



National Council on Disability

Performance and Accountability Report Fiscal Year 2012

Table of Contents

Introduction

Report Purpose	1
Report Organization	1
Message from the Chair	2

Management's Discussion and Analysis

History	4
Organization	4
Mission, Vision, Goals and Objectives	6
Agency Mission Challenges	6
Performance Measurement Methodology	7
Performance Highlights	8
Financial Highlights	13

Management Assurances and Analysis of Controls, Systems and Legal Compliance

Implementation of Federal Manager's Financial Integrity Act (FMFIA) at NCD	17
Legal Compliance	19
Chair's FMFIA Statement of Assurance	21

Performance Section

Performance Framework	22
Performance Measurement Challenge	26
Program Activities & Performance Results by Strategic Objectives	27

Financial Section

Message from the Executive Director	48
Independent Auditor's Report	
Principal Financial Statements	
Notes to the Financial Statements	

Appendix A – Listing of Abbreviations and Acronyms

Report Purpose

The National Council on Disability's (NCD) Fiscal Year (FY) 2012 Performance and Accountability Report (PAR) provides the results of the agency's program and financial performance and demonstrates to the Congress, the President, and the public NCD's commitment to its mission and accountability over the resources entrusted to it.

This report includes information that satisfies the reporting requirements contained in the following legislation:

- Federal Managers' Financial Integrity Act of 1982
- Government Performance and Results Act of 1993
- Government Management Reform Act of 1994
- Reports Consolidation Act of 2000
- Accountability of Tax Dollars Act of 2002
- Improper Payments Information Act of 2002
- GPRA Modernization Act of 2010

Report Organization

1. **Management's Discussion and Analysis** - Provides an overview of NCD's mission and organization, mission challenges, performance measurement methodology, key performance measures and efficiency measures, performance highlights, alignment of NCD costs and goals, financial highlights, and management assurances on internal control and financial systems.
2. **Performance Section** – Explains NCD's performance relative to its strategic goals and objectives, and includes an overview on how performance data are verified and validated.
3. **Financial Section** – Provides financial details, including the independent auditors report and audited financial statements with accompanying notes.



National Council on Disability

An independent federal agency making recommendations to the President and Congress to enhance the quality of life for all Americans with disabilities and their families.



Message from the Chairman

On behalf of the members of the National Council on Disability (NCD or the Council), I am pleased to submit the Fiscal Year (FY) 2012 Performance and Accountability Report (PAR). The Council received an unqualified opinion from its independent auditors on its FY 2012 annual financial statements.

NCD continues to address the significant deficiency reported in the FY 2011 independent audit report related to monitoring internal control effectiveness (downgraded from the four material weaknesses reported in the FY 2012 audit) by making progress on improving internal agency operations and financial management. NCD is also implementing best practice procedures in accordance with guidance from the Government Accountability Office (GAO) and the AICPA Audit Committee Effectiveness Center.

While NCD must develop a financial procedure manual as well as draft standard operating procedures for individual tasks, NCD has made substantial progress addressing the significant deficiency identified in the FY 2011 independent audit report. Over the past year NCD has, among other things, instituted a new financial management database, strengthened reporting to the NCD Audit & Finance Committee, continued to update and revise internal policies and procedures, finalized the performance management system, and hired a new Director of Administration.

The Council's role as an independent advisor on disability matters to the President and Congress is essential to assuring the Federal government is well informed and qualified to perform their duties and effectively serve the public, including individuals with disabilities. NCD carries out its mission to promote equality of opportunity, full participation, independent living and economic self-sufficiency for people with disabilities of all ages and backgrounds by: (1) continually reviewing disability programs and policies, (2) meeting with people with disabilities and other stakeholders around the country to learn about on-the-ground realities, and (3) providing advice, analysis and recommendations on disability policy to the President, Congress, and other federal agencies. NCD's analysis and recommendations have led to enactment of important laws and other improvements to the programs and services provided by the many federal agencies that serve the disability community. NCD's most notable achievement is drafting and recommending the Americans with Disabilities Act.

During FY 2012, the Council extended its engagement in several substantive areas that contributed to the nation's progress toward achieving the goals of equality of opportunity, independent living, full participation, and economic self-sufficiency for all people with disabilities.



National Council on Disability

An independent federal agency making recommendations to the President and Congress to enhance the quality of life for all Americans with disabilities and their families.

These efforts have been undertaken as effective stewards of limited fiscal resources and included addressing the needs of people who have acquired disabilities, measuring the accessibility of polling places, promoting Social Security Disability program reforms that will eliminate existing program barriers to employment, and researching effective communication fully accessible to all people with disabilities throughout all phases of emergency management.

The Council partnered with the White House on several initiatives including a joint conference on acquired disabilities and a screening of a disability related television show. NCD worked with the Council of State Governments on their education reform platform and also released a series of timely reports, papers, and letters including:

- Letter: [CMS 1915c Waiver Information Bulletin](#)
- Letter: [Letter to DOL on the Companionship Exemption](#)
- Report: [Rocking the Cradle: Ensuring the Rights of Parents with Disabilities and Their Children](#)
- Report: [Report on Subminimum Wage and Supported Employment](#)
- Letter: [To SSA Commissioner Michael Astrue on Continuation of the Work Incentives Planning and Assistance \(WIPA\) program](#)
- Report: [Analysis and Recommendations for the Implementation of Managed Care in Medicaid and Medicare Programs for People with Disabilities](#)
- Guiding Principles: [Successfully Enrolling People with Disabilities in Managed Care Plans](#)
- Letter: [To the Department of Justice Disability Rights Section Chief Allison Nichol on the Judge Rotenberg Center Investigation](#)
- Report: [Exploring New Paradigms for the Developmental Disabilities Assistance and Bill of Rights Act](#)
- Report: [United States Marine Corps Exceptional Family Members](#)
- Letter: [To President Obama in Support of the CLASS Program](#)
- Report: [Technology's Impact on Employment and Opportunities for People with Disabilities](#)

The Council released its Annual Progress Report in August 2012, in accordance with NCD's authorizing statute ([National Disability Policy: A Progress Report](#)).

NCD is proud of its successful efforts in promoting equality of opportunity, full participation, independent living, and economic sufficiency for all individuals with disabilities, of all ages, throughout the country. I want to express my profound appreciation for the hard work and dedication of NCD's Members and staff, who continued to make important policy contributions while simultaneously addressing a significant deficiency reported in the FY 2011 independent audit. We remain steadfast in our commitment to carrying out our responsibilities in working with the President, the Congress and each level of local, state and federal agencies to accomplish our nation's vision of valuing and respecting each member of our society.

Sincerely,

Jonathan M. Young, PhD., JD | Chairman

History

National Council on Disability (NCD) (www.ncd.gov) is an independent federal agency that advances full inclusion, independence, and equal opportunity for people with disabilities. NCD was initially established in 1978 as an advisory board within the U.S. 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 also 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.

Organization

Governance

NCD's governing body is the Council, which is comprised of 15 Senate-confirmed (as of October 10, 2012, NCD members are no longer confirmed by Senate per the Presidential Appointment Efficiency and Streamlining Act of 2011) Presidential appointees, including a Chair, whom the President appoints, and a Vice Chair, determined by the Chair. Council Members live across the country and each brings a unique perspective informed by varied personal and professional experiences. Council Members are people with disabilities, parents or guardians of people with disabilities, or other people who have substantial knowledge of or experience with disability policies and programs. Council Members are appointed to represent people with disabilities, national organizations concerned with disabilities, providers and administrators of services to people with disabilities, people engaged in conducting medical or scientific research related to disabilities, business concerns, and labor organizations. A majority of Council Members are people with disabilities.

As the governing body, Council Members establish NCD's priorities and budget, and monitors and provides oversight of NCD's programs, operations, and finances. The Council is organized into four standing committees:

- Executive Committee
- Audit and Finance Committee
- Governance and Planning Committee
- Policy Development and Program Evaluation Committee

The Audit and Finance Committee monitors the operating effectiveness of internal controls, reliability and usefulness of financial statements and supplemental financial information provided to stakeholders, and compliance with audit and financial reporting requirements.

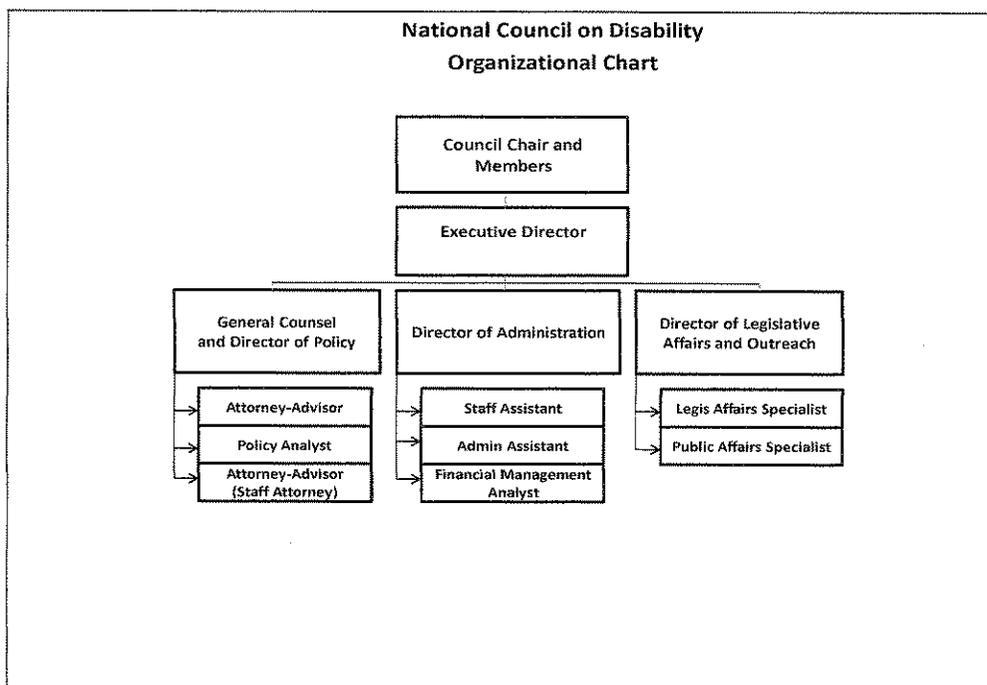
Management's Discussion and Analysis

The Chair appoints an Executive Director and evaluates the Executive Director's performance.

Management

NCD's Executive Director serves as the chief executive of the agency and has full responsibility for managing the agency to accomplish the mission, goals and objectives established by legislation and Council members. NCD currently has 11 full time employees organized into three teams:

- **Policy & Legal Team** - The Policy & Legal Team analyzes federal laws, regulations, programs, policies, and case law precedent; and proposes and develops NCD policy positions that have a national, state and international impact on the lives of people with disabilities.
- **Legislative Affairs & Outreach Team** - The Legislative Affairs & Outreach Team closely monitors Congressional activity on issues critical to the disability community and cultivates and maintains effective working relationships with NCD stakeholders at the federal, state, and local levels.
- **Finance, Operations & Administration Team** - The Operations & Administration Team provides staff support and monitors the agency's finance and accounting, information technology, and human resources management.



Mission, Vision, Goals & Objectives

NCD has a unique mission among federal agencies because it is charged with reviewing all programs and policies across the federal government, not merely one aspect of policy affecting people with disabilities.

Mission	Promote equality of opportunity, full participation, 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.
Vision	NCD leads by facilitating, articulating and promoting inclusion and empowerment of individuals with disabilities to live, learn and earn based on informed choices.
Strategic Goal	Advance the goals of the Americans with Disabilities Act by promoting policies, programs, practices, and procedures that guarantee equal opportunity and provide for economic self-sufficiency, independent living, and inclusion and integration into all aspects of society for individuals with disabilities.
Strategic Objectives	<ol style="list-style-type: none">1. Engagement - Engage stakeholders in order to assess concerns and priorities and build a network of NCD partners.2. Policy Development & Collaboration – Address stakeholder concerns and priorities by advancing specific, practical, policy solutions and encouraging collaboration.

Agency Mission Challenges

NCD is a small organization that advises the President and Congress on disability policy by engaging with the community, setting policy priorities and working in such areas, developing policy recommendations, and promoting progress and systems change on issues that affect the disability community.

With a budget of only \$3.26 million, 15 part-time Council Members, and 11 full-time staff, NCD has cultivated and routinely leverages strategic partnerships and works closely with a variety of important stakeholders – including people with disabilities, federal, state and local agencies, elected officials and their staff, universities, and a diverse group of non-profit organizations and individual disability policy experts and advocates – to advance our mission, goals and objectives.

Management's Discussion and Analysis

NCD's strategic objectives of engagement and policy development can be quantifiably measured by our raw data and enumerating the number of people that attend our forums, regularly engage with us via social media, download and read our policy reports and adopt or promote our recommendations.. However, measuring NCD's impact on its strategic goal of guaranteeing equal opportunity and providing for economic self-sufficiency, independent living, and inclusion and integration into all aspects of society for individuals with disabilities is far more subjective since these are systemic endeavors in which NCD is part of a community of agencies, advocates, and others seeking to secure such outcomes. NCD is continually working to identify better mechanisms for measuring outcomes and reporting achievements.. This includes increased efforts to gather and report personal stories of where our engagement or policy initiatives provided a spark or tipping point toward improving the lives of people with disabilities.

Performance Management Methodology

NCD utilizes the following performance management methodology to set priorities, allocate resources, and evaluate results.

Strategic Goal	Statements of long-term aims outlined in Strategic Plan, which define how NCD carries out its mission.
Objectives	Statements of how NCD plans to achieve its strategic goals.
Performance Measures	Indicators used to gauge success in reaching strategic objectives.
Key Measures	Measures that best indicate whether NCD's activities are achieving the desired outcome associated with the related objective.
Targets	Expressions of desired performance levels or specific desired results targeted for a given fiscal year. Targets are expressed in quantifiable terms.
Outcomes	Meaningful measures to show effectiveness, efficiency and results in mission achievement.

As previously mentioned, measuring NCD's impact on its strategic goal of guaranteeing equal opportunity and providing for economic self-sufficiency, independent living, and inclusion and integration into all aspects of society for individuals with disabilities is challenging since these are large-scale, long-term endeavors.

Management's Discussion and Analysis

Accordingly, as we evaluate performance measurements, key measures, targets and outcomes, we ask:

- Has NCD identified critical needs where our engagement with stakeholders and policy development and collaboration can advance existing initiatives?
- Can NCD be a thought leader, performing important research and analysis on critical topics?
- Can NCD provide practical, timely policy recommendations and consultations to Members of Congress and the Executive Branch?

Performance Highlights

NCD has achieved meaningful accomplishments in advancing its mission, vision, strategic goals and strategic objectives. This includes combining engagement to learn about critical issues, conducting independent, objective, fact-based research and analysis of issues, publishing reports with policy recommendations and questions for consideration by elected officials, and then continuing engagement on the issues. One such example of this integrated engagement-policy-development process at work is NCD's work on parenting rights of people with disabilities.

