

**DISABILITY RIGHTS ADVOCACY FUND, INC. AND
DISABILITY RIGHTS FUND, INC.**

**Combined Financial Statements
December 31, 2012**



SANDBERG & CREEDEN, P.C.
Certified Public Accountants

*331 Page Street
Stoughton, MA 02072*

**DISABILITY RIGHTS ADVOCACY FUND, INC. AND
DISABILITY RIGHTS FUND, INC.**

COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2012

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To the Board of Directors of
Disability Rights Advocacy Fund, Inc.
and Disability Rights Fund, Inc.
Boston, Massachusetts

Independent Auditors' Report on the Combined Financial Statements

We have audited the accompanying combined statements of financial position of Disability Rights Advocacy Fund, Inc. and Disability Rights Fund, Inc. as of December 31, 2012, and the related combined statements of activities, functional expenses and cash flows for the nine months ended December 31, 2012. These combined financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these combined 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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Disability Rights Advocacy Fund, Inc. and Disability Rights Fund, Inc. as of December 31, 2012, and the changes in their net assets and their cash flows for the nine months ended December 31, 2012 in conformity with accounting principles generally accepted in the United States of America.



SANDBERG & CREEDEN, P.C.
Certified Public Accountants

Stoughton, Massachusetts
March 13, 2013

**DISABILITY RIGHTS ADVOCACY FUND, INC. AND
DISABILITY RIGHTS FUND, INC.
COMBINED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012**

	<u>Disability Rights Advocacy Fund</u>	<u>Disability Rights Fund</u>	<u>Total Combined</u>
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 645,109	\$ 301,622	\$ 946,731
Pledges receivable		216,928	216,928
Prepaid expenses		2,911	2,911
Due to/ (from)	(19,713)	19,713	
Total current assets	<u>625,396</u>	<u>541,174</u>	<u>1,166,570</u>
<u>Total Assets</u>	<u>\$ 625,396</u>	<u>\$ 541,174</u>	<u>\$ 1,166,570</u>
<u>LIABILITIES AND NET ASSETS</u>			
<u>Current Liabilities</u>			
Grant awards payable	\$ 148,500	\$ 82,500	\$ 231,000
Accounts payable	1,054	4,373	5,427
Accrued vacation and benefits	932	10,607	11,539
Total current liabilities	<u>150,486</u>	<u>97,480</u>	<u>247,966</u>
<u>Net Assets</u>			
Unrestricted	474,910	22,746	497,656
Temporarily restricted		<u>420,948</u>	<u>420,948</u>
Total net assets	<u>474,910</u>	<u>443,694</u>	<u>918,604</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 625,396</u>	<u>\$ 541,174</u>	<u>\$ 1,166,570</u>

See accompanying notes and Combined Independent Auditors' Report.





**DISABILITY RIGHTS ADVOCACY FUND, INC. AND
DISABILITY RIGHTS FUND, INC.**

COMBINED STATEMENTS OF ACTIVITIES
FOR THE NINE MONTHS ENDED DECEMBER 31, 2012

	Disability Rights Advocacy Fund		Disability Rights Fund			Combined Total
	Unrestricted	Total	Unrestricted	Temporarily Restricted	Total	
<u>Support and Revenue</u>						
Contributions and grants	\$ 515,605	\$ 515,605	\$ 529,598	\$ 1,033,008	\$ 1,562,606	\$ 2,078,211
Released from restriction			612,060	(612,060)		
Service fees	1,281,469	1,281,469	908,034		908,034	2,189,503
Interest income			<u>27</u>		<u>27</u>	<u>27</u>
Total support and revenue	<u>1,797,074</u>	<u>1,797,074</u>	<u>2,049,719</u>	<u>420,948</u>	<u>2,470,667</u>	<u>4,267,741</u>
<u>Operating Expenses</u>						
Program services						
Grantmaking	1,281,263	1,281,263	1,777,207		1,777,207	3,058,470
Global advisory panel			<u>26,117</u>		<u>26,117</u>	<u>26,117</u>
Total program services	<u>1,281,263</u>	<u>1,281,263</u>	<u>1,803,324</u>		<u>1,803,324</u>	<u>3,084,587</u>
General & administrative	35,800	35,800	184,660		184,660	220,460
Fundraising	<u>5,101</u>	<u>5,101</u>	<u>38,989</u>		<u>38,989</u>	<u>44,090</u>
Total expenses	<u>1,322,164</u>	<u>1,322,164</u>	<u>2,026,973</u>		<u>2,026,973</u>	<u>3,349,137</u>
<u>Change in Net Assets</u>	474,910	474,910	22,746	420,948	443,694	918,604
<u>Net Assets - Beginning of Year</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Net Assets - End of Year</u>	<u>\$ 474,910</u>	<u>\$ 474,910</u>	<u>\$ 22,746</u>	<u>\$ 420,948</u>	<u>\$ 443,694</u>	<u>\$ 1,418,604</u>

See accompanying notes and Combined Independent Auditors' Report.



