

DISABILITY RIGHTS FUND, INC.

AND

DISABILITY RIGHTS ADVOCACY FUND, INC.

COMBINED FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2017

(With Summarized Comparative Combined Information for 2016)

Smith  Sullivan
& Brown PC
CERTIFIED PUBLIC ACCOUNTANTS

80 Flanders Road, Suite 200  Westborough, Massachusetts 01581
Tel: 508.871.7178 Fax: 508.871.7179 www.ssbcpa.com

DISABILITY RIGHTS FUND, INC.

AND

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REPORT ON COMBINED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

(With Summarized Comparative Combined Information for 2016)

DISABILITY RIGHTS FUND

Mission Statement

DRF mission: The Disability Rights Fund supports persons with disabilities around the world to build diverse movements, ensure inclusive development agendas, and achieve equal rights and opportunity for all.

DRAF mission: The Disability Rights Advocacy Fund, Inc. supports persons with disabilities in the developing world to advance legal frameworks to realize their rights.

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

REPORT ON COMBINED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017
(With Summarized Comparative Combined Information for 2016)

C O N T E N T S

	<i>Pages</i>
Independent Auditors' Report.....	1 - 2
Combined Statements of Financial Position as of December 31, 2017 and 2016.....	3
Combined Statement of Activities for the Year Ended December 31, 2017..... <i>(With Summarized Comparative Combined Totals for 2016)</i>	4
Combined Statement of Functional Expenses for the Year Ended December 31, 2017..... <i>(With Summarized Comparative Combined Totals for 2016)</i>	5
Combined Statements of Cash Flows for the Years Ended December 31, 2017 and 2016.....	6
Notes to Combined Financial Statements.....	7 - 16
Combining Statement of Financial Position as of December 31, 2017..... <i>(With Summarized Comparative Combined Totals for 2016)</i>	17
Combining Statement of Activities for the Year Ended December 31, 2017..... <i>(With Summarized Comparative Combined Totals for 2016)</i>	18
Combining Statement of Functional Expenses for the Year Ended December 31, 2017..... <i>(With Summarized Comparative Combined Totals for 2016)</i>	19



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying combined financial statements of Disability Rights Fund, Inc. and Disability Rights Advocacy Fund, Inc. (collectively "DRF" or the "Organizations") (Massachusetts nonprofit organizations), which comprise the combined statement of financial position as of December 31, 2017, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organizations' preparation and fair presentation of the combined 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 Organizations' 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 combined financial statements.

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

To the Board of Directors
Disability Rights Fund, Inc.
and Disability Rights Advocacy Fund, Inc.
Page Two

Opinion

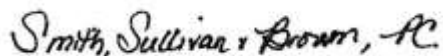
In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Disability Rights Fund, Inc. and Disability Rights Advocacy Fund, Inc. as of December 31, 2017 and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The combined financial statements as of December 31, 2016 were audited by other auditors whose report dated April 24, 2017 expressed an unmodified opinion on those statements. The summarized combined comparative information presented herein as of and for the year ended December 31, 2016 is consistent in all material respects, with the audited combined financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining statements on pages 17 - 19 are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.



Westborough, Massachusetts
April 23, 2018

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

COMBINED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
<u>CURRENT ASSETS:</u>		
Cash	\$ 1,700,210	\$ 1,125,522
Cash Held for Restricted Grants	1,246,282	1,019,117
Grants Receivable	83,333	1,215
Prepaid Expenses	<u>16,552</u>	<u>1,287</u>
Total Current Assets	<u>3,046,377</u>	<u>2,147,141</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 3,046,377</u>	 <u>\$ 2,147,141</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES:</u>		
Grant Awards Payable	\$ 325,917	\$ 155,000
Accounts Payable and Accrued Expenses	41,023	15,331
Accrued Vacation and Benefits	<u>19,528</u>	<u>5,161</u>
Total Current Liabilities	<u>386,468</u>	<u>175,492</u>
 <u>NET ASSETS:</u>		
Unrestricted Net Assets	1,330,294	952,532
Temporarily Restricted Net Assets	<u>1,329,615</u>	<u>1,019,117</u>
Total Net Assets	<u>2,659,909</u>	<u>1,971,649</u>
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	 <u>\$ 3,046,377</u>	 <u>\$ 2,147,141</u>