In 2010, at one of NCD's quarterly meetings, NCD heard from the head of a national disability rights organization, who described a nationwide occurrence of parents with disabilities being denied custody of their children after their births or during custody battles in divorce, solely on the basis of their disabilities. Several months later, in 2011, as a part of NCD's engagement activities, NCD hosted a regional policy forum in Portland, OR, and included a panel of parents and experts who discussed at length that very topic, flagged just months earlier at the NCD Quarterly Meeting. Equipped with the panel's testimony, the Council voted to commission a report on the topic and policy areas tangential to these social welfare topics (including access to assisted reproductive technologies and to international adoption), and to focus its attention on legislative and policy solutions. The outcome of this policy-development endeavor, born out of NCD's engagement activities, is NCD's "**Rocking the Cradle: Ensuring the Rights of Parents with Disabilities and Their Children**" report, which is a first of its kind: <http://www.ncd.gov/publications/2012/Sep272012/>

The purpose of this report is to comprehensively examine the barriers and facilitators people with disabilities experience in exercising their fundamental right to create and maintain families, and to highlight the persistent, systemic, and pervasive discrimination against parents with disabilities.

Management's Discussion and Analysis

In particular, the report analyzes how U.S. federal disability law and policy apply to parents with disabilities within the child welfare system and the family law system, and the systems' disparate treatment of parents with disabilities and their children. The report examines the impediments prospective parents with disabilities encounter when they attempt to adopt children, either domestically or internationally, and when they attempt to access assisted reproductive technologies.

A more comprehensive presentation of performance highlights is presented below. The Performance Highlights table shows more thoroughly the linkage of strategic goals, key measures, FY 2012 program activities, and possible and planned activities.

Management's Discussion and Analysis

Performance Highlights: Goals, Measures & Activities

	Strategic Goal Components	Key Measures	Program Activity Highlights for FY 2012	Potential and Planned Activities for FY 2013 and 2014
Integrated Approach	Economic Self Sufficiency	Enhancing participation in employment, education, job training and benefit programs.	<u>Engagement</u> Education Experts Symposium, March 2012 Subminimum Wage Site Visits, March–May 2012 Family Café Listening Session, May 2012	<u>Engagement</u> Consortia of Administrators for Native American Rehabilitation Forum Common Ground Forum Follow-Up Conferences and Other Speaking Engagements; Congressional Engagement; Website, Social Media, and Media, year round
	Independent Living	Improving access to long term services and support, health care, housing and transportation.	“Common Ground” Adapting, Educating, Employing and Integrating People with Acquired Disabilities Forum, June 2012	<u>Reports/Papers</u> Reforming Social Security’s Disabilities Benefits System
	Integration and Inclusion	Improving policies and practices to ensure that all children, youth, and adults with disabilities are valued by, and contribute to, their communities of choice and civil rights are protected.	Town Halls and Public Comment, year round Native American “Listening Circle,” June 2012 Conferences and Other Speaking Engagements; Congressional Engagement; Website, Social Media, and Media, year round <u>Reports</u> The Power of Digital Inclusion: Technology’s Impact on Employment and People with Disabilities Exploring New Paradigms for the Developmental Disabilities and Bill of Rights Act U.S. Marine Corps Exceptional Family Members:	Medicaid Managed Care: Policy and Implementation Considerations for State and Federal Policymakers Help America Vote Act Positive Steps and Paying Attention – Clearing the Backlog and Facilitating Benefits and Treatment for America’s Veterans Oversight of Individuals with Disabilities Education Act’s State Performance Plan Indicators Into and Around Town: Transportation Update Vocational Rehabilitation Reforming Private Health Insurance to be Consistent with Goals of ADA Defining and Measuring Home and Community Based Services The Case for Deinstitutionalization: Unfinished Business Effective Communication for

Management's Discussion and Analysis

	Strategic Goal Components	Key Measures	Program Activity Highlights for FY 2012	Potential and Planned Activities for FY 2013 and 2014
			<p>Toward the Full Inclusion of People with Disabilities</p> <p>Rocking the Cradle: Ensuring the Rights of Parents with Disabilities and Their Children</p> <p>Subminimum Wage and Supported Employment</p> <p>Analysis and Recommendations for the Implementation of Managed Care in Medicaid and Medicare Programs for People with Disabilities</p> <p>National Disability Policy: A Progress Report</p>	<p>People with Disabilities Before, During, and After Emergencies</p> <p>Accessible Coverage: Making the Affordable Care Act's Health Insurance Exchanges Work for People with Disabilities</p> <p>Safe at home: the Next Chapter Veterans Project</p> <p>Home Engagement: A Comprehensive Plan for Successful Reintegration of Veterans with Disabilities</p> <p>Education Reform Toolkit</p> <p>Emerging Technology in Transportation (Autonomous Vehicles)</p> <p>Accessible Coverage: Making the Affordable Care Act's Health Insurance Exchanges Work for People with Disabilities</p>

NCD has been improving on its measurement of outputs and outcomes. This includes more formal tracking of engagement activity at forums, website usage, social media, and collecting personal stories of how NCD's work has impacted the lives of people with disabilities. NCD reached over 10,000 people in FY 2012 through Council meetings, lectures, panel discussions, forums, listening sessions and other events. NCD's website received 206,869 visitors in FY 2012, and saw tens of thousands of downloads of its policy reports from domestic and international sources. NCD reaches several thousand people through its official agency list serve, its Facebook page, and Twitter accounts. In addition, NCD staff has appeared several times on national media programs to comment on disability-related news, reaching nearly 6 million viewers on one occasion on the topic of abuse of people with disabilities. Below are some testimonials from individuals who engaged with NCD in FY 2012 at one of our forums or was responding to one of our FY 2012 policy reports:

Management's Discussion and Analysis

Performance Highlights: Real Life Stories

Program or Product	Program Outcome and Accomplishment
<p>"Rocking the Cradle: Ensuring the Rights of Parents with Disabilities and Their Children" report</p>	<p>Quote in response to NCD's paper: "Blind people often find their fitness as parents questioned solely on the basis of blindness, and in some cases misconceptions about their capabilities result in the children of blind parents being removed from their homes by the state. Situations like this are not only heart-wrenching for the parents, but also violate federal law and their constitutional rights" and "I am going through a custody battle right now. Because of me having MS (multiple sclerosis) and being in a wheel chair. My son is 15-years old. I feel that courts, states can be very opinionated against those of us who have disabilities."</p>
<p>"Common Ground" Adapting, Educating, Employing and Integrating People with Acquired Disabilities Forum (Los Angeles, CA)</p>	<p>Quote from a conference participant who is a veteran with a disability: "I never would have believed that the government cared about me until he heard it from Kareem (Dale), Pat (Shiu) and the National Council on Disability."</p>
<p>Education Experts Symposium (Orlando, FL)</p>	<p>Conference participants reported "I learned so much at the symposium. It gave me an opportunity to hear so many different perspectives, which will greatly assist me in my position" and "There was a human element underscoring the importance of the work. For example, [a staff member's] story of her experiences in middle school serves as a reminder of the importance of insisting on high expectations for students with disabilities. The needs of the student are more important than the desires of the adults running the system."</p>
<p>"National Disability Policy: A Progress Report"</p>	<p>Quote from a conference organizer in Plano, Texas regarding NCD's progress report and participating in their meeting: "I want to thank you for connecting me with Clyde Terry. I was so impressed with your eagerness to be helpful for our goal and for sending such a wonderful panelist! I wish you guys had a closer office because I feel so much of what people with disabilities need is knowledge, viewpoints and plans! Thank you, it was so nice to hear your support and helpfulness over the phone."</p>

Management's Discussion and Analysis

Financial Highlights

NCD received a reduction in funding in FY 2012 due to Government-wide rescission. NCD implemented cost cutting measures in response. Year over year changes in financial position, results of operations and key budgetary accounts are summarized below.

Financial Line Item	FY 2012	FY 2011	Dollar Change	% Chg	Explanation of Change
Total Assets	\$944,607	\$1,117,960	(173,353)	-15.5%	Decrease in Fund Balance with Treasury and Advances & Prepayments
Total Liabilities	\$699,918	\$373,570	326,348	+87.4%	Increase in accounts payable
Net Position	\$244,689	744,390	(499,701)	-67.2%	Decrease in Fund Balance with Treasury and increase in accounts payable.
Net Cost of Operations	\$3,768,519	\$3,673,458	95,061	2.6%	No meaningful change.
Outlays, net	\$3,347,287	\$3,741,888	(394,601)	-10.6%	Timing of payments.
Appropriations	\$3,257,831	\$3,271,000	(13,169)	-0.4%	Government wide rescission
Obligations Incurred	\$3,346,600	\$3,655,093	(308,493)	-8.5%	Cost control due to decreased appropriations.
Undelivered Orders	\$95,864	\$599,457	(503,593)	-84.0%	Improved monitoring of long term contracts

Management's Discussion and Analysis

Management believes NCD is on a sound financial course. Major efforts have been initiated in the prior two years to better define strategy in a strategic plan, streamline to one strategic goal, develop more effective measures for strategic objectives, and commence the process for better allocation of costs to program activities to better illustrate alignment of costs and goals. Combined with initial efforts to improve internal controls over contract monitoring and financial reporting, management believes NCD has improved economy and efficiency as well as reliability and usefulness of financial reporting.

Discussion and Analysis of Financial Statements

NCD prepares financial statements in conformity with accounting principles generally accepted in the United States for Federal Government entities. The Federal Accounting Standards Advisory Board has established a framework of integrated budgetary and proprietary reporting. Budgetary reporting addresses appropriations, budget authority, budgetary resources, obligations, undelivered orders and delivered orders. Proprietary reporting is traditional financial reporting of assets, liabilities, net position, and net cost. OMB Circular A-136, *Financial Reporting Requirements*, defines the form and content of financial statements, accompanying notes and supplemental information.

NCD's financial statements are subject to independent audit to ensure they are free from material misstatement. NCD has received an unqualified audit opinion for FY 2012, and each of the previous five years. There are no material weaknesses or significant deficiencies in internal controls over financial reporting, nor any acts of non-compliance with laws and regulations, that were reported in the independent audit for fiscal year 2012.

Balance Sheet

The Balance Sheet presents the total amounts available for use by the Council (assets) against the amounts owed (liabilities) and amounts that comprise the difference (net position). Balance sheets are a snapshot in time (fiscal year end) to an entity's present financial position.

NCD's assets (items with future value) are virtually all Fund Balance with Treasury (FBWT), which represents NCD's cash balances with the U.S. Treasury from which the Council is authorized to make expenditures and pay liabilities from operational activities. FBWT is primarily increased by receiving appropriations and primarily decreased by making expenditures or cancellations of expired appropriations. NCD's remaining asset amounts consist of trivial accounts receivable and a loan receivable from a retired employee. While NCD owns computer equipment, furniture and leasehold improvements, these items have been fully depreciated or amortized, thus do not appear on the balance sheet as property, plant and equipment.

Management's Discussion and Analysis

NCD's liabilities (what entity owes) are entirely current liabilities (due within one year) and primarily with the public (\$699,918) as opposed to intragovernmental (\$15,241). At fiscal year ended September 30, 2012, accounts payable with the public were \$556,710, as opposed to \$211,393. This is primarily a result of improved contract management and accrual process, as well as the recognition of costs in the current year of multiyear contract costs obligated in prior years.

NCD's net position is a combination of unexpended appropriation and cumulative results of operations. Net position decreased significantly due to the decrease in Fund Balance with Treasury and increase in accounts payable. Management does not believe this change is a meaningful financial measure, and is more reflective of timing differences between years, as unused prior year appropriations expire, and contracting cycles shorten.

Statement of Net Cost

The Statement of Net Cost presents the annual cost of operating the Council's programs on an accrual basis, which means costs are recognized when incurred, not when paid. In contrast, outlays are cash basis costs recognized when paid. The major difference between accrual and cash on NCD's books are year-end accounts payable accruals and imputed financing costs for employee benefits. Gross costs less any earned revenue is used to arrive at the total net cost of operations. NCD has no earned revenue. NCD's net costs were \$3,778,619 for FY 2012, up 2.67% from FY 2011's \$3,673,458.

Major Costs in FY 2012 vs. FY 2011

Cost Category	FY 2012	FY 2011	Dollar Change	% Chg	Explanation of Change
Personnel Costs	\$1,835,545	\$1,648,600	\$186,945	11.4%	Increase in full-time staff
Contractual Services	\$699,918	\$1,043,830	(\$343,912)	-33.0%	Decrease in contractual services due to increase in full time staff
Travel	\$263,000	\$195,000	\$68,000	34.9%	Increase in engagement activities
Rent	\$250,000	\$250,000	\$0	0%	N/A

Management's Discussion and Analysis

Personnel costs consistently account for over 50% of NCD's net costs of operations year over year since the agency is primarily delivering engagement and policy development services, which involve Council members and staff with specialized skills in disability policy. Contractual services consist primarily of private sector research contracts and intergovernmental costs. Rent is for the agency's headquarters in Washington, DC, which houses 12 full time equivalent employees. Travel is related to Council meetings and engagement forums. NCD has budgeted for cost cuts in travel and contractual services in FY 2013.

NCD's administrative overhead costs consist primarily of intergovernmental costs with federal agency service providers that support independent agencies, leading to cost savings for the agency and the federal government overall. The Council uses the General Services Administration (GSA) to provide accounting, payroll, human resources, facilities management, and legal assistance.. Finally, the Government Printing Office provides printing services to NCD. The services provided by these agencies consume about 10 percent of NCD's total budget.

Statement of Changes in Net Position

This statement presents in greater detail the net position section of the Balance Sheet, which includes Cumulative Results of Operations and Unexpended Appropriations. The statement identifies the activity that caused the net position to change during the reporting period. The total net position decreased by approximately \$499,701 for reasons explained above.

Statement of Budgetary Resources

The Statement of Budgetary Resources provides information on the source and status of budgetary resources made available to the NCD during the reporting period. It presents the relationship between budget authority and budget outlays, as well as the reconciliation of obligations to total outlays. Total Budgetary Resources and Status of Budgetary Resources for FY 2012 was \$3,593,802, a decrease of \$303,200 or 8.5%. The decrease results from decreased appropriations due to government-wide rescission and the expiration of prior year unused appropriations.

Limitations of the Financial Statements

The principal financial statements have been prepared to report the financial position and results of operations of the Council, pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from the books and records of the Council in accordance with U.S. generally accepted accounting principles (GAAP) for federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records.

Management's Discussion and Analysis

The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

NCD has a unique mission among federal agencies because it is charged with reviewing all programs and policies across the federal government, not merely one aspect of policy affecting people with disabilities. While the Council's independent status allows NCD to provide an unbiased overview of many of those agency services and programs, it is the nature of NCD's overview and recommendations that make NCD's work so important in the eyes of those who eventually benefit when those recommendations are acted upon by those who have the power to do so.

The Council produces information critical to improving the delivery of programs to individuals with disabilities. The Council's series of reports and papers study a broad array of disability-related laws and programs and has resulted in or documented the need for ongoing changes to many of the services needed to sustain the health and independence of many of our citizens with disabilities. These reports can be found at <http://www.ncd.gov/publications>. In addition, as related below, NCD has been given substantial responsibilities for disability-related issues in the nationwide effort to improve emergency preparedness and enhance homeland security.

Management Assurances and Analysis of Controls, Systems and Legal Compliance

Implementation of the Federal Managers' Financial Integrity Act (FMFIA) at NCD

Federal agency managers have a fundamental responsibility to develop and maintain effective internal controls. Effective internal controls help to ensure that programs are managed with integrity and resources are used efficiently and effectively through three objectives: effective and efficient operations, reliable financial reporting, and compliance with laws and regulations. The safeguarding of assets is a subcomponent of each objective.