DISABILITY RIGHTS ADVOCACY FUND, INC. AND DISABILITY RIGHTS FUND, INC.

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Disability Right Advocacy Fund, Inc				Disability Right Fund, Inc						Total Combined
	Grantmaking	General and Administrative	Fundraising	Total	Grantmaking	Global Advisory Panel	Total Program	General and Administrative	Fundraising	Total	
Salaries	\$ 43,601	\$ 16,196	\$ 2,823	\$ 62,620	\$ 121,393	\$	\$ 121,393	\$ 91,779	\$ 15,996	\$ 229,168	\$ 291,788
Payroll tax	3,569	1,326	321	5,216	9,735		9,735	7,360	1,283	18,378	23,594
Employee benefits	10,832	4,023	701	15,556	29,857		29,857	22,574	3,935	56,366	71,922
Total salaries and related expenses	58,002	21,545	3,845	83,392	160,985		160,985	121,713	21,214	303,912	387,304
Accounting and bookkeeping		6,410		6,410				18,562		18,562	24,972
Consultants	101,831	1,205		103,036	88,490		88,490	2,550	12,362	103,402	206,438
Grant awards	1,064,278			1,064,278	1,392,860		1,392,860			1,392,860	2,457,138
Grantee training	5,026			5,026	4,219		4,219			4,219	9,245
Insurance		601		601				3,407		3,407	4,008
Meeting and conference	48,815			48,815	97,961	8,340	106,301			106,301	155,116
Miscellaneous	70			70	212	2,125	2,337			2,337	2,407
Office expenses	10	604	432	1,046				6,635		6,635	7,681
Professional fees		2,247		2,247				16,362		16,362	18,609
Rent	1,289	1,851	83	3,223	5,893		5,893	4,456	777	11,126	14,349
Staff training	58			58	2,389		2,389	807		3,196	3,254
Supplies		320		320				2,480		2,480	2,800
Telephone and internet	1,141	424	74	1,639	5,517		5,517	4,171	727	10,415	12,054
Travel	743	593	667	2,003	18,681	15,652	34,333	3,517	3,909	41,759	43,762
Total	\$ 1,281,263	\$ 35,800	\$ 5,101	\$ 1,322,164	\$ 1,777,207	\$ 26,117	\$ 1,803,324	\$ 184,660	\$ 38,989	\$ 2,026,973	\$ 3,349,137

See accompanying notes and Combined Independent Auditors' Report.

**DISABILITY RIGHTS ADVOCACY FUND, INC. AND
DISABILITY RIGHTS FUND, INC.**

COMBINED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2012

	<u>Combined Total</u>
<u>Cash Flows from Operating Activities</u>	
Change in net assets	\$ 918,604
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) decrease in:	
Pledges receivable	(216,928)
Prepaid expenses	(2,911)
Increase (decrease) in:	
Grants payable	231,000
Accounts payable	5,427
Vacation and benefits	<u>11,539</u>
<u>Net Cash Provided by Operating Activities</u>	<u>946,731</u>
<u>Net Cash Provided by Financing Activities</u>	<u>0</u>
<u>Net Cash Provided by Investing Activities</u>	<u>0</u>
<u>Increase in Cash and Cash Equivalents</u>	946,731
<u>Cash and Cash Equivalents - Beginning of Year</u>	<u>0</u>
<u>Cash and Cash Equivalents - End of Year</u>	<u>\$ 946,731</u>
 <u>SUPPLEMENTAL INFORMATION</u>	
Interest paid	<u>\$ 0</u>

See accompanying notes and Combined Independent Auditors' Report.



**DISABILITY RIGHTS ADVOCACY FUND, INC. AND
DISABILITY RIGHTS FUND, INC.**

NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 1. Organization

The Disability Rights Advocacy Fund, Inc. and the Disability Rights Fund, Inc. were incorporated under the laws of the Commonwealth of Massachusetts in February 2011 and started operations in April 2012. Disability Rights Fund, Inc. and Disability Rights Advocacy Fund, Inc. support disabled persons organizations in Africa, Asia, Latin America and the Caribbean, the Middle East, Pacific, and Eastern Europe to take the lead in advocating for the human rights of persons with disabilities at local and national levels utilizing the mechanism of the Convention on the Rights of Persons with Disabilities.