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

COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017
(With Summarized Comparative Combined Totals for 2016)

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL ACTIVITIES</u>	
			<u>2017</u>	<u>2016</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>				
<i>Support and Revenues:</i>				
Gifts, Grants and Contributions	\$ 1,413,658	\$ 4,299,570	\$ 5,713,228	\$ 5,310,473
Other Income	204	-	204	26
<i>Reclassifications of Net Assets:</i>				
Net Assets Released from Restriction	<u>3,989,072</u>	<u>(3,989,072)</u>	<u>-</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>5,402,934</u>	<u>310,498</u>	<u>5,713,432</u>	<u>5,310,499</u>
<u>FUNCTIONAL EXPENSES:</u>				
<i>Program Services:</i>				
Grant Awards and Oversight	4,451,285	-	4,451,285	3,945,008
Global Advisory Panel	-	-	-	49,572
Total Program Services	<u>4,451,285</u>	<u>-</u>	<u>4,451,285</u>	<u>3,994,580</u>
<i>Supporting Services:</i>				
Administrative	420,300	-	420,300	349,216
Fund Raising	<u>153,587</u>	<u>-</u>	<u>153,587</u>	<u>199,579</u>
<u>FUNCTIONAL EXPENSES</u>	<u>5,025,172</u>	<u>-</u>	<u>5,025,172</u>	<u>4,543,375</u>
<u>CHANGE IN NET ASSETS</u>	<u>377,762</u>	<u>310,498</u>	<u>688,260</u>	<u>767,124</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>952,532</u>	<u>1,019,117</u>	<u>1,971,649</u>	<u>1,204,525</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 1,330,294</u>	<u>\$ 1,329,615</u>	<u>\$ 2,659,909</u>	<u>\$ 1,971,649</u>

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

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

(With Summarized Comparative Combined Totals for 2016)

	<u>GRANT AWARDS AND OVERSIGHT</u>	<u>ADMINISTRATIVE</u>	<u>FUND RAISING</u>	<u>COMBINED TOTALS</u>	
				<u>2017</u>	<u>2016</u>
Grant Awards	\$ 3,272,480	\$ -	\$ -	\$ 3,272,480	\$ 2,868,161
Salaries and Related Expenses	371,779	244,837	120,712	737,328	520,231
Consultants and Other Professional Fees	81,717	72,948	8,052	162,717	354,447
Contracted Program Oversight	533,324	-	-	533,324	303,431
Programmatic Expenses	22,365	-	-	22,365	101,263
Occupancy	22,356	10,239	5,505	38,100	45,450
Travel and Staff Development	146,525	4,655	18,447	169,627	217,628
Office Supplies and Expenses	<u>739</u>	<u>87,621</u>	<u>871</u>	<u>89,231</u>	<u>132,764</u>
Total Functional Expenses	<u>\$ 4,451,285</u>	<u>\$ 420,300</u>	<u>\$ 153,587</u>	<u>\$ 5,025,172</u>	<u>\$ 4,543,375</u>

DISABILITY RIGHTS FUND, INC. AND
DISABILITY RIGHTS ADVOCACY FUND, INC.
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ 688,260	\$ 767,124
<i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i>		
<i>(Increase) Decrease in Current Assets:</i>		
Grants Receivable	(82,118)	(1,215)
Prepaid Expenses	(15,265)	7,868
<i>Increase (Decrease) in Current Liabilities:</i>		
Grant Awards Payable	170,917	69,800
Accounts Payable and Accrued Expenses	25,692	(21,921)
Accrued Vacation and Benefits	14,367	(20,762)
Net Adjustment	<u>113,593</u>	<u>33,770</u>
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>801,853</u>	<u>800,894</u>
<u>NET INCREASE IN CASH BALANCES</u>	<u>801,853</u>	<u>800,894</u>
<u>CASH BALANCES - BEGINNING OF YEAR</u>	<u>2,144,639</u>	<u>1,343,745</u>
<u>CASH BALANCES - END OF YEAR</u>	<u>\$ 2,946,492</u>	<u>\$ 2,144,639</u>
<i>Cash Balances :</i>		
Cash	\$ 1,700,210	\$ 1,125,522
Cash Held for Restricted Grants	<u>1,246,282</u>	<u>1,019,117</u>
Total	<u>\$ 2,946,492</u>	<u>\$ 2,144,639</u>