NCD management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the *Federal Managers' Financial Integrity Act (FMFIA) of 1982* as implemented by OMB Circular A-123, revised, *Management's Responsibility for Internal Control*. Circular A-12 focuses on providing agencies with a framework for assessing and managing risks more strategically and effectively. The Circular contains multiple appendices that address, at a more detailed level, one or more of the objectives of effective internal control. Appendix A provides a methodology for agency management to assess, document, test and report on internal controls over financial reporting.

Appendix B requires agencies to maintain internal controls that reduce the risk of fraud, waste, and error in Government charge card programs. Appendix C implements the requirements of the Improper Payments Information Act, as amended by the Improper Payments Elimination and Recovery Act, which includes measurement, reporting, recovery and remediation. As a small, independent agency covered by the Accountability of Tax Dollars Act of 2002 as opposed to the CFO Act, NCD is exempt from many formal reporting requirements in Circular A-123.

The FMFIA requires federal agencies to provide an annual statement of assurance regarding management controls and financial systems. The objectives of NCD's internal controls are to provide reasonable assurance that:

- Obligations and costs are in compliance with applicable laws and budget restrictions;
- Assets are safeguarded against waste, loss, unauthorized use, or misappropriation;
- Revenues and expenditures applicable to NCD operations are properly recorded and accounted for to permit the preparation of accounts and reliable to financial and statistical reports, and to maintain accountability over assets; and
- All programs are efficiently and effectively carried out in accordance with applicable laws and management policy.

Section 2 of the FMFIA requires federal agencies to report, on the basis of annual assessments, any material weaknesses that have been identified in connection with their internal and administrative controls. On July 29, 2011, NCD completed an updated risk assessment and internal control review to address matters communicated to management by auditors.

This resulted in an unqualified assurance that NCD's systems and management controls comply with the requirements of the FMFIA. During FY 2012, the Council's Audit and Finance Committee and NCD management focused efforts on streamlining financial processes and monitoring the operating effectiveness of key controls, such as monthly reconciliations of agency data to service provider data, quarterly analysis of financial statements, monitoring contracts and undelivered order status of open obligations, and year-end search for unrecorded liabilities and preparing year-end accruals. Accordingly, NCD's assurance on its internal controls was unqualified based on the risk assessments and reviews and consideration of internal analyses, reconciliations and the findings identified in the *Independent Auditor's Report on Internal Control Over Financial Reporting*, dated November 15, 2012. See the Financial Section for the full independent auditor's report.

Section 4 of the FMFIA requires that agencies' financial management systems controls be evaluated annually. NCD evaluated its financial management systems for the fiscal year ending September 30, 2012 in accordance with the *FMFIA* and OMB Circular No. A-127, *Financial Management Systems*, as applicable. NCD uses GSA as its accounting service provider. GSA's financial management systems conform with the principles and standards required under Section 4 of the *FMFIA*. Accordingly, NCD is able to provide reasonable assurance under Section 4 of the *FMFIA*.

Legal Compliance

Federal agencies are required to comply with a wide range of laws and regulations, including appropriations, employment, ethics, health and safety, and others. Responsibility for compliance primarily results with agency management. Compliance is addressed as part of agency financial statement audits. Agency auditors test for compliance with selected laws and regulations related to financial reporting. The FY 2012 audit did not report any instances of non-compliance. Management comments on compliance efforts with specific laws and regulations are below.

Federal Financial Management Improvement Act (FFMIA)

Agencies subject to the Accountability of Tax Dollars Act (ATDA) of 2002 are not subject to the requirements of FFMIA. Accordingly, NCD is not subject to the requirements of FFMIA.

Improper Payments Elimination and Recovery Act

The Improper Payments Information Act (IPIA—P.L. 107-300) requires federal agencies to identify and report on significant payment programs that are susceptible to improper payments. The Act defines significant improper payments as those within a single payment program that exceed both 2.5 percent of that program's annual amounts paid and \$10 million annually.

The Improper Payments Elimination and Recovery Act of 2010 (IPERA), enacted on July 22, 2010, requires the development of policies and procedures for the prevention and detection of improper payments in the federal government. The Act expands on the Improper Payments Information Act of 2002 (IPIA), which requires an initial assessment to identify those programs that are susceptible to significant risk of improper payments. "Significant," as defined in the Act, means that in the preceding fiscal year, improper payments in the program or activity may have exceeded \$10,000,000 of all program or activity payments made during that fiscal year reported and 2.5 percent of program outlays; or \$100,000,000.

Management's Discussion and Analysis

NCD does not have any programs where significant erroneous payments have occurred within the agency. The Council will continue to review its financial operations on an annual basis to determine if any significant erroneous payments exist.

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 2012 and FY 2011, the NCD paid an immaterial amount in interest penalties on invoices processed.

Chairman's Assurance on Internal Control

The following pages contain NCD Chairman's Statement of Assurance on Internal Control.



National Council on Disability

An independent federal agency making recommendations to the President and Congress to enhance the quality of life for all Americans with disabilities and their families.

Chairman's Statement of Assurance

The Council's management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA).

The Council can provide reasonable assurance that its internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations as of September 30, 2012 was operating effectively and no material weaknesses were found in the design or operation of the internal controls. We continue to be vigilant in monitoring internal control effectiveness given past significant deficiency in this area.

Steps taken during Fiscal Year (FY) 2012 to address significant deficiencies reported for FY 2011 include: (1) instituting a new financial management database; (2) strengthening reporting to the NCD Audit & Finance Committee, including monthly status of funds reports; (3) updating and revising internal policies and procedures; (4) finalizing a performance management system; and (5) hiring a new Director of Administration. The new Director of Administration brings over 10 years of experience in federal financial management and is now responsible for ensuring ongoing integrity of internal control.

These recent actions build on steps taken during FY 2011 to address four material weaknesses identified in the FY 2010 independent audit report, which included: (1) updating NCD's Bylaws to establish an effective Audit & Finance Committee; (2) adopting a comprehensive Audit & Finance Committee Charter to ensure that the committee fulfills the functions needed to protect the agency; (3) approving NCD's first five-year Strategic Plan in accordance with OMB Circular A-11 Section 210; (4) identifying critical areas for staff training and commencing the training; and (5) enhancing the effectiveness and efficiency of Council governance, including revising the agency's organizational structure and documenting roles and responsibilities for all critical agency functions.

As part of its revised organizational structure, NCD established two new positions needed to assure that our internal control environment and financial management systems meet the objectives of FMFIA. The new Director of Administration filled the first position. NCD expects to fill the second position, for a financial analyst, by December 31, 2012. Under the leadership of the Director Administration, NCD expects to finalize a financial procedure manual by the end of FY 2013.

Based on our assessment, we have determined that the Council's financial management systems conform to applicable financial systems requirements.

A handwritten signature in black ink, appearing to read "Jonathan Young".

Jonathan Young, Ph.D., J.D. | Chairman | November 15, 2012

The Performance Section presents the agency’s performance in Fiscal Year 2012, the first year of its five-year Strategic Plan, which can be read in its entirety at:

<http://www.ncd.gov/Accountability/strategicplan/>

This section also includes a discussion of strategies and factors affecting performance, the relationship of outputs to outcomes, a summary of methods used to verify and validate performance data, and performance results by strategic goal and strategic objectives.

Performance Framework

NCD’s performance framework consists of a mission statement supported by a single, overarching strategic goal supported by two strategic objectives that advances NCD’s statutory mandate. The two supporting objectives and their corresponding strategies indicate how NCD will achieve its goal and provide an approach for measuring NCD’s progress and success. The strategic framework in the table below is followed by a detailed view of each objective and its corresponding strategies, key outcomes, means and key activities, and performance measures follows the overview.

Mission	Promote equality of opportunity, full participation, 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.
Vision	NCD leads by facilitating, articulating and promoting inclusion and empowerment of individuals with disabilities to live, learn and earn based on informed choices.
Strategic Goal	Advance the goals of the Americans with Disabilities Act by promoting policies, programs, practices, and procedures that guarantee equal opportunity and provide for economic self-sufficiency, independent living, and inclusion and integration into all aspects of society for individuals with disabilities.
Strategic Objectives	<p>Engagement - Engage stakeholders in order to assess concerns and priorities and build a network of NCD partners.</p> <p>Policy Development & Collaboration – Address stakeholder concerns and priorities by advancing specific, practical, policy solutions and encouraging collaboration.</p>

<p>Stakeholders</p>	<p>All Americans with disabilities – a population diversified by geography, age, race, gender, ethnicity, sexual orientation, income, education, political party, type of disability, and other affiliations and identities.</p> <p>Policymakers and decision makers – including the President and all federal agencies, Congress, state, tribal, and local governments and communities – who create and implement federal policies and programs that affect people with disabilities.</p> <p>Groups and organizations concerned with people with disabilities.</p> <p>Families and support systems of people with disabilities, including parents and guardians.</p> <p>Society at large – employers, educators, manufacturers, service providers, engineers, designers, entertainers, and other individuals and organizations who influence inclusion and participation of Americans with disabilities.</p>
----------------------------	--

NCD has developed specific strategies and measurements of outcomes, means and key activities for its two strategic objectives.

<p>Strategic Objective #1</p>	<p>Engagement – Engage stakeholders in order to assess concerns and priorities and build a network of NCD partners.</p>
--------------------------------------	--

Overview: NCD cannot fulfill its mission without regular, meaningful engagement with its stakeholders. NCD’s authorizing statute mandates this valued interaction. More importantly, the value of policy evaluation and recommendations should be measured by whether they are consistent with the needs, challenges, and aspirations of NCD’s stakeholders. By facilitating meaningful communication with stakeholders, Objective 1 (Engagement) supports the agency’s strategic goal through identification of systems of success as well as shortfalls, toward which NCD can direct its attention in the formulation of policy solutions.

Over the last several years, NCD has closely consulted stakeholders as key advisors in shaping NCD’s policy endeavors. NCD gathers information through a variety of means: public testimony, national and regional forums, electronic mail or letters from the public, public consultations via the Internet, research reports, conferences and meetings of stakeholder groups, federal workgroups, and meetings with members of Congress or their staff. In addition, NCD has also pursued creation of public-private working groups and/or federal advisory committees on priority issues to ensure NCD is both in continual contact with stakeholders and to act nimbly and efficiently when responding to identified need for action.

Strategy 1A – Create and maintain regular opportunities to receive direct input from community stakeholders: Coordinated collaboratively by the General Counsel and Policy Directorate and Legislative Affairs and Outreach Directorate, NCD will develop and implement an annual outreach plan to provide meaningful venues for direct contact with disability community stakeholders on a regular basis.

Strategy 1B – Cultivate trusted relationships with Congress: Coordinated collaboratively by the General Counsel and Policy Directorate and Legislative Affairs and Outreach Directorate, NCD will develop and implement a program for meaningful NCD engagement with Congressional Members and their staff and Committee leadership and their staff.

Strategy 1C – Establish and cultivate trusted relationships with state, local, and tribal governments and other entities: Coordinated collaboratively by the Legislative Affairs and Outreach Directorate and the General Counsel and Policy Directorate, NCD will develop and implement a program for meaningful NCD engagement with leaders of state, local, and tribal governments and other entities.

Strategy 1D – Brand NCD as a principal national voice of the disability community: Coordinated by the Legislative Affairs and Outreach Directorate, NCD will develop and implement a communications plan to develop messages and modes of delivery designed to enhance the understanding of NCD’s mission, activities, and accomplishments with its stakeholders.

<p>Strategic Objective #2</p>	<p>Policy Development & Collaboration – Address stakeholder concerns and priorities by advancing specific, practice policy solutions and encouraging collaboration.</p>
--------------------------------------	--

Overview: Using the information NCD has gained from its engagement activities with its stakeholders, as outlined in Objective 1 (Engagement) above, NCD must identify and prioritize opportunities to add value and make a difference in peoples’ lives. NCD does not have rulemaking or enforcement authority. Rather, NCD serves as an independent advisor on disability matters to the President and Congress. This role is essential to assure the Federal Government is well-informed and qualified to perform its duties and effectively serve the public, including individuals with disabilities. In addition to meeting with stakeholders, NCD advocates for equality of opportunity, full participation, independent living, and economic self-sufficiency for people with disabilities of all ages and backgrounds by continually reviewing disability programs and policies and providing analysis and recommendations on disability policy to the President, Congress, and other federal agencies.

NCD's analysis and recommendations have led to enactment of important laws and other improvements to the programs and services provided by the many federal agencies that serve the disability community. Yet people with disabilities continue to face personal, social, and economic disadvantages and barriers that prevent access to the same opportunities as Americans without disabilities. Therefore, NCD will increase emphasis on providing recommendations and looking for opportunities for their implementation.

NCD optimizes opportunities to put to practical use its vast amount of acquired knowledge through years of intensive research activities. This research is reflected in NCD's reports, papers, and briefs which each contain analysis and recommendations for actions at all levels of government. These reports and papers are available on NCD's agency website at www.ncd.gov.

Objective 2 (Policy Development & Collaboration) supports the activities of identifying and formulating solutions to emerging and existing challenges; providing tools to facilitate effective implementation of policy solutions; and engaging and influencing current debates, all of which directly support the strategic goal. Further, Objective 2 supports the strategic goal by leveraging NCD's resources through coordination and collaboration to amplify its impact relative to the agency's size.

Strategy 2A – Cultivate trusted relationships with other federal agencies and look for opportunities to coordinate and work collaboratively: Coordinated collaboratively by the General Counsel and Policy Directorate and Legislative Affairs and Outreach Directorate, NCD will develop and implement a program for meaningful NCD engagement with other federal agencies.

Strategy 2B – Work closely with and enlist the support of stakeholders to develop and advance policy responses to priority issues: Coordinated collaboratively by the General Counsel and Policy Directorate and Legislative Affairs and Outreach Directorate, NCD will develop and implement a program to partner with a cross-section of stakeholders to consider priority policy issues and strategic activities to address them, and to support successful implementation of federal legislation that benefits people with disabilities.

Strategy 2C – Produce materials that have practical utility for federal, state, tribal and local stakeholders regarding successful implementation of federal policies: Coordinated collaboratively by the General Counsel and Policy Directorate and Legislative Affairs and Outreach Directorate, NCD will produce and disseminate shorter, timely policy briefs, white papers, "policy toolkits," and other materials.

Strategy 2D - Update NCD's annual progress report to be more responsive to Congress and the Administration: Coordinated collaboratively by the General Counsel and Policy Directorate and Legislative Affairs and Outreach Directorate, NCD will develop a new model for its statutorily mandated annual progress report that will contain a significant discussion of the overall state of the disability community and the policies affecting it based upon information NCD acquires through use of strategies envisioned throughout this plan.

Performance Measurement Challenges

NCD is a micro-agency that advises the President and Congress on disability policy by engaging with the community, setting policy priorities and working in such areas, developing policy recommendations and promoting progress and systems change on issues that affect the disability community. With a budget of only \$3.26 million, 15 part-time Council Members, and 12 full-time staff, NCD has adopted a strategy of working in conjunction with a wide range of stakeholders – including people with disabilities, federal, state and local agencies, elected officials and their staff, universities, and a diverse group of non-profit organizations and individual disability policy experts and advocates – to advance our mission, goals and objectives.

