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Form 990



Department of the Treasury  
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2012

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning 10-01-2012 , 2012, and ending 09-30-2013

☐ Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization  
NATIONAL DEFENSE INDUSTRIAL ASSOCIATION

Doing Business As

Number and street (or P O box if mail is not delivered to street address)  
2111 WILSON BOULEVARD NO 400

Room/suite

City or town, state or country, and ZIP + 4  
ARLINGTON, VA 222013061

F Name and address of principal officer  
LAWRENCE P FARRELL JR  
2111 WILSON BOULEVARD NO 400  
ARLINGTON,VA 222013061

H(a) Is this a group return for affiliates?

☐ Yes☒ No

H(b) Are all affiliates included?

☐ Yes☐ No

If "No," attach a list (see instructions)

H(c) Group exemption number

I Tax-exempt status

☒ 501(c)(3)

☐ 501(c) ( )

☐ (Insert no )

☐ 4947(a)(1) or ☐ 527

J Website: WWW NDIA ORG

K Form of organization

☒ Corporation☐ Trust☐ Association☐ Other

L Year of formation 1919

M State of legal domicile DC

Part I

Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities  
TO PROMOTE THE INTEREST OF DEFENSE PREPAREDNESS

2 Check this box if the organization discontinued its operations or disposed of more than 25% of its net assets

3	Number of voting members of the governing body (Part VI, line 1a)	3	30
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	30
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	84
6	Total number of volunteers (estimate if necessary)	6	92,000
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	1,294,830
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0

Revenue

8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
9	Program service revenue (Part VIII, line 2g)	294,884	135,431
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d )	32,737,108	21,319,014
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	907,596	2,032,076
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	938,403	781,148
		34,877,991	24,267,669

Expenses

13	Grants and similar amounts paid (Part IX, column (A), lines 1–3 )	61,000	92,500
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	11,461,278	7,868,674
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25)		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	21,222,692	15,253,005
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	32,744,970	23,214,179
19	Revenue less expenses Subtract line 18 from line 12	2,133,021	1,053,490

Net Assets or Fund Balances

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	59,340,566	58,137,940
21	Total liabilities (Part X, line 26)	19,841,063	17,350,338
22	Net assets or fund balances Subtract line 21 from line 20	39,499,503	40,787,602

Part II

Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Sign Here

Signature of officer

LAWRENCE P FARRELL JR CEO/PRESIDENT

2014-08-04

Date

Paid Preparer Use Only

Print/Type preparer's name  
KAREN GRIES

Preparer's signature

Date

Check if self-employed

PTIN  
P00078514

Firm's name  
CLIFTONLARSONALLEN LLP

Firm's EIN  
41-0746749

Firm's address  
4250 N FAIRFAX DRIVE SUITE 1020  
ARLINGTON, VA 22203

Phone no  
(571) 227-9500

May the IRS discuss this return with the preparer shown above? (see instructions) ☒ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2012)

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III

1 Briefly describe the organization's mission

THE MISSION OF THE NATIONAL DEFENSE INDUSTRIAL ORGANIZATION (NDIA) AND ITS SUBSIDIARY AFFILIATES THE ASSOCIATION FOR ENTERPRISE INFORMATION (AFEI), THE NATIONAL TRAINING AND SIMULATION ASSOCIATION (NTSA), THE PRECISION STRIKE ASSOCIATION (PSA), AND WOMEN IN DEFENSE (WID), IS TO ADVOCATE CUTTING EDGE TECHNOLOGY AND SUPERIOR WEAPONS, EQUIPMENT, TRAINING, AND SUPPORT FOR THE WAR-FIGHTER AND FIRST RESPONDER, TO PROMOTE A VIGOROUS, RESPONSIVE GOVERNMENT - INDUSTRY NATIONAL SECURITY TEAM, AND TO PROVIDE LEGAL AND ETHICAL FORUMS FOR THE EXCHANGE OF INFORMATION BETWEEN INDUSTRY AND GOVERNMENT ON NATIONAL SECURITY ISSUES

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code ) (Expenses \$ 11,108,729 including grants of \$ 92,500 ) (Revenue \$ 18,281,174 )