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

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2017

(With Summarized Comparative Combined Information for 2016)

NOTE 1 ORGANIZATION

The Disability Rights Fund, Inc. (“DRF”) was incorporated in February 2011 under the provisions of Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt non-for-profit corporation under Section 501 (c)(3) of the Internal Revenue Code (“IRC”). DRF has been classified as an organization which is not a private foundation under IRC Section 509(a); accordingly, contributions made to this Organization qualify for the maximum charitable deduction for federal income tax purposes. The mission of DRF is to support persons with disabilities around the world to build diverse movements, ensure inclusive development agendas and achieve equal rights and opportunity for all.

DRF’s sister fund, the Disability Rights Advocacy Fund, Inc. (“DRAF”) was also incorporated in February 2011 under the provisions of Massachusetts General Laws Chapter 180 and qualifies as a tax exempt not-for-profit cooperation under Section 501 (c)(4) of the Internal Revenue Code. Contributions to DRAF are not eligible as tax deductible charitable donations.

Collectively DRF and DRAF are referred to as “the Organizations” or “the Funds”.

NOTE 2 PROGRAM SERVICES

The Disability Rights Fund, Inc. is a grantmaking collaboration between donors and the global disability rights community that empowers persons with disabilities to advocate for equal rights and full participation in society. Through grantmaking, advocacy, and technical assistance, DRF supports Disabled Persons Organizations (DPOs) to use global rights and development frameworks, such as the Convention on the Rights of Persons with Disabilities (CRPD) and the Sustainable Development Goals (SDGs) - ensuring no one is left behind. Since its founding, DRF has funded disabled persons’ organizations in 34 countries in Africa, Asia, Canada, the Caribbean, Europe, Latin America, North America and the Pacific 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.

The Disability Rights Advocacy Fund, Inc., supports persons with disabilities in the developing world to advance legal frameworks to realize their rights. 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 strategic decision-making roles at advisory, governance and staffing 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.

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

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2017

(With Summarized Comparative Combined Information for 2016)

(Continued)

NOTE 2 *(Continued)*

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 make 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 complements this collaboration by providing grants for the lobbying work of the disability community in the target countries where DRF operates.

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 2017, DRAF made \$1,980,180 in grant awards and DRF made \$1,292,300 in grant awards. Grant awards were made to disabled persons organizations doing rights advocacy work for people with disabilities in Bangladesh, Fiji, Ghana, Haiti, Indonesia, Kiribati, Malawi, Myanmar, Papua New Guinea, Republic of the Marshall Islands, Rwanda, Samoa, Solomon Islands, Switzerland, Tonga, Tuvalu, Uganda, United States, and Vanuatu.

Since inception 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 disabled persons organizations 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.

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

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2017

(With Summarized Comparative Combined Information for 2016)

(Continued)

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies which affect significant elements of the combined financial statements are described below to enhance the usefulness of the combined financial statements to the reader. The preparation of combined 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 disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates; however, adherence to generally accepted accounting principles has, in management's opinion, resulted in reliable and consistent financial reporting by the Organizations.

Basis of Accounting:

The Organizations' policy is to maintain its books and prepare its combined financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when a liability has been incurred.

Principles of Combination:

The combined financial statements include the accounts of Disability Rights Fund, Inc. and Disability Rights Advocacy Fund, Inc. All material inter-affiliated receivables and obligations are eliminated in the combined financial statements.

Financial Statement Presentation:

As required by the *FASB Accounting Standards Codification*TM, the Organizations report information regarding their combined financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These classifications are related to the existence or absence of donor-imposed restrictions as follows:

Unrestricted Net Assets - consists of assets, public support, dues and program revenues which are available and used for activities and programs. Unrestricted net assets represents the portion of net assets of the Organizations that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Temporarily Restricted Net Assets - includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and are satisfied either by the passage of time or by actions of the Organizations. Resources of this nature originate from gifts, grants and contracts.

Permanently Restricted Net Assets - includes resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently, but permits the Organizations to expend part or all of the income derived from the donated assets. For the years presented, the Organizations did not have any assets of this nature.