NCD's strategic objectives of engagement and policy development can be quantifiably measured by our raw data and enumerating the number of people that attend our forums, regularly engage with us via social media, download and read our policy reports, and adopt or promote our recommendations. However, measuring NCD's impact on its strategic goal of guaranteeing equal opportunity and providing for economic self-sufficiency, independent living, and inclusion and integration into all aspects of society for individuals with disabilities is far more subjective since these are systemic endeavors in which NCD is part of a community of agencies, advocates, and others seeking to secure such outcomes.

Accordingly, NCD's analysis of the relationships of program outputs (such as forums and reports) to tangible outcomes impacting our stakeholders requires a multi-year time horizon. Measuring NCD's impact on its strategic goal of guaranteeing equal opportunity and providing for economic self-sufficiency, independent living, and inclusion and integration into all aspects of society for individuals with disabilities is challenging since these are large-scale, long-term endeavors.

Accordingly and as previously mentioned, as we evaluate performance measurements, key measures, targets and outcomes, we ask:

- Has NCD identified critical needs where our engagement with stakeholders and policy development and collaboration can advance existing initiatives?

- Can NCD be a thought leader, performing important research and analysis on critical topics?
- Can NCD provide practical, timely policy recommendations and consultations to Members of Congress and the Executive Branch?

NCD is continually working to identify better mechanisms for measuring outcomes and reporting achievements. This includes increased efforts to gather and report personal stories of where our engagement or policy initiatives provided a spark or tipping point toward improving the lives of people with disabilities. The Performance Highlights section of the Management's Discussion and Analysis presents specific comments from impacted stakeholders and a case study of how engagement and policy converged into positive outcomes on the issue of parenting rights of people with disabilities.

Program Activities and Performance Results by Strategic Objectives

As indicated above, NCD has one overarching strategic goal and two strategic objectives to advance the agencies mission, strategic goal and statutory responsibilities. Below is a description of key policy and program accomplishments in FY 2012 and planned future activities.

Objective 1: Engagement

NCD is an advisory agency that seeks to provide timely, valuable counsel to the President, Congress and other federal agencies regarding policies, programs, practices, and procedures that affect people with disabilities. NCD views its diverse stakeholders – people with disabilities of all ages and types of disability; groups and organizations concerned with people with disabilities; policymakers; and families and support system of people with disabilities – as key informants to the development of NCD's policy recommendations. Accordingly, NCD prioritizes creating opportunities to hear from its stakeholders through a variety of means: regional policy forums; public testimony received at meetings in person or by telephone; letters of concern from the public; participation at conferences and meetings of stakeholder groups; congressional policy briefings; and listening sessions and town halls the agency hosts throughout the year.

In addition to these opportunities, NCD's legislation mandates a minimum of four public meetings annually. Some of NCD's most important activities occur during the quarterly meetings. Public comments, full-length presentations by stakeholders, and opportunities to meet with additional stakeholders in the disability community who attend the meetings afford NCD the opportunity to identify needs as well as promising practices in communities and regions across the country. NCD also has a history of playing a convening role, bringing diverse stakeholders together that may not otherwise have policy discussions with one another and advancing policy discussions and recommendations in the process. In FY 2012, NCD hosted several such gatherings:

Education Reform Experts Symposium – In March 2012, NCD hosted an Experts Symposium – “Raising Expectations: A Disability Framework for Education Reform” – in Orlando, FL, which brought together thirty-six experts from the general education and special education arenas. Education reform inspires debate, passion, and controversy, but there have been few discussions about how major shifts in public education are impacting students with disabilities. For this reason, NCD brought together leading thinkers in education (both general and special education) to talk about how some of today's most popular topics in education impact students with disabilities. Participants came from fifteen states and the District of Columbia and represented a variety of perspectives based on personal and professional experiences that greatly enriched the discussions that unfolded. Several participants were or are general education or special education teachers; principals; school superintendents; parents of students with disabilities; academics and researchers; assessment developers; think tank analysts; staff of state departments of education; and school board members. The Council of State Governments, the Parent Teacher Association, and the U.S. Department of Education were also represented. Each expert participant was part of one of three working groups: common core and access to the general curriculum; vouchers and charter schools; and graduation outcomes and assessment tools.

“Common Ground” Regional Policy Forum – In addition to the Experts Symposium on education reform, NCD also convened a regional forum in Los Angeles, California in June 2012 titled “Common Ground: Adapting, Educating, Employing, and Integrating People with Acquired Disabilities Back into the Civic, Social, and Economic Fabric of American Life.” As the name implies, the forum brought together a diverse team of policymakers, advocates, veterans, and other stakeholders, who began a dialogue focused on the experience of acquiring a disability, strategies and supports for finding success in education and employment when living with a disability, and ways in which policy can be used to support unmet needs. Intended in its design and affirmed in remarks of many of the participants, the forum was the first time many individuals from the veterans and general disability communities had spoken together about a commonality of disability experiences that lend themselves to shared policy solutions.

Town Halls and Public Comment – In FY 2012, NCD also continued hosting a series of listening sessions and town halls throughout the country in conjunction with Council travel. These sessions continued to enable NCD members to hear from as broad a variety of stakeholders as possible throughout the year on the topics impacting their lives in their communities.

In March 2012, NCD held a stakeholder town hall in Orlando, Florida directly following its Experts Symposium. On this particular occasion, NCD Members heard from a number of parents of children and adults with disabilities, who reported a grave disconnect between nonprofits, school systems, and state government agencies that provide services to people with disabilities and their families, the result of which is needless difficulties for families trying to navigate systems and services and a sense of falling through the cracks. NCD returned to Orlando in June 2012 and held two more listening sessions at the Family Café conference, which is a statewide event attended by several thousand Floridians with disabilities and / or special health care needs and their families each year. During those sessions, NCD continued to hear about confusing and difficult to navigate state networks of services, long waiting lists to access many community-based services, and overall, the inadequacy of supports and services that did exist.

In addition to town hall sessions, NCD actively promotes and encourages public comment during its quarterly meetings and regularly receives full slates on its agenda with numerous written comments sent in in advance, in addition to the oral remarks made. Comments made during NCD's four quarterly meeting in FY 2012 were focused on subminimum wage, chemical and electrical sensitivities, monitoring enforcement of the Americans with Disabilities Act, forced medication and institutionalization, the United Nations Convention on the Rights of Persons with Disabilities, and special education policy.

Native American “Listening Circle” – In June 2012, several NCD board members and staff attended the mid-year conference of the Consortia of Administrators for Native American Rehabilitation (CANAR) at the Seneca Nation in Niagara Falls, NY. Utilizing a traditional “listening circle,” this marked the first time that NCD had met with CANAR at a national conference in a culturally-preferred format to hear first-hand the concerns of AI/AN people with disabilities. At the event, NCD heard first-hand about health care, independent living services, education, and vocational rehabilitation issues affecting tribal people with disabilities and their families. While NCD left with several success stories and many specific challenges in each of the topical areas, it became clear that many of the difficulties faced by all people with disabilities are often compounded by the complex and unique challenges facing the American Indian and Alaska Native communities. The agency will use the information gleaned from this event as it continues to collaborate with tribal populations through NCD's Tribal Coordination Work Group.

Conferences and Other Speaking Engagements – NCD receives numerous invitations each year to speak at state, national, and international conferences and other events and makes good use of the opportunities it accepts by sharing its latest policy findings and recommendations with hundreds of attendees at each event. In FY 2012, NCD keynoted or participated on panels at numerous conferences and events across the country and abroad including: Council of State Administrators of Vocational Rehabilitation (October 2011); Association of University Centers on Disabilities (November 2011); American Bar Association Conference on the Employment of Lawyers with Disabilities (May 2012); National Association of Councils on Developmental Disabilities (November 2011); State of Indiana Governor's Council for People with Disabilities Conference (November 2011); U.S. Department of Transportation Air Carrier Access Act Anniversary event, Washington, DC (November 2011); Disability Policy Seminar, Washington, DC (April 2012); Television Academy, Los Angeles, CA (April 2012); International Law Section ABA (April 2012); Korean Jeju Forum for Peace and Prosperity (May 2012); Ecuador First Continental Encounter for Persons with Disabilities (June 2012); Brooklyn Parents Conference (June 2012); American Bar Association Annual Meeting (August 2012).

In addition to these speaking events, in June 2012, NCD also had the honor of laying a wreath on the Tomb of the Unknown Soldier in collaboration with the Arizona Disability Law Center and the Arizona Protection and Advocacy for Individuals with Mental Illness (PAIMI) Council. The solemnity of the site and event meant NCD's actions rather than words spoke its honor of and commitment to American veterans. Following the wreath-laying ceremony, NCD posted a blog entry on www.disability.gov about its participation at the event, the cross-sections of disability and veteran history, and its reaffirmation of commitment to veterans with disabilities.

Through these engagements activities NCD reached over 10,000 people.

Congressional and Federal Agency Engagement – Throughout FY 2012, NCD continued to cultivate and deepen relationships with staff of congressional offices as a trusted advisor in both Member and committee offices and federal agencies. NCD responds to calls and letters from individual congressional offices throughout each year that request disability-related information regarding constituents' needs. In addition to being a resource for Members' district offices, NCD strives to provide timely policy information and recommendations to legislative offices and federal agencies. NCD staff provided electronic copies of its policy reports and papers to every legislative director in the House and Senate and appropriate federal agencies throughout the past fiscal year. In addition, NCD staff has offered policy briefings on its reports' major findings and recommendations, as well, utilizing teleconferences and in-person Hill and agency briefing formats.

As referenced later in this narrative, NCD continued its dedicated focus on emergency management, closely collaborating with the Federal Emergency Management Agency (FEMA) within the U.S. Department of Homeland Security through weekly calls with the Director of the Office of Disability Integration and Coordination. NCD has provided regular updates to the House Homeland Security Committee's Subcommittee on Emergency Preparedness, Response, and Communications on this collaboration as well as other critical areas of emergency management to help inform the oversight role of the Committee.

NCD also has a history of testifying before Congress. In FY 2011, NCD testified before the House Judiciary Committee Subcommittee on the Constitution, as well as the House Homeland Security Committee Subcommittee on Emergency Preparedness, Response, and Communications. Although NCD did not testify in person in FY 2012, the agency did submit written testimony to the record of the House Judiciary Committee Subcommittee on the Constitution's hearing regarding the "ACCESS (ADA Compliance for Customer Entry to Stores and Services) Act," the Senate Armed Services Committee Subcommittee on Personnel regarding military families with special needs, and the Senate Foreign Relations Committee's hearing on the Convention on the Rights of Persons with Disabilities.

Website, Social Media, and Media – NCD maximizes its distribution of information by leveraging its online presence via its website as well as its social media sites. During the past fiscal year NCD's website received 206,869 visitors, and saw tens of thousands of downloads of its policy reports from domestic and international sources..

During the same period of time, NCD established itself via social media with Facebook and Twitter accounts with nearly daily posts to both and a healthy number of followers. NCD staff has utilized its social media presence in innovative ways over the last year, including hosting a virtual "job fair" in connection with the online release of NCD's The Power of Digital Inclusion report and in observance of National Disability Employment Awareness Month in October 2011. NCD staff has also "live-tweeted" several NCD events to expand the event's reach, including NCD's "Common Ground" regional forum in California and most recently, the event surrounding the National Constitution Center's acquisition of disability rights activist Justin Dart's wheelchair into permanent exhibition. NCD continues to utilize its traditional email distribution listserv, as well, with approximately 3,000 subscribers receiving regular policy and activities updates from the agency.

Finally, in keeping with NCD's strategic plan's goal to leverage media more aggressively to help brand NCD and help frame national conversations on disability, NCD Members and staff made several national media appearances on a variety of topics, including appearances on the Dr. Oz show and on CNN Headline News, reaching 6 millions of viewers.

These activities, in combination with regular and numerous in-office meetings, including with international delegations, demonstrate that NCD, despite its small size and budget, has maintained a large impact, relative to our size. This also means we have made strides in achieving our goal of being a national voice of the disability community, reflective of the geographic, age, cultural, and other diversity within the community.

Fiscal Year 2013

In FY 2013, NCD will continue its engagement activities by playing its important role as a convener to bring critical stakeholders together to foster collaboration and help inform policy development. Most of the activities below will feed into many of the policy initiatives outlined in Objective 2:

- **Education Reform** – Continue to work on recommendations related to popular education reforms, using the information collected from the Experts Symposium and additional follow-up and collaboration with state government partners to inform the development of a policy toolkit for use by State Departments of Education, legislatures, and local school districts to assist in the evaluation of how education reforms many states are considering adopting may positively or negatively impact students with disabilities.
- **Tribal Consultation** – Work through NCD’s Tribal Consultation Coordination (TCC) workgroup via teleconference to plan a CANAR / NCD full-day policy forum for FY 2013.
- **“Common Ground” Forum Follow-Up** – NCD plans on building on the success of this meeting by conducting additional outreach and making recommendations to the appropriate federal agencies and to Congress.
- **Leverage Media** – Pursue message framing opportunities through the media by pursuing a regular schedule of proactive placements of op-eds throughout the fiscal year.
- **Forums, Listening Sessions and Town Halls** – Continue to schedule and host opportunities across the country to hear from a broad cross-section of the disability community.

Fiscal Year 2014

In FY 2014, NCD intends to continue its role as a convener, utilizing and refining successful convening models such as regional forums, experts’ symposiums, and town halls. NCD will pursue these important stakeholder meetings to continue to honor its outreach / policy development cycle of hearing from the community; pursuing policy research and developing policy recommendations; and then returning to the community with updates, to receive feedback, and continue gathering information for that informs future work.

Many of these convening models will inform the scope, findings, and targeted recommendations of proposed policy projects outlined in the next section, including work on Medicaid reform, private health insurance, vocational rehabilitation, quality of home- and community-based services and supports, and the ongoing implementation of recommendations from the Rocking the Cradle parenting report, and efforts to further collaborate with state government partners.

Objective 2: Policy Development & Collaboration

NCD contributes to the promotion of successful disability policies in education, transportation, emergency preparedness, international disability rights, employment, foster youth with disabilities, vocational rehabilitation, livable communities, and crime victims with disabilities - to name a few. For FY 2014, NCD plans on building off past success such as our revamped annual progress report and completing several significant policy reports in areas of priority to the community and Congress. We also intend to begin several new policy projects of national concern for people with disabilities identified through our outreach and engagement efforts.

In FY 2012, NCD's Progress Report highlights initiatives of federal partners that have made progress on implementing disability policy this year. The information in the FY 2012 Progress Report seeks to highlight the developments and trends that have affected the disability community since the summer of 2011. These highlights include federal agency enforcement and regulatory activities; implementation of disability laws; and other policy trends. The material was gathered from NCD stakeholders, federal agencies, and information gathered through NCD's own recent policy work. NCD found that the nation's long-term fiscal stability depends, in part, on providing people with disabilities with meaningful opportunities to contribute to our nation's collective well-being and on eliminating outdated policies that trap people with disabilities in cycles of poverty and dependency. This necessitates the need to integrate and deliver necessary supports and services across silos to ensure effective coordination and collaboration which meet individual needs. NCD's FY 2012 annual progress report offers highlights of progress in realizing the goals and objectives of the Americans with Disabilities Act (ADA) combined with recommendations that promote independence and self-sufficiency of Americans with disabilities.

