

**NATIONAL VOLUNTARY ORGANIZATIONS
ACTIVE IN DISASTER, INC.**

***FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS***

DECEMBER 31, 2015 AND 2014

NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, INC.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**To the Board of Directors
National Voluntary Organizations Active In Disaster, Inc.
Arlington, Virginia**

We have audited the accompanying statement of financial position of the National Voluntary Organizations Active In Disaster, Inc. (a nonprofit organization) as of December 31, 2015, and the related statements of activities, statement of functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National Voluntary Organization as of December 31, 2015, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**To the Board of Directors
National Voluntary Organizations Active In Disaster, Inc.
Arlington, Virginia**

Report on Summarized Comparative Information

We have previously audited the nonprofit organization's December 31, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 3, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
April 22, 2016**

NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2015 And 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 192,239	\$ 95,050
Dues and sponsorships receivable	23,280	5,911
Grant receivable	45,788	17,588
Prepaid expenses	<u>21,791</u>	<u>4,310</u>
Total Current Assets	<u>283,098</u>	<u>122,859</u>
NON-CURRENT ASSETS		
Security deposit	5,232	-
Property and equipment, net of accumulated depreciation of \$15,029 in 2015 and \$12,749 in 2014	<u>4,581</u>	<u>41,892</u>
Total Non-Current Assets	<u>9,813</u>	<u>41,892</u>
	<u>\$ 292,911</u>	<u>\$ 164,751</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and payroll liabilities	\$ 28,849	\$ 23,880
Litigation loan payable	60,000	-
Capital lease payable	-	35,933
Deferred revenue	<u>72,235</u>	<u>48,500</u>
Total Current Liabilities	<u>161,084</u>	<u>108,313</u>
NON-CURRENT LIABILITIES		
Litigation loan payable	<u>5,000</u>	<u>-</u>
	<u>166,084</u>	<u>108,313</u>
NET ASSETS		
Unrestricted	29,420	(10,229)
Temporarily restricted	<u>97,407</u>	<u>66,667</u>
Total Net Assets	<u>126,827</u>	<u>56,438</u>
Total Liabilities and Net Assets	<u>\$ 292,911</u>	<u>\$ 164,751</u>

NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, INC.

STATEMENTS OF ACTIVITIES

Year Ended December 31, 2015 With Summarized Information For 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
SUPPORT AND REVENUE				
Non-government grants and contributions	\$ 34,205	\$ 150,000	\$ 184,205	\$ 305,721
Government contracts	196,432	-	196,432	206,127
Conference revenue	317,609	-	317,609	289,318
Membership dues	289,550	-	289,550	258,875
Miscellaneous	88	-	88	4,431
Net assets released from restriction	<u>119,260</u>	<u>(119,260)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>957,144</u>	<u>30,740</u>	<u>987,884</u>	<u>1,064,472</u>
EXPENSES				
Program expenses	519,077	-	519,077	745,947
General and administration	193,084	-	193,084	303,774
Fundraising	<u>21,136</u>	<u>-</u>	<u>21,136</u>	<u>60,824</u>
Total Expenses	<u>733,297</u>	<u>-</u>	<u>733,297</u>	<u>1,110,545</u>
Change in net assets before Other changes	223,847	30,740	254,587	(46,073)
OTHER CHANGES IN NET ASSETS				
Loss on impairment of fixed assets	(35,031)	-	(35,031)	-
Litigation and settlement costs	<u>(149,167)</u>	<u>-</u>	<u>(149,167)</u>	<u>(5,000)</u>
Change in net assets	39,649	30,740	70,389	(51,073)
NET ASSETS				
Beginning of year	<u>(10,229)</u>	<u>66,667</u>	<u>56,438</u>	<u>107,511</u>
Ending of year	<u>\$ 29,420</u>	<u>\$ 97,407</u>	<u>\$ 126,827</u>	<u>\$ 56,438</u>

NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2015 And 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 70,389	\$ (51,073)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	2,280	5,578
Bad debt expense	23,167	33,000
Impairment of fixed assets	35,031	-
Loss on equipment disposal	6,067	5,691
Changes in operating assets and liabilities		
Dues receivable	(40,536)	33,379
Grant receivable	(28,200)	72,412
Prepaid expenses	(17,481)	23,179
Security deposit	(5,232)	6,531
Accounts payable and payroll liabilities	4,969	(665)
Deferred revenue	<u>23,735</u>	<u>(106,228)</u>
Net cash provided by operating activities	<u>74,189</u>	<u>21,804</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	<u>-</u>	<u>(37,401)</u>
Net cash used for investing activities	<u>-</u>	<u>(37,401)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds (repayments) from capital lease transaction	(42,000)	35,933
Proceeds from office lease settlement agreement	100,000	-
Repayment of office lease settlement agreement	<u>(35,000)</u>	<u>-</u>
Net cash provided by financing activities	<u>23,000</u>	<u>35,933</u>
INCREASE IN CASH AND CASH EQUIVALENTS	97,189	20,336
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>95,050</u>	<u>74,714</u>
End of year	<u>\$ 192,239</u>	<u>\$ 95,050</u>

NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 And 2014

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF ACTIVITIES

National Voluntary Organizations Active In Disaster, Inc. ("***National VOAD***") was re-domesticated as a non-profit organization in the Commonwealth of Virginia on June 25, 2008. The purpose of National Voluntary Organizations Active In Disaster is to provide a forum where organizations share knowledge and resources throughout the disaster cycle-preparation, response and recovery-to help disaster survivors and their communities.

Specifically, National VOAD members form a coalition of non-profit organizations that respond to disasters as part of their overall mission.

INCOME TAXES

National VOAD is exempt from federal income tax purposes under Section 501(c)(3) of the internal revenue code (the "***Code***") and has been classified as a public charity under Section 509(a)(1) of the Code.

National VOAD has reviewed their tax positions and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on federal and state tax returns for the open tax years (2012 – 2014) or expected to be taken in the current year.

CONTRIBUTIONS

National VOAD records unconditional promises to give as a receivable and revenue in the year pledged, net of the discount to present value of the future cash flows. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "***net assets released from restrictions***".

In 2015, National VOAD received contributions of office space at a value of \$24,000.

In 2014, National VOAD received contributions of office space and office furniture at a value of approximately \$12,000 and \$8,700 respectively.

U.S. GOVERNMENT GRANTS

National VOAD receives grants from the U.S. Government from the Federal Emergency Management Agency and the Department of Health and Human Services. National VOAD applies for such funds at the time the expenditure is made, which is the basis for recognizing revenue.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2015 And 2014

CASH AND CASH EQUIVALENTS

National VOAD considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

CONCENTRATION OF CREDIT RISK

National VOAD is required by Accounting Standards Codification (“ASC”) 825, “*Financial Instruments*” to disclose significant concentrations of credit risk regardless of the degree of such risk. As of December 31, 2015 and 2014, National VOAD maintained bank deposits that exceeded the limit of insurability under the Federal Deposit Insurance Corporation. The risk is managed by monitoring the financial institutions in which deposits are made.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. National VOAD’s policy is to capitalize individual items with a cost greater than \$1,000. Depreciation is provided on a straight-line basis over their estimated useful lives, which is 3-7 years. Depreciation expense for the years ended December 31, 2015 and 2014 was \$2,280 and \$5,578, respectively.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities based on management estimates of time spent and costs to support activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

RECLASSIFICATIONS

Certain reclassifications were made to the 2014 financial statements to conform to the 2015 presentation.

(2) NET ASSETS

Temporarily restricted net assets at December 31, 2015 and 2014 are available for the following purposes:

	<u>2015</u>	<u>2014</u>
National recovery initiative	\$ 4,164	\$ 4,164
Recovery fund	80,740	50,000
LEAD Project	<u>12,503</u>	<u>12,503</u>
	<u>\$97,407</u>	<u>\$66,667</u>

For the years ending December 31, 2015 and 2014, net assets of \$119,260 and \$108,333, respectively were released from restrictions by incurring expenses satisfying the restricted purposes.

NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2015 And 2014

(3) CONTINGENCIES

National VOAD was involved in two disputes in 2014, one in which a lawsuit was filed, relating to an office lease and an equipment lease executed by the former Executive Director. The equipment lease represented office equipment which had been recorded as a capital lease in the financial statements in the amount of \$35,933, payable through January, 2019. The lessor commenced action to collect on the outstanding lease, asserting a breach of the financing agreement. National VOAD filed a counterclaim. The office lease, which began in March 2014 and was due to expire in April 2019, required annual lease payments of approximately \$180,000, increasing 3% annually thereafter. National VOAD has relocated to other office space.

National VOAD settled the equipment lawsuit in 2015 with a payment made to the financing company in the amount of \$42,000. National VOAD maintained title to the equipment and recognized an impairment loss of approximately \$35,000 in 2015. The equipment was sold subsequent to year end for approximately \$900. In October 2015, National VOAD settled its office lease dispute by agreeing to pay its former landlord \$100,000. The agreement required a \$25,000 payment at the time of settlement with \$5,000 monthly payments commencing in November 2015. As of December 31, 2015, \$65,000 remained outstanding under this arrangement.

(4) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance April 22, 2016, have been evaluated in the preparation of the financial statements.