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

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2017

(With Summarized Comparative Combined Information for 2016)

(Continued)

NOTE 3 *(Continued)*

The accompanying combined financial statements include certain 2016 comparative combined information. With respect to the Combined Statement of Activities, such prior year information is not presented by net asset class and, in the Combined Statement of Functional Expenses, 2016 expenses by line item are in total rather than by functional category. Accordingly, such information should be read in conjunction with the Organizations' combined financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Grants Receivable:

Grants Receivable represents amounts which are due from grantors, reflecting the balance due on restricted and unrestricted unconditional promises to give scheduled for payment within one year. The fair value of the gifts and grants receivable approximates carrying value due to the short maturities of those instruments. These receivables are due from donors with whom DRF has an established history and are considered fully collectible; accordingly, there is no provision for uncollectible promises to give. If a gift or grant receivable becomes uncollectible, a provision will be established at that time. For the years presented, DRF did not experience any losses from uncollectible promises to give.

Contributions, Gifts and Grants:

As required by the *FASB Accounting Standards Codification*TM, contributions are required be recorded as receivables and revenues and the Organizations are required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, collection items, or promises to give.

Contributions, including unconditional promises to give, are recognized as revenues in the period the commitment is received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved, when such amounts are considered material.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction until the restriction expires, at which time temporarily restricted net assets are reclassified to unrestricted net assets. Support received for fiscally sponsored projects is classified as temporarily restricted until expended or released to the project.

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

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2017

(With Summarized Comparative Combined Information for 2016)

(Continued)

NOTE 3 *(Continued)*

Functional Expenses:

As required by the *FASB Accounting Standards Codification*TM, the Organizations allocate their expenses on a functional basis among its various programs and support services. Expenses which can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated based upon estimated space and time usage ratios. Supporting services are those related to operating and managing the Organizations and its programs on a day-to-day basis. Supporting services have been sub-classified as follows:

Administrative - includes all activities related to the Organizations' internal management and accounting for program services.

Fund Raising - includes all activities related to maintaining contributor information, membership development, grant writing, distribution of materials and other similar projects related to the procurement of funds for the Organizations' programs.

Grants Expense and Grants Payable:

The Organizations recognize a grant expense at the time the Board of Directors approves the award and all significant conditions are met. As of December 31, 2017 and 2016, all amounts included in *Grants Payable* are expected to be paid in the following year.

Tax Position:

The Organizations currently evaluate all tax positions, and make a determination regarding the likelihood of those positions being upheld under review. The primary tax positions made by the Organizations are the Organizations' status as tax-exempt organizations under Section 501(c)(3) and 501(c)(4) of the Internal Revenue Code. For the years presented, the Organizations have not recognized any tax benefits or loss contingencies for uncertain tax positions based on this evaluation.

Exchange Rate Transactions:

DRAF and DRF receive contributions from foreign governmental units whose grants are pledged and paid in Australian Dollars ("AUD") or Great Britain Pounds ("GBP"). Unconditional pledged contributions are recorded using the exchange rate on the date of pledge. Any variance in the exchange rate on the date of the receipt of funds is recorded as a gain or loss on the exchange rate in the combined Statement of Activities.

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

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2017

(With Summarized Comparative Combined Information for 2016)

(Continued)

NOTE 3 *(Continued)*

Recent Accounting Guidance:

In August 2016, the FASB issued ASC Update No. 2016-14, (Topic 958) *Presentation of Financial Statements of Not-for-Profit Entities*, with the goal of improving not-for-profit financial statements to provide more useful information to donors, grantors, creditors, and other financial statement users. The new guidance simplifies and improves how not-for-profit entities classify net assets as well as the information presented in financial statements and notes about the function and nature of expenses, liquidity, financial performance, and cash flows. This guidance will be effective for these Organizations beginning after December 15, 2017 and is not expected to have a material effect on the Organizations' financial position or change in net assets.

In May 2014, the FASB issued ASC Update No. 2014-09, (Topic 606) *Revenue from Contracts with Customers*. This ASU is a comprehensive new revenue recognition model that requires an organization to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. This updated guidance impacts not-for-profit entities that have revenue transactions other than contributions. In August 2015, the FASB issued ASC Update No. 2015-14, (Topic 606) *Revenue from Contracts with Customers*, which deferred the effective date of ASC Update No. 2014-09 by one year. The guidance will be effective for these Organizations beginning after December 15, 2018 and is not expected to have a material effect on the Organizations' financial position or change in net assets.