Since its inception, NCD has been viewed by the disability community, congressional leaders, various administrations, and organizations in the public as a trusted source and cutting edge leader in the disability arena. To that end, in FY 2012, NCD completed several reports, including:

The Power of Digital Inclusion: Technology's Impact on Employment and Opportunities for People with Disabilities, which examined the importance of social media and other information technologies in connecting people to job opportunities. ***The Case for Deinstitutionalization: Unfinished Business***, which includes a series of toolkits designed to identify the most effective approaches and supports to assist people with ID/DD to transition from institutional settings of all sizes. ***Exploring New Paradigms for the Developmental Disabilities and Bill of Rights Act***, which explores opportunities for expanding the DD infrastructure to fully realize the underlying goals of the Development Disabilities and Bill of Rights Act and establish a comprehensive policy framework of clear, consistent objectives across federal agencies and within other major legislative statutes.

NCD also released ***U.S. Marine Corps Exceptional Family Members: How to Improve Access to Health Care, Special Education, and Long-Term Supports and Services to Family Members with Disabilities***, where NCD systematically examined the challenges experienced by this segment of the U.S. Marine Corps (USMC) community and identified steps toward ameliorating these challenges. The objectives for this study were to (1) document the experiences of USMC families with members with disabilities in accessing appropriate and effective services in health care, special education and related services, and long-term supports and services; (2) identify barriers impeding access to appropriate resources; and (3) develop recommendations to improve access. ***Rocking the Cradle: Ensuring the Rights of Parents with Disabilities and Their Children*** analyzes how U.S. disability law and policy applies to parents with disabilities within the child welfare system and the family law system and the disparate treatment of parents with disabilities and their children; and ***Toward the Full Inclusion of People with Disabilities: Examining the Accessibility of Overseas Facilities and Programs Funded by the United States*** (upcoming release), advances inclusion of people with disabilities in all foreign assistance programs by the United States.

NCD will follow-up on the recommendations contained in each of those reports, provide direct and timely assistance to the Administration and Congress, and will continue to work with our stakeholders to identify new policy areas to study. NCD has a long and proud history of this kind of collaboration. For example, prior to the catastrophic hurricanes of 2005 (Katrina and Rita) NCD led a project related to emergency preparedness for people with disabilities - ***Saving Lives: Including People with Disabilities in Emergency Planning***. Based on that work, NCD received additional appropriations through the Post-Katrina Emergency Management Reform Act of 2006 (PKEMRA) to continue working on emergency preparedness efforts for people with disabilities. In FY 2010 and 2011 NCD worked with the Federal Emergency Management Agency (FEMA) Office of Disability Integration and Coordination on co-hosting two inclusive emergency preparedness conferences.

In FY 2011 NCD sent a letter to the Administrator of the United States Agency for International Development (USAID) related to the triple disasters of the earthquake, tsunami and nuclear plant breakdown in Japan offering our recommendations and assistance in addressing the needs of people with disabilities affected. The comprehensive information gleaned at 1) the joint NCD/FEMA conferences and meetings; 2) the aftermath of the triple disaster in Japan; and 3) the subsequent tsunami alerts in Hawaii and California led to identification of a significant need for the disability community – effective communications. For example, a number of people with disabilities were unaware of the potential threat caused by the triple disaster in Japan on the West Coast of the United States because emergency information was not made available to people with certain sensory disabilities. Thus, stakeholders called for a standardization of how select emergency information data is displayed on smartphones and other devices. In FY 2013, NCD will use the last of the PKEMRA funds in a cooperative agreement with Georgia Tech Research Corporation in a study titled **Effective Communication for People with Disabilities Before, During, and After Emergencies**. This study will research effective communication that is accessible to people with disabilities throughout all phases of emergency management (preparedness, response, recovery, and mitigation).

NCD's examination will explore the current issues in effective communications before, during and after an emergency situation; seek to identify potential solutions; develop proposals intended to have a positive impact on the policy environment; and develop guidance summarizing promising practices intended to educate emergency planners, as well as state and local officials, about how to provide effective communication to all people with disabilities. NCD continues to receive such mandates for Congress. The FY 2012 Senate Labor-H Appropriation bill approved language for NCD and the Administration on Developmental Disabilities (ADD) regarding monitoring the implementation of the Help America Vote Act for voters with disabilities during the 2012 election cycle as part of the Help America Vote Act as well as the recently passed Food and Drug Administration Safety and Innovation Act (Pub.L. 112-144), which requires NCD to conduct an informational and educational campaign designed to inform individuals with disabilities, pharmacists, and the public about such best practices. These two items are discussed in detail below.

NCD also strives to be deft in responding to timely opportunities to address the rights of people with disabilities. For example, in April 2012 NCD issued a letter to the Chief of the Disability Rights Section at the Department of Justice (DOJ) in regard to the DOJ investigation of the Judge Rotenberg Center (JRC) in Canton, Massachusetts. DOJ's investigation commenced over two years ago – NCD strongly urged DOJ to expedite their investigation and quickly move forward with their findings. The letter is available at: www.ncd.gov/publications/2012/DOJApril132012/. Another example is when NCD wrote to the Office of Federal Contract Compliance Programs (OFCCP) in response to its

Notice of Proposed Rulemaking, dated December 9, 2011, to request that OFCCP clarify that sub-contracts to sheltered workshop settings will not be counted towards a contractor's affirmative action obligations under Section 503, regardless of whether or not said workshops are considered training programs. NCD believes it is particularly necessary to clarify that only hiring individuals with disabilities in integrated employment settings will satisfy affirmative action obligations under Section 503.

Activities such as these assist with NCD meeting performance measures highlighted in its strategic plan resulting in an immediate impact. For instance, because of our work NCD has been asked to participate on a number of federal commissions and councils including the Transportation Security Administration's (TSA) Disability Working Group, Federal Emergency Management Agency's (FEMA) Long Term Disaster Recovery Initiative and National Response Framework as well as at the state level with our involvement in the Council of State Governments (CSG) Deeper Learning Focus Group (related to education reform).

Indeed, the Centers for Medicare and Medicaid Services (CMS) linked to NCD's FY 12 *Analysis and Recommendations for the Implementation of Managed Care in Medicaid and Medicare Programs for People with Disabilities* document <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Delivery-Systems/Medicaid-Managed-Long-Term-Services-and-Supports-MLTSS.html> on the same website where CMS is highlighting their own initiatives.

Fiscal Year 2013

NCD's FY 2013 initiatives will capitalize upon our agency's ability to play a unique and valuable role in the policy process. NCD intends to be a driving force in the community and continue to take on the role of convener to bring various stakeholders together, including our federal agency partners. NCD will continue to work on a number of policy areas but will also work to strengthen the linkage between the Administration, Congress, and the growing but often overlooked constituency of people with disabilities. Furthermore, NCD's projects are intended to identify reforms, potential savings, and other ways to help reduce the national debt. In FY2013, these projects include:

Reforming Social Security's Disability Benefits System -- Current budget debates in Congress and with the President have highlighted that our nation's fiscal path is unsustainable. According to the 2011 Social Security Trustees' Report, the Social Security Disability Insurance Trust Fund is scheduled to run out by 2018. Combined with increasing numbers of claims due to the economic situation and longstanding challenges facing both Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) recipients regarding work disincentives, these programs have been highlighted as in need of reform by policymakers.

NCD wants to highlight the central yet hidden place of disability in our national fiscal policy and will initiate a project that analyzes the various options for SSI and SSDI reform, including what measures could move people currently utilizing SSI/DI into work, what measures could decrease the likelihood of using such benefits, and what financing options exist to extend the life of both programs. NCD will generate a platform for disseminating the findings which will include recommendations.

Medicaid Managed Care -- NCD is also continuing our work to strengthen access to and improve the quality of health care for people with disabilities. With the passage of the Patient Protection and Affordable Care Act, NCD must focus on health care reform implementation assuring that areas such as disparities in health care that impact people with disabilities and others appropriately address the needs of this important segment of the population. To achieve these goals NCD developed a health care reform workgroup consisting of members, staff, and community stakeholders to study the Administration's implementation of the Act to assure that the needs of persons with disabilities are addressed consistently throughout the law. Additionally, Medicaid has become a target of federal and state lawmakers and policymakers for proposed funding cuts. Many states, for example, are moving people with disabilities into managed care for acute and long-term services.

The information gleaned from the workgroup and fiscal realities led NCD to kick off a new study on Medicaid managed care. The purpose of this project is to develop a paper for advocates, states, and CMS on the critical issues to be addressed when enrolling people with disabilities in Medicaid managed care. NCD issued a framing paper in the first quarter of 2012, linked here:

<http://www.ncd.gov/publications/2012/CMSFebruary272012/NCD>, as well as a set of principles on same, linked here: <http://www.ncd.gov/publications/2012/Feb272012/>. Two additional papers will also be developed, one will address self-direction in the context of managed care, and the second will address Medicaid block granting.

Subminimum Wage -- In FY 2012, NCD began discussions relative to Section 14(c) of the Fair Labor Standards Act. This provision allows employers certified by the United States Department of Labor to compensate persons with disabilities for work at a rate less than the minimum wage - a wage set by Congress for all other workers in the United States. Based on Council discussion, NCD undertook a series of seven site visits around the country and researched and developed a set of recommendations designed to systemically address the subminimum wage. The guiding principle for NCD's work was to apply the vision of the Americans with Disabilities Act to assure equality and opportunity for all and eliminate and policies of discrimination on the basis of disability. It was NCD's intent to recognize the concerns raised by individuals with disabilities and their families regarding segregation and being paid below the federal minimum wage and come forward with a series of recommendations that would address them. NCD recognizes that its recommendations impact thousands of individuals and their families.

NCD further recognizes that it will take the assistance of a large number of stakeholders to eliminate the discriminatory practices of the 14(c) program and build a sustainable supported employment infrastructure along with other supports. But doing so will help thousands attain higher wages, become more self-sufficient, and afford greater access to the American dream. To accomplish these goals and make the system change effort necessary, in FY 2013 NCD plans to draft proposed legislation based on recommendations in the report. In addition, NCD will educate interested parties on the recommendations and proposed legislation through a variety of mechanisms including presentations at national or regional conferences, webinars, newsletter articles, and other media. This effort will focus on the goal of introducing the legislation in the next Congress.

Help America Vote Act -- The Help America Vote Act (Pub.L. 107-252), (HAVA) was passed, in response (at least in part) to the controversy surrounding the 2000 U.S. presidential election. The goals of HAVA are: (1) replace punch card and lever-based voting systems; (2) create the Election Assistance Commission to assist in the administration of Federal elections; and (3) establish minimum election administration standards. The FY 2012 Senate Labor-H Appropriation bill approved language for NCD and the Administration on Developmental Disabilities (ADD), which was part of the Administration on Children and Families (ACF) at the Department of Health and Human Services (HHS), regarding the HAVA. The language specifically reads "Voting Access for Individuals With Disabilities. -- ... The Committee also encourages ACF, in consultation with the National Council on Disability, to monitor the implementation of the Help America Vote Act for voters with disabilities during the 2012 election cycle." Although the bill passed the Senate it was not included in the final appropriation bill. However, HHS is requiring ADD to meet the spirit of the Senate passed bill. Accordingly, ACF responded to the Senate language by writing in its budget justification: "The Administration on Developmental Disabilities (ADD), will work with the National Council on Disability (NCD) and other federal partners to assess the accessibility of the election process for people with disabilities during the 2012 general election. In addition, ADD staff will continue to provide technical assistance and support to Secretaries of State to ensure election accessibility and timely expenditure of appropriated funds for such purposes."

In response to the FY 2012 Senate language, NCD, in collaboration with ADD, will develop, promote, and disseminate a 5-8 question tool targeted toward individual voters around the areas of physical and cognitive accessibility, privacy, voting technologies, intellectual disability issues, and other barriers. The goal will be to broadly distribute through Protection and Advocacy agencies, Developmental Disability Councils, Centers for Independent Living, University Centers of Excellence in Developmental Disabilities, self-advocacy organizations and other disability-related non-government organizations – both electronically and hardcopy versions – for collection and analyzing immediately following the 2012 election.

Utilizing the findings from the aforementioned question tool, NCD, in collaboration with ADD, will issue a report that: (1) describes the utilization of federal funds, activities and outcomes under HAVA for people with disabilities over the past decade; (2) includes stories and anecdotes collected through the questionnaire process; (3) incorporates data from the questionnaire regarding voting accessibility during the 2012 general election, and an analytical narrative describing the questionnaire findings; and (4) includes recommendations to improve voter participation and accessibility for people with disabilities for the future.

Positive Steps and Paying Attention – Clearing the Backlog and Facilitating Benefits and Treatment for America’s Veterans -- In 2009, the Ninth Circuit Court of Appeal rendered an opinion which documented frightening statistics-18 veterans of American military service were committing suicide daily, with a thousand more attempted suicides per month. Citing disparities in treatment categories, claims services and delay in appeal process, the Ninth Circuit applied due process rights squarely to military personnel returning from service with medical and other claims. The Veteran’s Administration (VHA and VBA) have reacted swiftly and decisively to reach veterans and their families in need, expanding medical treatment categories to include Post-Traumatic Stress Disorder (PTSD), establishing a widely used hot-line to deal with emergencies, and facilitating creation of on-line benefits applications and claims procedures. Nonetheless, significant backlogs continue to exist, and returning veterans continue to live with (sometimes grave) risk. This loss of life is devastating and the lost potential insurmountable. NCD may be of assistance to facilitate effectiveness of the measures introduced by the VA since 2010 and to recommend ways to eliminate barriers to ensure that the backlog of claims and appeals are reduced, and veterans and their families’ best served.

Oversight of Individuals with Disabilities Education Act’s State Performance Plan Indicators -- The Individuals with Disabilities Education Act (IDEA), the country’s national special education law, guarantees students with disabilities a right to a free and appropriate public education in the least restrictive environment and provides State and Local Education Authorities with funding in order to meet legal obligations under the law. However, as outcomes-based accountability has come to govern general education policy discussions, it has been argued that special education policy is focused almost entirely on questions of compliance with procedural requirements. NCD will analyze student outcomes for special education students, including assessment benchmarks, diploma attainment, and postsecondary access in order to draw conclusions about whether IDEA is appropriately serving students with disabilities. The analysis will include an exploration of the demographics of the population of special education students, including disability type, income level, race and ethnicity.

Transportation -- In 2005, NCD released a comprehensive transportation report addressing access to ground transportation for people with disabilities: *The Current State of Transportation for People with Disabilities in the United States*, (2005), www.ncd.gov/publications/2005/06132005. In FY 2013, proposes determining the progress made since 2005 and examining the recommendations made by NCD in the 2005 report to identify which recommendations have and have not been addressed successfully, and identify what barriers remain for people with disabilities in accessing transportation, including rural transportation. Particular emphasis will be placed on transportation issues for people with disabilities in rural and outlying urban areas; and inner city transit issues – subways, buses, taxis and issues regarding “silo” transit systems such as para-transit. NCD will also continue to track the work of the Transportation Security Administration (TSA), via TSA’s Disability Working Group. Based on the negative experiences of travelers with disabilities at airport security checkpoints NCD reached out to the Transportation Security Administration (TSA) offering our assistance, in a technical advisory capacity, regarding security screenings of passengers with disabilities and specifically the need for a universal design-based solution for the screening of all passengers. As a result of a meeting with TSA’s Office of Disability Policy and Outreach, TSA formed an Integrated Product Team to conduct an extensive review of the Screening Checkpoint Standard Operating Procedures sections that apply to people with disabilities and medical conditions. NCD will continue to track its progress.

