVERED ORDERS AT THE END OF THE PERIOD

Undelivered orders represent the value of goods and services ordered and obligated that have not been received. This amount includes any orders for which advance payment has been made but for which delivery or performance has not yet occurred. The amount of Unpaid Obligated Balance, Net, End of Period includes obligations relating to Undelivered Orders (good and services contracted for but not yet received at the end of the year) and Accounts Payable (amounts owed at the end of the year for goods and services received).

	<u>Undelivered Orders</u>	<u>Account s</u>	<u>Unpaid Obligated Balance Net</u>
2009	867,132	186,450	\$1,053,582
2008	821,292	103,199	\$924,491

**NOTE 10 – RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET (FORMERLY THE STATEMENT OF FINANCING)**

	2009	2008
<i>Resources Used to Finance Activities:</i>		
Budgetary Resources Obligated		
Obligations Incurred	\$ 3,269,135	\$ 3,157,379
Less: Spending Authority from Offsetting Collections and Recoveries	178,668	36,822
Net Obligations	3,090,467	3,120,557
Other Resources		
Imputed Financing from Costs Absorbed by Others	54,774	53,449
Other Resources (+/-)		
<i>Net Other Resources Used to Finance Activities</i>	54,774	53,449
<i>Total Resources Used to Finance Activities</i>	3,145,241	3,174,007
 <i>Resources Used to Finance Items not Part of the Net Cost of Operations</i>		
Change in Budgetary Resources Obligated for Goods		
Services and Benefits Ordered But Not Yet Provided	45,840	124,649
<i>Total Resources Used to Finance Items Not Part of the Net Cost of Operations</i>	45,840	124,649
	3,099,401	3,049,357
 <i>Total Resources Used to Finance the Net Cost of Operations</i>		
<i>Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period:</i>		
<i>Components Requiring or Generating Resources in Future Periods:</i>		
Increase in Annual Leave Liability	14,035	3,474
<i>Total Components of Net Cost of Operations that will Require or Generate Resources in Future Periods</i>	14,035	3,474
 <i>Total Components of Net Cost of Operations that will not Require or Generate Resources in the Current Period</i>		
	14,035	3,474
<i>Net Cost of Operations</i>	\$ 3,113,436	\$ 3,052,831

Liabilities not covered by budgetary resources total \$95,410 and the change in components requiring or generating resources in future period shows \$14,035. The \$14,035 is the net increase of future funded expenses – leave between appropriations of annual fund 2008 and annual fund 2009. Accrued funded payroll liability is covered by budgetary resources and is included in the net cost of operations. Whereas, the unfunded leave liability includes the expense related to the increase in annual leave liability for which the budgetary resources will be provided in a subsequent period.

	<u>2009</u>	<u>2008</u>
Liabilities not covered by budgetary resources	\$95,410	\$81,375
Change in components requiring/generating resources	\$14,035	\$3,474

## **NOTE 11 – SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 14, 2009, which is the date the financial statements were available to be issued.

## **DISTRIBUTION**

This report is intended for the information and use of the National Council on Disability members, management, Office of Management and Budget, the Government Accountability Office, and the U.S. Congress, and is not intended to be and should not be used by anyone other than these specified parties.

National Council on Disability  
December 16, 2009  
Washington, DC