NOTE 4 TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2017 and 2016, temporarily restricted net assets consisted of the following donor restricted balances:

<u>Nature of Restriction</u>	<u>2017</u>	<u>2016</u>
<u>DRAF:</u>		
2017 Program Operating Costs	\$ -	\$404,617
2018 Program Operating Costs	<u>355,503</u>	<u>-</u>
Total DRAF	<u>\$355,503</u>	<u>\$404,617</u>
 <u>DRF:</u>		
Kennedy Fellows Program	\$ 554,779	\$ 421,563
Capacity Building	130,000	-
Riziki Source Grant Support	6,000	-
2018 Time Restricted	83,333	-
Open Society Foundation	-	17,437
Uganda Capacity Fund Grants Program Expenses	<u>200,000</u>	<u>175,500</u>
Total DRF	<u>\$ 974,112</u>	<u>\$ 614,500</u>
Total	<u>\$1,329,615</u>	<u>\$1,019,117</u>

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

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2017

(With Summarized Comparative Combined Information for 2016)

(Continued)

NOTE 4 (Continued)

For the years ended December 31, 2017 and 2016, net assets were released from restriction for the following programs and purposes:

<u>Nature of Restriction</u>	<u>2017</u>	<u>2016</u>
<u>DRAF:</u>		
Program Re-Granting Costs	\$ 832,859	\$1,207,061
Program Operating Costs	<u>1,507,129</u>	<u>296,287</u>
Total DRAF	<u>\$2,339,988</u>	<u>\$1,503,348</u>
<u>DRF:</u>		
Operating Costs	\$1,260,152	\$ 871,838
Kennedy Fellows Program	168,714	229,671
United Nations Special Rapporteur	17,438	17,438
Grants for Haiti	15,000	15,000
Conference Travel	2,500	-
Grants for Organizations Working with Children	9,780	-
Uganda Capacity Fund Grants Program Expenses	<u>175,500</u>	<u>142,000</u>
Total DRF	<u>\$1,649,084</u>	<u>\$1,275,946</u>
Total	<u>\$3,989,072</u>	<u>\$2,779,294</u>

NOTE 5 GRANTS AWARDED AND PAYABLE

The Organizations focus their grant making on disabled persons organizations located throughout the world. During the years ended December 31, 2017 and 2016, the Organizations approved and awarded grants to the regions and initiatives noted below:

	<u>DRAF</u>	<u>DRF</u>	<u>Combined Totals</u>	
			<u>2017</u>	<u>2016</u>
<u>Regions:</u>				
Africa	\$ 380,000	\$ 622,600	\$1,002,600	\$1,167,200
Asia	271,000	365,500	636,500	878,600
Caribbean	95,350	144,300	239,650	169,500
Pacific Islands	<u>148,000</u>	<u>112,400</u>	<u>260,400</u>	<u>201,000</u>
Total Regions	<u>894,350</u>	<u>1,244,800</u>	<u>2,139,150</u>	<u>2,416,300</u>
Strategic Partnerships	1,000,830	-	1,000,830	393,861
Technical Assistance	20,000	30,000	50,000	-
Special Opportunities	<u>65,000</u>	<u>17,500</u>	<u>82,500</u>	<u>58,000</u>
Subtotal	<u>1,085,830</u>	<u>47,500</u>	<u>1,133,330</u>	<u>451,861</u>
Total Grants	<u>\$1,980,180</u>	<u>\$1,292,300</u>	<u>\$3,272,480</u>	<u>\$2,868,161</u>

As of December 31, 2017, grant awards payable consists of second tranches of grant awards totaling \$325,917 that are anticipated to be paid in the following calendar year.

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

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2017

(With Summarized Comparative Combined Information for 2016)

(Continued)

NOTE 6 LEASE COMMITMENTS

The Organizations occupy office space in Boston, Massachusetts under a lease agreement expiring December 31, 2018. Monthly payments under the lease are \$2,550. DRF also occupies office space in Uganda under a non-cancelable operating lease agreement through December 31, 2019. Monthly payments under the lease are \$625 through December 31, 2017. Thereafter, monthly payments under the lease are \$666.