Fiscal Year 2014

In Fiscal Year 2014, NCD will continue to work on a number of policy areas: continuing projects initiated in previous fiscal years and engaging in new self-initiated work based on outreach and engagement activities with community, Congress, and the Administration. NCD has identified several possible new projects and areas to address systemic issues affecting people with disabilities (one project was mandated by Congress); some of which identify areas of potential savings to help reduce the national debt. These potential policy areas include:

Vocational Rehabilitation -- The state-federal vocational rehabilitation program is the only federal funding stream dedicated exclusively to assisting people with disabilities in obtaining and maintaining employment. One way to reduce the strain being placed on entitlement programs provided by the Social Security Administration or Medicaid is to help people find meaningful employment. Yet, in FY 2011, 22 states were not able to match the approximate 1:4 state to federal match dollars due to a lack of state/local dollars. This occurred despite the fact that the Rehabilitation Services Administration (RSA) allowed the match to be provided by third party agreements with local government entities and most recently by non-profits - which would not benefit directly from the matched funds.

Some states have been allowed to use in-kind match while others have not. While states are struggling to access these funding streams people with disabilities have been on waiting lists or turned away from vocational rehabilitation services needed to help people find employment and become tax paying citizens. Additionally, vocational rehabilitation agencies have (by law) been asked to participate in the nationwide One Stop system. Yet, little to no data is available to indicate if these systems are physically and programmatically accessible and if people with disabilities are using and/or benefitting from the services.

The vocational rehabilitation agencies have also been asked (by law) to participate in the federal Ticket to Work (TTW) program; yet again no data is available to indicate if this relationship results in increased or improved vocational outcomes for people with disabilities. Finally, vocational rehabilitation agencies have been asked to participate in transition planning for youth leaving the K-12 education system. Again, little or no information is available to indicate the level of this participation and whether it results in increased or improved vocational outcomes. RSA continues to allocate funds to states based upon a population driven formula developed in 1973. Although attempts have been made to supplement states not treated fairly under the formula there has been no serious attempt to evaluate the current effectiveness of this allocation system. NCD's study will include an evaluation component intended to examine these data gaps more closely.

Currently, the Workforce Investment Act (WIA) is eight years past its required re-authorization. Hence in FY 2014, NCD is considering examining whether people with disabilities are being provided employment services under WIA; whether these services are being funded in a way that is fair and consistent across state programs; whether the state/federal VR system is realistically able to meet the collaboration goals set for in WIA; and what role people with disabilities and state and local governments should have in the design and implementation of the VR program.

Reforming Private Health Insurance to be consistent with the Goals of the ADA --

The current focus on health reform, community living, and Olmstead enforcement primarily focuses on public health benefits and particularly Medicaid. However, little attention is being paid to the extent to which private health insurers structure health benefits in ways that interfere with an individual's right to live in the community. Yet, private health policies often contain exclusions or restrictions on the types of services most needed by people with disabilities, and have an institutional bias – covering services if an individual lives in a nursing home or rehabilitation facility, but not covering the services in the individual's home. Many private insurance plans fail to adequately cover rehabilitation and habilitation services and devices; and mental health and substance use disorders, including behavioral health treatment.

According to the Institute of Medicine, habilitation, mental health, substance abuse, and behavioral services have largely been left to the public sector to provide and fund at taxpayers' expense. For example, many private plans fail to cover, or place unrealistic restrictions on, durable medical equipment and limit prosthetic limbs to one per lifetime. In addition, many private plans only cover therapies to the extent that they result in progress toward recovery – thereby discriminating against people with permanent disabilities who need therapies to maintain functioning or prevent deterioration of functioning, such as people with cerebral palsy, multiple sclerosis, or people who need psychiatric rehabilitation. Most private plans do not cover hearing aids or low vision aids and avoid covering services for children with autism or intellectual disabilities through use of a definition of “medical necessity” that applies only to restoration of function.

Such benefit limitations have a disproportionate detrimental effect on people with disabilities that go far beyond a negative impact on health. The impact is so extreme that many people with disabilities cannot work because employer-sponsored health insurance is inadequate compared with the benefits they can receive from Medicaid. Private insurance limitations and exclusions force some people who would rather be at home into more costly institutions; placing further strain on cash strapped public programs. This is in direct contravention to the Americans with Disabilities Act, the Olmstead decision, and generally-accepted principles of community living and inclusion. The private insurance market is in need of significant reforms if people with disabilities are to participate equally in private health insurance. The purpose of this potential project is to analyze the policies of the 20 largest private health insurers and document the contract provisions that are inconsistent with the goals of the ADA, the Olmstead decision, and the Administration on Community Living (ACL) initiatives. Furthermore, the analysis could include specifics such as spotlighting the practices of the private insurance market that have the intent or effect of discriminating against individuals with disabilities.

Defining and Measuring Home and Community Based Services Quality -- Over the course of the last several years, considerable energy and effort has been focused on the topic of expanding Home and Community Based Services (HCBS) for people with disabilities and elderly Americans. Through programs like Money Follows the Person, the State Balancing Incentive Program and the Community First Choice State Option, states have been offered financial incentives to shift away from institutional services and towards HCBS. Studies have shown that community services are less expensive than institutional care and making such a shift could potentially save Medicaid millions of dollars annually. Additionally, efforts by the Department of Justice's Civil Rights Division to enforce the Supreme Court's 1999 *Olmstead v. L.C.* decision have also helped to further the shift towards community services. Despite this significant progress in terms of state willingness to invest in community support infrastructure, considerable tensions remain as to how to define and assess the quality of HCBS.

CMS has recently issued numerous public comment opportunities focusing on this particular question, and ongoing deliberations within numerous federal agencies, including DOJ, HUD, CMS and the new Administration on Community Living continue to work to identify the best ways at ensuring quality measurement infrastructures that are truly reflective of community life. If conducted this project could provide a meaningful and practical summary of the relevant issues and options available to state and federal policymakers with regards to defining and assessing HCBS systems for consistency with the goals and intent of the Medicaid HCBS program, compliance with the Americans with Disabilities Act and ability to meaningfully enhance the quality of life of individuals with disabilities and elderly Americans. Further aspects of this project that could be explored include examining: how HCBS should be defined and what should and should not be funded utilizing HCBS dollars; what constitutes meaningful compliance with the federal Olmstead decision and what implications have yet to be fully explored by policymakers and advocates; and how policymaking and quality assessment activities of both Medicaid and non-Medicaid programs can be improved with regards to HCBS.

Safe at Home: The Next Chapter – NCD is considering expanding our work with veterans by focusing on educational issues as they relate to transition of military servicemen and women as they return from duty. A myriad of complex problems confront veterans as they seek to re-engage in civilian life. Approximately 40% of veterans experience disability, often resulting from injuries that are hard to define and treat, such as post traumatic distress disorder and traumatic brain injury. The culture of military life remains indelibly part of a veterans' character, making re-adjustment to civilian life isolating and threatening for service men and women who have closely identified with their unit communities, upon whom they depend for their very lives. Having grown accustomed to team living, integration back into nuclear family lives, competitive educational environments and the competitive market mentality of civilian life contradicts the military values system of trust and shared responsibility, living quarters, and collaboration.

The tools for re-integration into civilian life include education-during and after military service. Military service includes, of necessity, the highest level of training in a diverse number of fields, including computer skills, weaponry, transportation, management of complex projects, engineering, and medical and topographical skills, among many others. Veterans are far more likely to seek educational training than employment straight out of service, setting the employment oriented placement policies currently offered by the Veterans' Administration (VA) on end. At the June 2012 NCD Los Angeles Forum, Common Ground, veterans expressed great frustration at the divide between training and efforts to gainfully employ returning service men and women, despite incentives and veteran employment placement services and programs.

As an example the present structure of VA benefits and services, including the Montgomery GI Bill, VA/VR benefits and the New GI Bill has strict time requirements that disabled veterans are finding very difficult to meet. Furthermore, the emphasis placed on immediate employment for veterans rather than assessment of skills, continued training and then placement or counseling for career opportunities may result in veterans missing opportunities to use the valuable and specialized skills accumulated during military service.

This potential project will examine transition issues for veterans including obtaining education under current programs and services in a manner that allows accommodation for disabilities, and provides credit or builds on prior specialized skills developed during military service. NCD anticipates that, working in collaboration with community experts, education specialists, the Veterans Administration and the agencies and federal partners that are serving the veteran population, recommendations and relationships will result that will significantly improve the quality and quality of life for America's veterans and the communities in which they live. If approved this project will be a precursor to additional work currently being discussed on the re-integration of veterans (from all eras) into the services provided by their communities and into a life which provides community living, employment and the opportunity to explore one's full potential. NCD is considering holding a national meeting to plan and implement this project. Additional, outside funding, will be pursued for the project.

Parenting with a Disability Conference -- In FY 2012, NCD will release its groundbreaking report, ***Rocking the Cradle: Ensuring the Rights of Parents with Disabilities and their Children***. NCD undertook this cutting-edge study to advance understanding and promote the rights of parents with disabilities and their children. This report provides a comprehensive review of the barriers and facilitators people with diverse disabilities experience when exercising their fundamental right to create and maintain families as well as highlights the systemic and pervasive discrimination against parents with disabilities that persists. The report analyzes how U.S. disability law and policy applies to parents with disabilities within the child welfare system and the family law system and the disparate treatment of parents with disabilities and their children. Examination of the impediments prospective parents with disabilities encounter when adopting, as well as when accessing assisted reproductive technologies provide further examples of the need for comprehensive protection of these rights. Despite increasing numbers of people with disabilities having families, little attention has been given to the prevalence of parents with disabilities, their needs, and their experiences. NCD must take a proactive role in elevating the issues parents with disabilities and their children encounter.

NCD's report is potentially only the first step in an important process. Similar to White House conferences on bullying, Hispanic policy, and lesbian, gay, bisexual and transgender (LGBT) Americans the Council is considering hosting a conference – the first of its kind – to provide a venue for the necessary key stakeholders (parents with disabilities, federal agencies, advocates, members of Congress and their staff, service providers, and researchers) to convene and begin focusing the necessary attention this issue so rightly deserves. The conference would attempt to answer several questions of prominent concern such as: what actions have been taken on the state and federal level to address discrimination against parents with disabilities and their children – what are the barriers and facilitators; what promising practices and/or state initiatives have been implemented to support parents with disabilities and their children since the release of NCD's report; and what progress has been made on NCD's report recommendations and what more needs to be done to advance and promote the rights of parents with disabilities and their children.

Emerging Technology in Transportation -- In 2004 NCD issued a report, *Design for Inclusion*, aimed at educating designers and manufacturers about the way electronic and information technology (E&IT) intersects with the needs of individuals with disabilities, and how designing with access in mind can significantly increase the size of targeted markets for E&IT. In 2011, NCD took the next step in recognizing the transformative power of technology and innovation, and examined the importance of social media and other information technologies in connecting people to job opportunities in report *The Power of Digital Inclusion*.

NCD is now envisioning opportunities for people with disabilities to promote independence and economic opportunities if the marketplace can bring the use of emerging technology of personal transportation vehicles a reality. Lack of transportation in the 21st century impedes an individual's ability to obtain successful employment, good health care, and be an active community participant.

The latest innovations in technology are now upon us through the use of autonomous vehicles. Autonomous vehicles are vehicles capable of operating with minimal or no input from a human driver beyond entering an intended destination or a planned travel route. While this technology is still in its infancy, it is emerging. The expanded use of these vehicles could begin to address the dramatic increase in social isolation, chronic unemployment, and an overall poorer quality of life stemming in no small part from a lack of transportation. For people who are blind, experience seizures, or have physical, developmental or intellectual disabilities whose effects prevent them from driving, autonomous vehicles could provide a new and vital transportation option. Many senior citizens would also benefit from this technology as they experience isolation - often from a lack of transportation. In addition, in most rural areas of the country there simply is not adequate public transportation to meet the needs of persons with disabilities.

Advancing this technology may ease the demand on government dollars to support such transit systems. Hence the potential opportunities this advance could bring to people with disabilities is significant and requires an examination of the public policy barriers that need to be eliminated to further the development of this technology, and improve the quality of lives for persons with disabilities.

Several states across the country have already passed legislation relative to the operation of autonomous vehicles. NCD would like to ensure, as more states begin to experiment with allowing this technology, that no federal barriers exist that would prevent its wider use. NCD proposes to partner with industry experts to identify the policy barriers of this technology and recommend federal legislation to further advance the testing and trial operation of autonomous vehicles. In addition, the project could include the drafting model legislation which states may use to in order to create a consistent approach across the country.

Information Campaign related to the Accessibility of Information on Prescription Drug Label – In July 2012 the Food and Drug Administration Safety and Innovation Act became law (Pub.L. 112-144). The law requires the Architectural and Transportation Barriers Compliance Board (Access Board) to lead an effort to develop best practices/guidance on making prescription drug labels accessible to people with vision impairments. Upon completing the guidance NCD is required to, in consultation with the working group established by the Access Board, “conduct an informational and educational campaign designed to inform individuals with disabilities, pharmacists, and the public about such best practices.”

The financial section presents the message from the Executive Director, followed by the independent auditor's report and the financial statements with accompanying notes. Discussion of the financial statements, financial position and results of operations can be found in Management Discussion and Analysis Section.

Message from the Executive Director

I am pleased to report that for the sixth consecutive year, the Council earned an unqualified (aka "clean") audit opinion on its consolidated financial statements. As noted in the Chairman's Statement of Assurance, during Fiscal Year (FY) 2011 the Council took aggressive steps to address a significant deficiency identified in the FY 2011 independent audit report.

Steps taken pursuant to such action have included instituting a new financial management database; strengthening reporting to the NCD Audit & Finance Committee, continuing to update and revise internal policies and procedures, finalizing the performance management system; and hiring a new Director of Administration. These actions were in addition to those taken to address four material weaknesses identified in the FY 2010 independent audit report which included: updating NCD Bylaws to establish an effective Audit and Finance Committee; adopting a comprehensive Audit and Finance Committee Charter to ensure that the committee fulfills the functions needed to protect the agency; approving NCD's first five-year Strategic Plan in accordance with OMB Circular A-11 Section 210; identifying critical areas for staff training and commencing the training; and enhancing the effectiveness and efficiency of Council governance including revising the agency's organizational structure, including documenting roles and responsibilities for all critical agency functions.

With a commitment to pursuing excellence the NCD recognizes that its work is not done. We continue to address on-going monitoring of internal control weakness to remove this item a significant deficiency. The agency will take the necessary action to address the significant deficiency including finalizing our financial procedure manual by the end of FY 2013 and hiring a much needed position to assure that our internal control environment and financial management systems meet the objectives of Federal Managers' Financial Integrity Act (FMFIA). NCD made financial management a priority in FY 2012 and is committed to ensuring it has the organization, systems, and resources to sustain an unqualified opinion in future years.

Finally, I want to take this opportunity to acknowledge the efforts of the Council and the entire staff that made our financial management a priority during FY 2012. The unqualified opinion is fully attributable to their dedication and commitment to quality financial management.