Mission

The Disability Rights Fund (DRF) is a grantmaking collaborative that empowers persons with disabilities to advocate for equal rights and full participation in society. Fueled by the momentum of the Convention on the Rights of Persons with Disabilities (CRPD), DRF funds disabled persons' organizations in 26 countries in Africa, Asia, Eastern Europe, Latin America and the Caribbean, the Middle East, and the Pacific. DRF provides grants for activities such as documentation of rights violations, advocacy for rights fulfillment, and expansion of voice and visibility for particularly marginalized sectors of the disability community, in pursuit of systemic change.

DRF's sister fund, the Disability Rights Advocacy Fund, Inc. (DRAF), provides grants to disabled persons' organizations (DPOs) to participate in treaty ratification and implementation efforts in the developing world. DRAF also identifies and supports other efforts to advance the rights of persons with disabilities at regional and cross-movement levels.

Principles

In concert with the disability community's slogan, "Nothing about us without us," and the principle of participation in the CRPD, people with disabilities occupy majority and strategic roles— at advisory, governance, and staff levels. The involvement of persons with disabilities at all levels of the organizations is a core strength, giving the Funds legitimacy as well as access to worldwide networks of persons with disabilities.

Governance and Advisory Structure

The Funds' unique structure includes a Global Advisory Panel (GAP), Grantmaking Committees and Boards of Directors. The GAP consists of 12 members, the majority of whom are people with disabilities, nominated by international and regional networks of Disabled Persons Organizations, which makes grantmaking strategy recommendations. The Grantmaking Committees of the Boards are composed of donor representatives and advisors and finalize recommendations on grantmaking strategy and guidelines and select grantees. The Boards of Directors have oversight of the Funds.

Operations as a Pooled Fund

DRF operates as a pooled fund – combining the resources of multiple governmental, private, and public donors – enabling these donors to harmonize their efforts, efficiently reach organizations outside their normal purview, and receive important feedback about their investments in this neglected area of human rights. DRAF, which is funded by one donor, complements this collaboration by providing grants for the lobbying work of the disability community in the target countries where DRF operates.



**DISABILITY RIGHTS ADVOCACY FUND, INC.AND
DISABILITY RIGHTS FUND, INC.**

NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2012

(Continued)

Note 1. Organization (Continued)

Grantmaking Due Diligence

Grantmaking processes adhere to due diligence procedures, including an intensive application review process (with technical aid in project design), one-on-one relationships with and oversight of grantees, and an extensive network and partnerships in and with the broader disability community to assess and monitor viability and impact of applicants and projects.

Results

In 2012, the Disability Rights Advocacy Fund, Inc. made \$1,064,278 in grant awards and the Disability Rights Fund, Inc. made \$1,392,860 in grant awards. Grant awards were made to disabled persons organizations doing rights advocacy work for people with disabilities in Bangladesh, Cook Islands, Federated States of Micronesia, Fiji, Ghana, India, Indonesia, Lebanon, Mexico, Nicaragua, Peru, Samoa, Solomon Islands, Uganda, Ukraine, and Vanuatu.

Since inception as a project under Tides in 2008, the Funds have documented success around their highest goals: ratification of the CRPD; development and passage of national and local legislation and policy in accordance with the CRPD, civil society reports on conditions for people with disabilities submitted to international human rights monitoring mechanisms, increasing DPO participation in implementation of rights, and growth in voice among those most marginalized within the disability community, including women with disabilities, youth with disabilities, indigenous people with disabilities, and people with psychosocial and intellectual disabilities.

Note 2. Summary of Significant Accounting Policies

a. Standards of Accounting and Reporting

The Organization follows standards of accounting and financial reporting as described in the American Institute of Certified Public Accountants' Audit and Accounting Guide for 'Not-for-Profit Organizations.'

b. Financial Statement Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net asset categories follows:

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.