During the years ended December 31, 2017 and 2016, rent expenses under these agreements totaled \$38,100 and \$39,015, respectively, and is included in *Occupancy* in the accompanying Statement of Functional Expenses.

The future minimum lease obligation arising from the above commitments is scheduled below:

<u>Year Ending</u>	<u>Amount</u>
December 31, 2018	\$38,592
December 31, 2019	<u>7,992</u>
Total	<u>\$46,584</u>

NOTE 7 EMPLOYMENT ARRANGEMENT

DRF is party to a co-employment agreement with TriNet for the purpose of outsourcing the Organizations' human resource function, including employee benefits administration, payroll processing, tax remittance and reporting and workers compensation coverage. Accordingly, TriNet is the employer of record, while DRF directs the day-to-day duties and activities of its employees. For purposes of financial and tax reporting, DRF reports and tracks the components of its personnel costs, maintaining the integrity of the specific line items as required for grant reporting.

NOTE 8 INTER-FUND TRANSACTIONS

DRAF has entered into a cost sharing agreement with DRF. The two Organizations share common staff who are paid by DRF. Employee salaries and related costs are allocated between DRAF and DRF based upon the actual time spent on activities related to each Organization. Payroll and related expenses incurred on behalf of DRAF are periodically reimbursed to DRF. During the years ended December 31, 2017 and 2016, DRF incurred costs of \$232,201 and \$199,612, respectively, on behalf of DRAF for salaries, related costs and shared office space and other operating expenses.

NOTE 9 CONCENTRATION OF CREDIT RISK

Cash Balances:

The Organizations are subject to concentrations in credit risk related to its cash and money market accounts. At times during the year, the Organizations' cash balances may exceed FDIC and other insured limits. The Organizations had \$2,137,374 and \$1,644,921 in excess of federally insured and other limits as of December 31, 2017 and 2016, respectively; however, the Organizations have not experienced any losses on such accounts and management considers credit risk on cash to be low.

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

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2017

(With Summarized Comparative Combined Information for 2016)

(Continued)

NOTE 9 *(Continued)*

Pledges Receivable:

For the year ended December 31, 2017, \$83,333, representing 100% of total receivables, was due from one grantor.

Contributions and Grants:

The Organizations received substantially all of their funding from grants from corporations, foreign governmental entities and private donations. During the year ended December 31, 2017, the Organizations derived approximately 99% of their total funding from six sources, consisting of two governmental entities accounting for 62% of total funding and three private entities accounting for 37% of total funding combined. During the year ended December 31, 2016, the Organizations derived approximately 99% of their total funding from four sources, consisting of two governmental entities accounting for 43% of total funding and three private entities accounting for 56% of total combined funding.

Financial awards from foreign governmental entities in the form of grants are subject to specific reporting and special audits. Such audits could result in claims against the Organizations 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 as of the date of the auditors' report.

UK Department for International Development:

DRAF receives a grant from the UK Department for International Development ("DFID") to support rights of persons with disabilities. In 2017, the total income received from DFID was:

	(GBP) <u>British Pounds</u>	(USD) <u>U.S. Dollars</u>
January - March	£ 648,250	\$ 790,917
April - June	141,550	180,660
July - September	441,151	566,923
October - December	<u>469,029</u>	<u>612,271</u>
Total	<u>£1,699,980</u>	<u>\$2,150,771</u>

On January 1, 2017, DFID made a conditional grant to DRAF totaling £4,738,250 GBP. Grant payments from DFID are conditional upon DRAF submitting expenditure reports. DRAF received £1,699,980 GBP (\$2,150,771 USD) in grant funding from DFID for the year ended December 31, 2017. The remaining payments totaling £3,038,270 GBP are expected to be received in 2018, 2019 and 2020.

A portion of the grant funding is passed through as a grant award to the International Disability Alliance ("IDA"). The payment of the grant to IDA is conditional upon reports being approved by DFID and receiving payment from DFID. During 2017, the Organization paid \$690,268 in grant funds to IDA. As of December 31, 2017, \$397,188 is a conditional grant to IDA for the period ending March 31, 2018.

The remainder of the DFID grant is granted from DRAF to DRF which totaled \$1,260,152 for the year ended December 31, 2017.

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

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2017

(With Summarized Comparative Combined Information for 2016)

(Continued)

NOTE 9 *(Continued)*

The conditional portion of the grant receivable and payable have not been recognized in the accompanying combined financial statements.