Aaron Bishop
Executive Director



**REPORT ON
FINANCIAL STATEMENTS AUDIT
OF NATIONAL COUNCIL ON DISABILITY

FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 2012 and 2011**

TABLE OF CONTENTS

Independent Auditors' Report 1-4

Balance Sheet.....5

Statement of Net Cost6

Statement of Changes in Net Position 7-8

Statement of Budgetary Resources9

Notes to Financial Statements..... 10-24

Agency Comments on Draft Audit Report /Appendix A..... 25-26

INDEPENDENT AUDITORS' REPORT

To the Chairman 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 the audit of the National Council on Disability's financial statements for the year ended September 30, 2012. In our audit of the National Council on Disability's financial statements for fiscal year ended September 30, 2012, 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 with laws and regulations; and
- no reportable noncompliance with the laws and regulations we tested.

The following sections discuss in more detail (1) these conclusions; (2) our audit objectives, scope, and methodology; and (3) our evaluation and agency comments.

Opinion on Financial Statements

In our opinion, the financial statements, including the accompanying notes, present fairly, in all material respects, the assets, liabilities, and net position of the National Council on Disability as of September 30, 2012; and the related net cost, changes in statements of net position, and budgetary resources for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Consideration of Internal Control

In planning and performing our audit, we considered the National Council on Disability's internal control 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 assertions on internal control. However, for the controls we tested, we found no material weakness in internal control over financial reporting (including safeguarding assets) and compliance.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the National Council on Disability's ability to initiate, authorize, record, process, or report financial data reliably in accordance with Generally Accepted Accounting Principles, such that there is more than a remote likelihood that a misstatement of the National Council on Disability's financial statements that is more than inconsequential will not be prevented or detected by the National Council on Disability's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the National Council on Disability's internal control.

Our consideration of internal control over financial reporting and compliance was for the limited purpose described in the first paragraph of this section, and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. 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 2012 disclosed no instances of noncompliance that would be reportable under U.S. Generally Accepted Government Auditing Standards, or OMB audit guidance. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under U.S. Generally Accepted Government Auditing Standards, or OMB audit 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, (3) performing limited procedures with respect to certain other information appearing in the Annual Financial Statements, and (4) expressing an opinion on these financial statements based on our audit.

In order to fulfill the above 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 financial statement presentation;
- 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 laws and regulations.

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 caution that our internal control testing may not be sufficient for other purposes. In addition, 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.

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, 2012. 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.

Agency Comments and Our Evaluation

The National Council on Disability concurred with the facts and conclusions in our report. See Appendix A.

Regis & Associates, PC

Washington, DC

November 9, 2012

NATIONAL COUNCIL ON DISABILITY

BALANCE SHEET

As of September 30, 2012 and 2011

	2012	2011
Assets:		
Intragovernmental:		
Fund Balance With Treasury (Note 2)	\$ 942,523	\$ 1,086,477
Total Intragovernmental	\$ 942,523	\$ 1,086,477
Assets With the Public:		
Accounts Receivable, net (Note 3)	201	236
Loans Receivable (Note 4)	1,883	2,962
Other (Other)	0	28,285
Total Assets	\$ 944,607	\$ 1,117,960
 Liabilities: (Note 6)		
Intragovernmental:		
Accounts Payable	\$ 9,549	\$ 28,548
Other (Note 7)	5,692	5,644
Total Intragovernmental	\$ 15,241	\$ 34,192

Report on Financial Statements Audit

Liabilities With the Public:			
Accounts Payable	\$	556,710	\$ 211,393
Other (Note 7)		127,967	127,985
Total Liabilities With the Public		<u>684,677</u>	<u>339,378</u>
Total Liabilities	\$	<u>699,918</u>	<u>\$ 373,570</u>
 Net Position:			
Unexpended Appropriations - Earmarked Funds (Note 9)	\$	5,960	\$ 70,267
Unexpended Appropriations - Other Funds		337,106	744,356
Cumulative Results of Operations		(98,377)	(70,233)
Total Net Position	\$	<u>244,689</u>	<u>\$ 44,390</u>
Total Liabilities and Net Position	\$	<u>944,607</u>	<u>\$ 1,117,960</u>

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

NATIONAL COUNCIL ON DISABILITY

STATEMENT OF NET COST

For The Years Ended September 30, 2012 and 2011

		<u>2012</u>	<u>2011</u>
Program Costs:			
Program A:			
Gross Costs	(Note 10)	\$ 3,768,519	\$ 3,673,458
Less: Earned Revenue		0	0
Net Program Costs		<u>\$ 3,768,519</u>	<u>\$ 3,673,458</u>
Net Cost of Operations		<u><u>\$ 3,768,519</u></u>	<u><u>\$ 3,673,458</u></u>

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

Report on Financial Statements Audit

NATIONAL COUNCIL ON DISABILITY

STATEMENT OF CHANGES IN NET POSITION

For The Years Ended September 30, 2012 and 2011

	2012		
	Earmarked Funds	All Other Funds	Consolidated Total
Cumulative Results of Operations:			
Beginning Balances	\$	\$ (70,233)	\$ (70,233)
Adjustments:			
(A) Corrections of Errors (+/-)	(Note 11)	(27,785)	(27,785)
Beginning Balances, as Adjusted	\$	\$ (98,018)	\$ (98,018)
Budgetary Financing Sources:			
Appropriations Used	64,308	3,630,076	3,694,384
Imputed Financing		73,776	73,776
Total Financing Sources	\$ 64,308	\$ 3,703,852	\$ 3,768,159
Net Cost of Operations (+/-)	64,308	3,704,211	3,768,519
Net Change		(359)	(359)
Cumulative Results of Operations	\$	\$ (98,377)	\$ (98,377)
All Other Funds:			
Beginning Balances	\$ 70,267	\$ 744,355	\$ 814,623
Adjustments:			
Corrections of Errors (+/-)	(Note 11)	27,785	27,785

Report on Financial Statements Audit

Beginning Balances, as Adjusted	\$ 70,267	<u>\$ 772,140</u>	<u>\$ 842,408</u>
Budgetary Financing Sources:			
Appropriations Received		3,264,000	3,264,000
Other Adjustments		(68,958)	(68,958)
Appropriations Used	(64,308)	(3,630,076)	(3,694,384)
Total Budgetary Financing Sources	<u>(64,308)</u>	<u>(435,035)</u>	<u>(499,342)</u>
Total Unexpended Appropriations	<u>5,960</u>	<u>337,106</u>	<u>343,066</u>
Net Position	<u>\$ 5,960</u>	<u>\$ 238,729</u>	<u>\$ 244,689</u>

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

NATIONAL COUNCIL ON DISABILITY

STATEMENT OF CHANGES IN NET POSITION

For The Years Ended September 30, 2012 and 2011

	2011		
	Earmarked Funds	All Other Funds	Consolidated Total
Cumulative Results of Operations:			
Beginning Balances	\$	\$ (93,626)	\$ (93,626)
Beginning Balances, as Adjusted	\$	\$ (93,626)	\$ (93,626)
Budgetary Financing Sources:			
Other Adjustments			
Appropriations Used	\$ 522	\$ 3,621,227	\$ 3,621,749
Other Financing Resources (Non-Exchange):			
Imputed Financing		75,102	75,102
Total Financing Sources	\$ 522	\$ 3,696,329	\$ 3,696,851
Net Cost of Operations (+/-)	\$ 522	\$ 3,672,936	\$ 3,673,458
Net Change		23,393	23,393
Cumulative Results of Operations	\$	\$ (70,233)	\$ (70,233)
Unexpended Appropriations:			
Beginning Balances	\$ 70,789	\$ 1,300,189	\$ 1,370,978

Report on Financial Statements Audit

Budgetary Financing Sources:

Appropriations Received		\$ 3,271,000	\$ 3,271,000
Other Adjustments		(205,606)	(205,606)
Appropriations Used	\$ (522)	(3,621,227)	(3,621,749)
Total Budgetary Financing Sources	<u>(522)</u>	<u>(555,833)</u>	<u>(556,355)</u>
Total Unexpended Appropriations	<u>70,267</u>	<u>744,356</u>	<u>814,623</u>
Net Position	<u>\$ 70,267</u>	<u>\$ 674,123</u>	<u>\$ 744,390</u>

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

NATIONAL COUNCIL ON DISABILITY

STATEMENT OF BUDGETARY RESOURCES

For The Year Ended September 30, 2012

	2012	2011
	Budgetary	Budgetary
	<hr/>	<hr/>
BUDGETARY RESOURCES		
Unobligated Balance brought forward, October 1:	\$ 241,909	\$ 587,382
Recoveries of Prior Year unpaid Obligations (unobligated bal)	148,560	192,468
Other charges in unobligated balance	(62,789)	(205,606)
Unobligated balance from prior year budget authority, net	<hr/> \$ 327,680	<hr/> \$ 574,244
Appropriations (discretionary and mandatory)	3,257,831	3,271,000
Spending authority from offsetting collections	8,291	51,758
Total Budgetary Resources	<hr/> \$ 3,593,802	<hr/> \$ 3,897,002
	<hr/>	<hr/>
STATUS OF BUDGETARY RESOURCES		
Obligations Incurred (Note 12)	<hr/> \$ 3,346,600	<hr/> \$ 3,655,093
Apportioned	\$ 15,873	\$ 82,543
Unapportioned	231,329	159,366
Unobligated Balance brought forward, end of year	<hr/> \$ 247,202	<hr/> \$ 241,909
Total Budgetary Resources:	<hr/> \$ 3,593,802	<hr/> \$ 3,897,002
	<hr/>	<hr/>

Report on Financial Statements Audit

CHANGE IN OBLIGATED BALANCE

Unpaid Obligations, Brought Forward, October 1	\$ 844,568	\$ 1,123,831
Obligations Incurred	3,346,600	3,655,093
Gross Outlays (-)	(3,347,287)	(3,741,888)
Recoveries of Prior-Year Unpaid Obligations, Actual (-)	(148,560)	(192,468)
Unpaid Obligations, end of year (gross) (note 13)	<u>\$ 695,321</u>	<u>\$ 844,568</u>

BUDGET AUTHORITY AND OUTLAYS, NET

Budget Authority, gross (discretionary and mandatory)	\$ 3,266,122	\$ 3,322,759
Actual offsetting collections (discretionary and mandatory)	(8,291)	(51,759)
Budget Authority, net (discretionary and mandatory)	<u>\$ 3,257,831</u>	<u>\$ 3,271,000</u>
Outlays, gross (discretionary and mandatory)	\$ 3,347,287	3,741,888
Actual offsetting collections (discretionary and mandatory)	(8,291)	(51,759)
Outlays, net (discretionary and mandatory)	<u>\$ 3,338,996</u>	<u>\$ 3,690,129</u>

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

NATIONAL COUNCIL ON DISABILITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

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 98-221) 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 fifteen members appointed by the President and confirmed by the U.S. Senate (as of October 10, 2012, NCD members are no longer confirmed by Senate per the Presidential Appointment Efficiency and Streamlining Act of 2011). In consultation with the Executive Director, 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.

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 by the Office of Management and Budget (OMB) in OMB Circular No. 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."

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Basis of Presentation – (Continued)

OMB Circular No. A-136 requires agencies to prepare principal statements, include a Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, Statement of Budgetary Resources. The balance sheet presents, as of September 30, 2012, 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 in accordance with OMB Circular No. 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 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) 2012 and 2011, 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 programs or administrative expenses are incurred.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Revenues and Other Financing Sources – (Continued)

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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Personnel Compensation and Benefits – (Continued)

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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Fund Balance with Treasury – (Continued)

NCD's funds with the U.S. Treasury are cash balances from appropriations as of the fiscal year-end 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 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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

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 of results of operations.

Net Position

Net position consists of unexpended appropriations and cumulative results of operations. Unexpended appropriations represent amounts of budgetary authority to include expenses, unobligated or obligated balances not rescinded or withdrawn. Cumulative results of operations are comprised of the following: (1) the difference between revenues and (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 coming from appropriations. No trust, revolving or other fund type are used to fund NCD's activities. NCD operates as an annual fund, where each year is a new appropriation. This fund balance with treasury is a consolidated balance of one no-year fund and five annual funds (FY 2008, FY 2009, FY 2010, FY 2011, and FY 2012). The annual fund for FY 2007 is cancelled and the remaining fund balance of \$62,789 is given back to US Treasury during fiscal year 2012.

A. Fund Balance with Treasury	<u>2012</u>	<u>2011</u>
Appropriated Fund	\$942,523	\$1,086,477
B. Status of Fund Balance with Treasury		
1) Unobligated Balance		
a) Available	15,873	82,543
b) Unavailable	231,328	159,366
2) Obligated Balance not yet Disbursed	695,321	844,568
Total	<u>\$942,523</u>	<u>\$1,086,477</u>

NOTE 3 – ACCOUNTS RECEIVABLE, NET

Accounts Receivable, Net from the Public represents the Accounts Receivable from current employees.

	<u>2012</u>	<u>2011</u>
Accounts Receivable - With the Public	\$201	\$236

NOTE 4 – LOANS RECEIVABLE, NET

Loans Receivable, Net from the Public represents a Loan Receivable from a current employee.

	<u>2012</u>	<u>2011</u>
Loans Receivable - With the Public	\$1,883	\$2,962

NOTE 5 – OTHER ASSETS WITH THE PUBLIC

NCD has an obligation that involves the advancement of funds for a current employee and with other non-federal entities.

	2012	2011
Assets with the Public - Other Assets	\$ -	\$ 28,285

NOTE 6 – LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Liabilities of NCD are classified as liabilities covered or not covered by budgetary resources. As of September 30, 2012, NCD showed liabilities covered by budgetary resources of \$599,457 and liabilities not covered by budgetary resources of \$100,461. As of September 30, 2011, NCD showed liabilities covered by budgetary resources of \$272,354 and liabilities not covered by budgetary resources of \$101,216.

As of September 30, 2012, liabilities covered by budgetary resources are composed of Accounts Payable of \$566,259, Accrued Funded Payroll and Leave of \$26,571, and Employer Contributions and Payroll Taxes Payable of \$6,627. As of September 30, 2011, liabilities covered by budgetary resources are composed of Accounts Payable of \$239,941, Accrued Funded Payroll and Leave of \$25,915, and Employer Contributions and Payroll Taxes Payable of \$6,498.

	2012	2011
With the Public		
Other (Unfunded leave liability)	\$100,461	\$101,216
Total liabilities not covered by budgetary resources	100,461	101,216
Total liabilities covered by budgetary resources	599,457	272,354
Total Liabilities	\$699,918	\$373,570

NOTE 7 – OTHER LIABILITIES

As of September 30, 2012, other liabilities with the public consist of Accrued Funded Payroll and Leave of \$26,571, unfunded leave in the amount of \$100,461, and employer contributions and payroll taxes payable – TSP of \$935. Other Intragovernmental liabilities consist of employer contributions and payroll taxes payable of \$5,692. As of September 30, 2011, other liabilities with the public consist of Accrued Funded Payroll and Leave of \$25,915, unfunded leave in the amount of \$101,216, and employer contributions and payroll taxes payable – TSP of \$855. Other Intragovernmental liabilities consist of employer contributions and payroll taxes payable of \$5,644.