**DISABILITY RIGHTS ADVOCACY FUND, INC. AND
DISABILITY RIGHTS FUND, INC.**

NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2012

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

b. Financial Statement Presentation (Continued)

Temporarily Restricted - Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

Permanently Restricted - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. No permanently restricted assets were held or received during 2012 and accordingly, these financials do not reflect any activity related to this class of net assets for 2012.

c. Cash and Cash Equivalents

For purposes of the statements of cash flows, Disability Rights Advocacy Fund, Inc. and Disability Rights Fund, Inc., considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

d. Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a 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.

e. Service Fees

Financial awards from state governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

f. Allocation of Expenses

Expenses are allocated among program and supporting services directly or on the basis of time records and utilization estimates made by the Organization's management. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.



**DISABILITY RIGHTS ADVOCACY FUND, INC.AND
DISABILITY RIGHTS FUND, INC.**

NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2012

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

g. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 could differ from those estimates.

h. Principles of Combination

Disability Rights Advocacy Fund, Inc. and Disability Rights Fund, Inc. share common management, facilities and personnel. Consequently, the combination of the individual financial statements provides a more meaningful financial presentation.

Note 3. Tax Status

Disability Rights Fund, Inc. is exempt from federal and state income tax under Section 501 (c) (3) of the Internal Revenue Code and accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b) (1) (a) and has been classified as an organization that is not a private foundation under Section 509(a) (1).

Disability Rights Advocacy Fund, Inc. is exempt from federal and state income tax under Section 501(c) (4) of the Internal Revenue Code and accordingly, no provision for income taxes is included in the financial statements.

Unrelated business income, of which the Organizations had none for the nine months ending December 31, 2012, would be subject to Federal and state taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

Note 4. Concentration of Credit Risk

The balance is insured by the Federal Deposit Insurance Corporation up to specific limits. Amounts in excess of insured limits at December 31, 2012 totaled \$479,739. Management chose their financial institution following a review of the cost, technical efficiencies, stability, and security that are critical to the operations of the organization. Management continues to monitor this institution with respect to bank credit ratings, capital strength, liquidity, and size.

Credit risk associated with receivables is considered low as the balances due are from well-established foundations.



**DISABILITY RIGHTS ADVOCACY FUND, INC. AND
DISABILITY RIGHTS FUND, INC.**

NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2012

(Continued)

Note 5. Pledge Receivable

Contributions for Disability Rights Fund, Inc. consist of unconditional promises to give expected to be collected as follows:

Due in FY13	<u>\$ 216,928</u>
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Note 6. Temporarily Restricted Net Assets

Temporarily restricted net assets for Disability Rights Fund, Inc. at December 31, 2012 consist of the following:

Restricted to Time 2013	<u>\$ 420,948</u>
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Note 7. Lease Commitment

The Organization rents office space in Boston as a tenant at will with monthly payments of \$1,784. Total rent payments for the period ended December 31, 2012 was \$12,975.

Note 8. Grant Awarded and Payable

Disability Rights Advocacy Fund, Inc. and Disability Rights Fund, Inc. focus their grant making on disabled persons organizations. During 2012 approved and awarded grants were provided as follows:

	<u>Disability Rights Advocacy Fund</u>	<u>Disability Rights Fund</u>	<u>Total Combined</u>
Regions			
Africa	\$ 146,000	\$ 405,500	\$ 551,500
Asia	159,500	442,860	602,360
Eastern Europe	80,000	123,500	203,500
Latin America	246,778	360,000	606,778
Middle East	134,000	20,000	154,000
Pacific Islands	<u>86,000</u>	<u>41,000</u>	<u>127,000</u>
Total regions	852,278	1,392,860	2,245,138
Strategic Partnerships	<u>212,000</u>		<u>212,000</u>
Total grants	<u>\$ 1,064,278</u>	<u>\$ 1,392,860</u>	<u>\$ 2,457,138</u>

Grant awards payable consisting of second tranches of grant awards totaling \$231,000 and are anticipated to be paid in 2013.



**DISABILITY RIGHTS ADVOCACY FUND, INC. AND
DISABILITY RIGHTS FUND, INC.**

NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2012

(Continued)

Note 9. Related Parties

The Executive Director of the Organization is also a board member and serves as clerk. Compensation is for employee services only.

Two Board members work at organizations which donated funds to Disability Rights Fund, Inc.

Note 10. The Evaluation of Subsequent Events

The Organization has evaluated subsequent events through June 14, 2013, the date which the financial statements were available to be issued. During 2012, Disability Rights Fund, Inc. received a conditional promise to give totaling \$2,550,000. As the contribution was conditional and no portion was received in 2012, no portion of the pledge was recorded or recognized in these financial statements. In January 2013, the organization received \$850,000 of this conditional grant for use in 2013.

There were no additional subsequent events to be disclosed based on this evaluation.