Australian Department of Foreign Affairs and Trade:

On June 3, 2017, the Australian Department of Foreign Affairs and Trade (DFAT) made a conditional grant to DRAF totaling \$5,547,414 AUD. Grant payments from DFAT are conditional upon receipt of performance related reports. DRAF received \$1,748,247 AUD (\$1,400,256 USD) in grant funding from DFAT for the year ended December 31, 2017. The remaining payments totaling \$3,799,167 AUD are expected to be received in 2018.

Grant Awards:

For the year ended December 31, 2017, grants made to IDA represent 28% of total grant awards.

NOTE 10 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the combined financial statements. Therefore, Management has evaluated subsequent events through April 23, 2018, the date which the combined financial statements were available for issue, and noted no events which met the recognition or disclosure criteria.

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

COMBINING STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2017
(With Summarized Comparative Totals for 2016)

	<u>DISABILITY RIGHTS</u> <u>ADVOCACY FUND</u>	<u>DISABILITY RIGHTS</u> <u>FUND</u>	<u>ELIMINATIONS</u>	<u>COMBINED TOTALS</u> <u>2017</u>	<u>2016</u>
<u>ASSETS</u>					
<u>CURRENT ASSETS:</u>					
Cash	\$ 214,510	\$ 1,485,700	\$ -	\$ 1,700,210	\$ 1,125,522
Cash Held for Restricted Grants	355,503	890,779	-	1,246,282	1,019,117
Grants Receivable	-	83,333	-	83,333	1,215
Prepaid Expenses	-	16,552	-	16,552	1,287
Due From Disability Rights Advocacy Fund	-	22,660	(22,660)	-	-
Total Current Assets	<u>570,013</u>	<u>2,499,024</u>	<u>(22,660)</u>	<u>3,046,377</u>	<u>2,147,141</u>
<u>TOTAL ASSETS</u>	<u>\$ 570,013</u>	<u>\$ 2,499,024</u>	<u>\$ (22,660)</u>	<u>\$ 3,046,377</u>	<u>\$ 2,147,141</u>
 <u>LIABILITIES AND NET ASSETS</u>					
<u>CURRENT LIABILITIES:</u>					
Grant Awards Payable	\$ 174,367	\$ 151,550	\$ -	\$ 325,917	\$ 155,000
Accounts Payable and Accrued Expenses	7,571	33,452	-	41,023	15,331
Accrued Payroll and Related Costs	-	19,528	-	19,528	5,161
Due to Disability Rights Fund	22,660	-	(22,660)	-	-
Total Current Liabilities	<u>204,598</u>	<u>204,530</u>	<u>(22,660)</u>	<u>386,468</u>	<u>175,492</u>
 <u>NET ASSETS:</u>					
Unrestricted Net Assets	9,912	1,320,382	-	1,330,294	952,532
Temporarily Restricted Net Assets	355,503	974,112	-	1,329,615	1,019,117
Total Net Assets	<u>365,415</u>	<u>2,294,494</u>	<u>-</u>	<u>2,659,909</u>	<u>1,971,649</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 570,013</u>	<u>\$ 2,499,024</u>	<u>\$ (22,660)</u>	<u>\$ 3,046,377</u>	<u>\$ 2,147,141</u>

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

COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

(With Summarized Comparative Totals for 2016)