	<u>With the Public</u>	<u>Non-Current</u>	<u>Current</u>	<u>Total</u>
2012	Other Liabilities	\$100,461	\$27,506	\$127,967
2011	Other Liabilities	\$101,216	\$26,770	\$127,985
	<u>Intragovernmental</u>	<u>Non-Current</u>	<u>Current</u>	<u>Total</u>
2012	Other Liabilities	\$0	\$5,692	\$5,692
2011	Other Liabilities	\$0	\$5,644	\$5,644

NOTE 8 - LEASES

Entity as Lessee:

Operating Leases

NCD leases office space at 1331 F Street, NW, Washington, DC. The lease was entered into on August 29, 2012 for a period of 10-years retroactive August 22, 2011 continuing through August 21, 2021. The lease and space may be vacated at any time upon four (4) months written notice.

Report on Financial Statements Audit

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

<u>Fiscal Year Ended</u>	<u>Minimum Lease Payments</u>
September 30, 2012	252,132
September 30, 2013	254,665
September 30, 2014	257,238
September 30, 2015	259,961
September 30, 2016	263,859
September 30, 2017	279,139
September 30, 2018	282,076
September 30, 2019	285,100
September 30, 2020	288,215
September 30, 2021	257,804
	<hr/>
	2,680,189

NOTE 9 – EARMARKED FUNDS

In 2007, \$300,000 was appropriated to remain available until expended, for necessary expenses related to the requirements of the Post-Katrina Emergency Management Reform Act of 2006, as enacted by the Department of Homeland Security Appropriations Act, 2007 (Public Law 109-295. It was determined during the FY09 audit that these funds should be considered earmarked, therefore, it was at this time that we began to reflect the funds as earmarked.

Report on Financial Statements Audit

NOTE 9 – EARMARKED FUNDS, CONTINUED

2012	NCD Earmarked Funds	NCD Other Funds	Total Funds
Balance Sheet as of Sept. 30			
ASSETS			
Fund Balance with Treasury	\$ 35,960	\$ 906,563	\$ 942,523
Assets with the Public:			
Accounts Receivable		201	201
Loans Receivable		1,883	1,883
Total Assets	<u>\$ 35,960</u>	<u>\$ 908,647</u>	<u>\$ 944,607</u>
Intragovernmental Liabilities:			
Accounts Payable	\$	\$ 9,549	\$ 9,549
Other Liabilities		5,692	5,692
Total Intragovernmental Liabilities	<u>\$</u>	<u>\$ 15,241</u>	<u>\$ 15,241</u>
Liabilities with the Public:			
Accounts Payable	\$ 30,000	\$ 526,710	\$ 556,710
Other Liabilities		127,967	127,967
Total Liabilities with the Public	<u>\$ 30,000</u>	<u>\$ 654,677</u>	<u>\$ 684,677</u>
Total Liabilities	<u>\$ 30,000</u>	<u>\$ 669,918</u>	<u>\$ 699,918</u>
Unexpended Appropriations	\$ 5,960	\$ 337,106	\$ 343,066
Cumulative Results of Operations		(98,377)	(98,377)
Total Liabilities and Net Position	<u>\$ 35,960</u>	<u>\$ 908,647</u>	<u>\$ 944,607</u>
Statement of Net Cost For the Period Ended Sept. 30			
Gross Program Costs	\$ 64,308	\$ 3,704,211	\$ 3,768,519
Net Program Costs	\$ 64,308	\$ 3,704,211	\$ 3,768,519
Net Cost of Operations	<u>\$ 64,308</u>	<u>\$ 3,704,211</u>	<u>\$ 3,768,519</u>
Statement of Changes in Net Position For the Period Ended Sept. 30			
Cumulative Results of Operations:			
Beginning Balances	\$	\$ (70,233)	\$ (70,233)
Adjustments, Corrections of Errors		(27,785)	(27,785)
Beginning Balances, As Adjusted	<u>\$</u>	<u>\$ (98,018)</u>	<u>\$ (98,018)</u>
Budgetary Financing Sources:			
Appropriations Used	\$ 64,308	\$ 3,630,076	\$ 3,694,384
Other Financing Sources		73,776	73,776
Total Financing Sources	<u>\$ 64,308</u>	<u>\$ 3,703,852</u>	<u>\$ 3,768,159</u>
Net Cost of Operations	\$ 64,308	\$ 3,704,211	\$ 3,768,519
Change in Net Position	<u>\$</u>	<u>\$ (359)</u>	<u>\$ (359)</u>
Cumulative Results of Operations	\$	\$ (98,377)	\$ (98,377)
Unexpended Appropriations:			
Beginning Balances	\$ 70,267	\$ 744,355	\$ 814,623
Adjustments, Corrections of Errors		27,785	27,785
Beginning Balances, As Adjusted	<u>\$ 70,267</u>	<u>\$ 772,140</u>	<u>\$ 842,408</u>
Budgetary Financing Sources:			
Appropriations Received		3,264,000	3,264,000
Other Adjustments		(68,958)	(68,958)
Appropriations Used	(64,308)	(3,630,076)	(3,694,384)
Total Budgetary Financing Sources	<u>\$ (64,308)</u>	<u>\$ (435,035)</u>	<u>\$ (499,342)</u>
Total Unexpended Appropriations	<u>\$ 5,960</u>	<u>\$ 337,106</u>	<u>\$ 343,066</u>
Net Position End of Period	<u>\$ 5,960</u>	<u>\$ 238,729</u>	<u>\$ 244,689</u>

Report on Financial Statements Audit

NOTE 9 – EARMARKED FUNDS, CONTINUED

FY 2011	NCD Earmarked Funds	NCD Other Funds	Total Funds
Balance Sheet as of Sept. 30			
ASSETS			
Fund Balance with Treasury	\$ 78,110	\$ 1,008,367	\$ 1,086,477
Assets with the Public:			
Accounts Receivable		236	236
Loans Receivable		2,962	2,962
Other Assets		28,285	28,285
Total Assets	<u>\$ 78,110</u>	<u>\$ 1,039,850</u>	<u>\$ 1,117,960</u>
Intragovernmental Liabilities:			
Accounts Payable		\$ 28,548	\$ 28,548
Other Liabilities		5,644	5,644
Total Intragovernmental Liabilities		<u>\$ 34,192</u>	<u>\$ 34,192</u>
Liabilities with the Public:			
Accounts Payable	\$ 35,000	\$ 176,393	\$ 211,393
Other Liabilities		\$ 127,985	\$ 127,985
Total Liabilities with the Public	<u>\$ 35,000</u>	<u>\$ 304,378</u>	<u>\$ 339,378</u>
Total Liabilities	<u>\$ 35,000</u>	<u>\$ 338,570</u>	<u>\$ 373,570</u>
Unexpended Appropriations	\$ 70,267	\$ 744,355	\$ 814,623
Cumulative Results of Operations		<u>\$ (70,233)</u>	<u>\$ (70,233)</u>
Total Liabilities and Net Position	<u>\$ 105,267</u>	<u>\$ 1,012,693</u>	<u>\$ 1,117,960</u>
Statement of Net Cost For the Period Ended Sept. 30			
Gross Program Costs	\$ 522	\$ 3,672,936	\$ 3,673,458
Net Program Costs	<u>\$ 522</u>	<u>\$ 3,672,936</u>	<u>\$ 3,673,458</u>
Net Cost of Operations	<u>\$ 522</u>	<u>\$ 3,672,936</u>	<u>\$ 3,673,458</u>
Statement of Changes in Net Position For the Period Ended Sept. 30			
Cumulative Results of Operations:			
Beginning Balances		\$ (93,626)	\$ (93,626)
Budgetary Financing Sources:			
Appropriations Used	\$ 522	\$ 3,621,227	\$ 3,621,749
Other Financing Sources			
Imputed Financing		\$ 75,102	\$ 75,102
Total Financing Sources	<u>\$ 522</u>	<u>\$ 3,696,329</u>	<u>\$ 3,696,851</u>
Net Cost of Operations	<u>\$ 522</u>	<u>\$ 3,672,936</u>	<u>\$ 3,673,458</u>
Change in Net Position		<u>\$ 23,393</u>	<u>\$ 23,393</u>
Cumulative Results of Operations		\$ (70,233)	\$ (70,233)
Unexpended Appropriations:			
Beginning Balances	\$ 70,789	\$ 1,300,189	\$ 1,370,978
Budgetary Financing Sources:			
Appropriations Received		3,271,000	3,271,000
Other Adjustments		(205,606)	(205,606)
Appropriations Used	(522)	(3,621,227)	(3,621,749)
Total Budgetary Financing Sources	<u>\$ (522)</u>	<u>\$ (555,833)</u>	<u>\$ (556,356)</u>
Total Unexpended Appropriations	<u>\$ 70,267</u>	<u>\$ 744,355</u>	<u>\$ 814,623</u>
Net Position End of Period	<u>\$ 70,267</u>	<u>\$ 674,123</u>	<u>\$ 744,390</u>

Report on Financial Statements Audit

NOTE 10 – INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE

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

	Total 2012	Total 2011
Program A		
Intragovernmental costs	\$ 834,655	\$ 843,738
Public costs	2,933,863	2,829,721
Total Program A costs	\$ 3,768,519	\$ 3,673,458
Total Program A	\$ 3,768,519	\$ 3,673,458

NOTE 11 – CORRECTION TO BEGINNING BALANCES IN STATEMENTS OF CHANGES IN NET POSITION

There is a misstatement within Cumulative Results of Operations and Unexpended Appropriations related to the recognition of advances made as a requested worksheet adjustment at the end of fiscal year 2011. The correction was made during this fiscal year. There is no impact on the NCD's overall Net Position in current or prior years.

NOTE 12 – APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

Obligations for NCD are split between category A and category B, which is the amount of direct obligations incurred against amounts apportioned under category A and category B on the latest SF 132.

	FY 2012	FY 2011
Direct	\$ 0	\$ 1,782
Category A	3,346,600	3,655,093
Category A	\$ 3,346,600	\$ 3,655,093

NOTE 13 – UNDELIVERED ORDERS AT THE END OF THE PERIOD

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).

Year	Undelivered Orders	Accounts Payable	Unpaid Obligated Balance Net
2012	\$ 95,864	\$ 599,457	\$ 695,321
2011	\$ 572,214	\$ 272,354	\$ 844,568

NOTE 14 – EXPLANATION OF THE RELATIONSHIP BETWEEN LIABILITIES NOT COVERED BY BUDGETARY RESOURCES ON THE BALANCE SHEET AND THE CHANGE IN COMPONENTS REQUIRING OR GENERATING RESOURCES IN FUTURE PERIODS

The Change in Components Requiring or Generating Resources in Future Periods equals the difference between the opening and ending balances of Liabilities Not Covered by Budgetary Resources (as shown on the Balance Sheet, reference Note 6), shown as follows:

FY 2012			
	FY 2012	FY 2011	Change
Unfunded Annual Leave	\$100,461	\$101,216	(\$755)

FY 2011			
	FY 2011	FY 2010	Change
Unfunded Annual Leave	\$101,216	\$93,626	\$7,590

Note accrued funded payroll liability is covered by budgetary resources and is included in the net cost of operations, whereas unfunded annual 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.

**NOTE 15 – RECONCILIATION OF NET COST OF OPERATIONS
(PROPRIETARY) TO BUDGET**

Budgetary resources obligated are obligations for personnel, goods, services, benefits, etc. made by the NCD in order to conduct operations or acquire assets. Other (i.e., non-budgetary) financing resources are also utilized by the NCD in its program (proprietary) operations. For example, spending authority from offsetting collections and recoveries are financial resources from the recoveries of prior year obligations (e.g., the completion of a contract where not all the funds were used) and refunds or other collections (i.e., funds used to conduct operations that were previously budgeted). An imputed financing source is recognized for future federal employee benefits costs incurred for the NCD employees that will be funded by OPM. Changes in budgetary resources obligated for goods, services, and benefits ordered by not yet provided represents the difference between the beginning and ending balances of undelivered orders (i.e., good and services received during the year based on obligations incurred the prior year represent a cost of operations not funded from budgetary resources). Resources that finance the acquisition of assets are budgetary resources used to finance assets and not cost of operations (e.g., increases in accounts receivables or capitalized assets). Financing sources yet to be provided represents financing that will be provided in future periods for future costs that are recognized in determining the net cost of operations for the present period. Finally, components not requiring or generating resources are costs included in the net cost of operations that do not require resources (e.g., depreciation and amortized expenses of assets previously capitalized).

A reconciliation between budgetary resources obligated and net cost of operations (i.e., providing an explanation between budgetary and financial (proprietary) accounting) is as follows (note: in prior years this information was presented as a separate financial statement (the Statement of Financing)):

	FY 2012	FY 2011
Budgetary Resources Obligated	\$3,346,600	\$3,655,093
Spending Authority from Recoveries and Offsetting Collections	(156,851)	(244,226)
Imputed Financing from Costs Absorbed by Others	73,776	75,102
Changes in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but Not Yet Provided	504,635	183,098
Resources that Finance the Acquisition of Assets	1,114	(3,198)
Financing Sources Yet to be Provided (see Note 14)	(755)	7,590
Net Cost of Operations	\$3,768,519	\$3,673,458

NOTE 16 – SUBSEQUENT EVENTS

In preparing these financial statements for Fiscal Year 2012, management has evaluated events and transactions for potential recognition or disclosure through November 9, 2012, which is the date the financial statements were available to be issued.

**APPENDIX A -
NATIONAL COUNCIL ON DISABILITY
COMMENTS ON DRAFT AUDIT REPORT**



National Council on Disability

An independent federal agency making recommendations to the President and Congress to enhance the quality of life for all Americans with disabilities and their families.

November 15, 2012

Regis & Associates, PC
Mr. Lateef Abassi
1400 Eye Street, NW
Suite 425
Washington, DC 20005

Dear Mr. Abassi:

We have reviewed the draft audit report provided to us relating to your audit of the National Council on Disability for the fiscal years ended September 30, 2012, and 2011. We concur with the facts and conclusions in the draft report.

Sincerely,

A handwritten signature in cursive script that reads "Aaron Bishop".

Aaron Bishop, M.S.S.W.
Executive Director

Appendix A – Listing of Abbreviations and Acronyms

ADA	Americans with Disabilities Act of 1990, as amended
AICPA	American Institute of Certified Public Accountants
ATDA	Accountability of Tax Dollars Act of 2002
CFO	Chief Financial Officer
CFR	Code of Federal Regulations
CSRS	Civil Service Retirement System
DOL	Department of Labor
ED	Executive Director
ESEA	Elementary and Secondary Education Act
FASAB	Federal Accounting Standards Advisory Board
FBWT	Fund Balance with Treasury
FECA	Federal Employees Compensation Act
FERS	Federal Employees' Retirement System
FFMIA	Federal Financial Management Improvement Act
FICA	Federal Insurance Contribution Act
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FOIA	Freedom of Information Act
FTE	Full-time Equivalent
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GPRA	Government Performance and Results Act
GSA	General Services Administration
IPIA	Improper Payments Information Act
IT	Information Technology
MD&A	Management's Discussion and Analysis
NCD	National Council on Disability
NCLBA	No Child Left Behind Act reauthorization
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PP&E	Property, Plant and Equipment
PAR	Performance and Accountability Report
SAS	Statement on Auditing Standards
SBR	Statement of Budgetary Resources
SFFAS	Statement of Federal Financial Accounting Standards
SNC	Statement of Net Cost
TSP	Thrift Savings Plan
UDO	Undelivered Orders
USC	United States Code