	<u>DISABILITY RIGHTS ADVOCACY FUND</u>			<u>DISABILITY RIGHTS FUND</u>			<u>ELIMINATIONS</u>	<u>COMBINED ACTIVITIES</u>	
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>SUBTOTAL</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>SUBTOTAL</u>		<u>2017</u>	<u>2016</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>									
<i>Support and Revenues:</i>									
Gifts, Grants and Contributions	\$ -	\$ 3,551,027	\$ 3,551,027	\$ 1,413,658	\$ 2,008,695	\$ 3,422,353	\$ (1,260,152)	\$ 5,713,228	\$ 5,310,473
Other Income	-	-	-	204	-	204	-	204	26
<i>Reclassifications of Net Assets:</i>									
Net Assets Released from Restriction	<u>3,600,141</u>	<u>(3,600,141)</u>	<u>-</u>	<u>1,649,083</u>	<u>(1,649,083)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>3,600,141</u>	<u>(49,114)</u>	<u>3,551,027</u>	<u>3,062,945</u>	<u>359,612</u>	<u>3,422,557</u>	<u>(1,260,152)</u>	<u>5,713,432</u>	<u>5,310,499</u>
<u>FUNCTIONAL EXPENSES:</u>									
<i>Program Services:</i>									
Grant Awards and Oversight	3,517,405	-	3,517,405	2,194,032	-	2,194,032	(1,260,152)	4,451,285	3,945,008
Global Advisory Panel	-	-	-	-	-	-	-	-	49,572
Total Program Services	<u>3,517,405</u>	<u>-</u>	<u>3,517,405</u>	<u>2,194,032</u>	<u>-</u>	<u>2,194,032</u>	<u>(1,260,152)</u>	<u>4,451,285</u>	<u>3,994,580</u>
<i>Supporting Services:</i>									
Administrative	61,415	-	61,415	358,885	-	358,885	-	420,300	349,216
Fund Raising	<u>21,321</u>	<u>-</u>	<u>21,321</u>	<u>132,266</u>	<u>-</u>	<u>132,266</u>	<u>-</u>	<u>153,587</u>	<u>199,579</u>
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>3,600,141</u>	<u>-</u>	<u>3,600,141</u>	<u>2,685,183</u>	<u>-</u>	<u>2,685,183</u>	<u>(1,260,152)</u>	<u>5,025,172</u>	<u>4,543,375</u>
<u>CHANGE IN NET ASSETS</u>	-	<u>(49,114)</u>	<u>(49,114)</u>	<u>377,762</u>	<u>359,612</u>	<u>737,374</u>	-	<u>688,260</u>	<u>767,124</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>9,912</u>	<u>404,617</u>	<u>414,529</u>	<u>942,620</u>	<u>614,500</u>	<u>1,557,120</u>	-	<u>1,971,649</u>	<u>1,204,525</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 9,912</u>	<u>\$ 355,503</u>	<u>\$ 365,415</u>	<u>\$ 1,320,382</u>	<u>\$ 974,112</u>	<u>\$ 2,294,494</u>	<u>\$ -</u>	<u>\$ 2,659,909</u>	<u>\$ 1,971,649</u>

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

COMBINING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

(With Summarized Comparative Totals for 2016)

	DISABILITY RIGHTS ADVOCACY FUND				DISABILITY RIGHTS FUND				ELIM- INATIONS	COMBINED	
	<u>GRANT AWARDS AND OVERSIGHT</u>	<u>ADMINI- STRATIVE</u>	<u>FUND RAISING</u>	<u>SUB- TOTAL</u>	<u>GRANT AWARDS AND OVERSIGHT</u>	<u>ADMINI- STRATIVE</u>	<u>FUND RAISING</u>	<u>SUB- TOTAL</u>		<u>FUNCTIONAL EXPENSES 2017</u>	<u>2016</u>
Grant Awards	\$ 3,240,332	\$ -	\$ -	\$ 3,240,332	\$ 1,292,300	\$ -	\$ -	\$ 1,292,300	\$ (1,260,152)	\$ 3,272,480	\$ 2,868,161
Salaries and Related Expenses	112,277	35,922	17,952	166,151	259,502	208,915	102,760	571,177	-	737,328	520,231
Consultants and Other Professional Fees	18,489	14,301	1,184	33,974	63,228	58,647	6,868	128,743	-	162,717	354,447
Contracted Program Oversight	115,998	-	-	115,998	417,326	-	-	417,326	-	533,324	303,431
Programmatic Expenses	1,753	-	-	1,753	20,612	-	-	20,612	-	22,365	101,263
Occupancy	3,426	1,114	612	5,152	18,930	9,125	4,893	32,948	-	38,100	45,450
Travel and Staff Development	24,976	748	1,494	27,218	121,549	3,907	16,953	142,409	-	169,627	217,628
Office Supplies and Expenses	154	9,330	79	9,563	585	78,291	792	79,668	-	89,231	132,764
Total Functional Expenses	\$ 3,517,405	\$ 61,415	\$ 21,321	\$ 3,600,141	\$ 2,194,032	\$ 358,885	\$ 132,266	\$ 2,685,183	\$ (1,260,152)	\$ 5,025,172	\$ 4,543,375