THE NDIA PROMOTES ACTIVITIES AND FORUMS FOR THE INTERCHANGE BETWEEN INDUSTRY AND GOVERNMENT ON TECHNOLOGY AND ACQUISITION DEVELOPMENTS IN ADDITION IT PROVIDES STATE OF THE ART DEFENSE TECHNOLOGY UPDATES AND PROMOTES BETTER MANAGEMENT TECHNIQUES THROUGH SYMPOSIA NDIA'S OVER 30 DIVISIONS COVER A WIDE SPECTRUM OF INTEREST AREAS THAT ARE IMPORTANT TO THE NATIONAL DEFENSE PREPAREDNESS EFFORT THE DIVISIONS ARE ORGANIZED TO PROMOTE THE EXCHANGE OF TECHNICAL INFORMATION RELATED TO THE RESEARCH, DEVELOPMENT, PRODUCTION, LOGISTICS, AND MANAGEMENT OF WEAPON SYSTEMS, POLICY, ASSOCIATED SUPPORT, AND TRAINING AMONG THE DEPARTMENT OF DEFENSE, OTHER FEDERAL GOVERNMENT AND STATE AGENCIES, INDUSTRY, ACADEMIA AND SCIENTIFIC AGENCIES

4b (Code ) (Expenses \$ 2,540,889 including grants of \$ ) (Revenue \$ 2,409,182 )

CHAPTERS AND DIVISIONS THE NDIA AND WID CHAPTERS ARE PART OF THE NDIA ENTITY AND ARE ORGANIZED GEOGRAPHICALLY FOR THE PURPOSE OF ENCOURAGING ACTIVITIES THAT SUPPORT THE ASSOCIATION'S VISION, MISSION, AND GOALS MANY ARE LOCATED NEAR MAJOR MILITARY COMMANDS, RESEARCH CENTERS, AND DEFENSE AGENCIES AND CONDUCT PROGRAMS TO INFORM THEIR MEMBERS AND COMMUNITIES ABOUT NATIONAL SECURITY AND THE INDUSTRIAL BASE

4c (Code ) (Expenses \$ 2,297,230 including grants of \$ ) (Revenue \$ 1,409,806 )


















EDUCATIONAL SERVICES THE NATIONAL DEFENSE MAGAZINE IS A MONTHLY MAGAZINE THAT IS PUBLISHED TO HELP EDUCATE GOVERNMENT, INDUSTRY, AND THE PUBLIC REGARDING DEFENSE ISSUES AND RELATED TECHNOLOGY DEVELOPMENTS

4d Other program services (Describe in Schedule O )

(Expenses \$ including grants of \$ ) (Revenue \$ )

4e Total program service expenses 15,946,848

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	2	No
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III 	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10 Yes	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b Yes	
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a Yes	
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b	No
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H	20a	No
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> . . . . .	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> . . . . .	22	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> . . . . .	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i> . . . . .	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . .	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . .	24d		
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i> . . . . .	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> . . . . .	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> . . . .	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . .	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . . .	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . .	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> . . . . .	34		No
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		No
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . .	35b		
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	24	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	84	
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
3b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
7a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
9	<b>Sponsoring organizations maintaining donor advised funds.</b>		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	<b>Section 501(c)(7) organizations.</b> Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	<b>Section 501(c)(12) organizations.</b> Enter		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
13a	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.		
13b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

Part VI

Governance, Management, and Disclosure

For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response to any question in this Part VI

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year		
1a	30		
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent		
1b	30		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body?	8a	Yes
b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

Section B. Policies

(This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a	Yes
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b	Yes
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes
13	Did the organization have a written whistleblower policy?	13	Yes
14	Did the organization have a written document retention and destruction policy?	14	Yes
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a	The organization's CEO, Executive Director, or top management official	15a	Yes
b	Other officers or key employees of the organization	15b	Yes
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	No
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	VA
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)	
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization	
BARRY D BATES 2111 WILSON BOULEVARD NO 400 ARLINGTON, VA (703) 247-2559		

Check if Schedule O contains a response to any question in this Part VII . . . . . ☐

**1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

• List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.

• List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."

• List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations

• List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations

• List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

[illegible]



## Part VII

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
<b>1b</b> Sub-Total . . . . .										
<b>c</b> Total from continuation sheets to Part VII, Section A . . . . .										
<b>d</b> Total (add lines 1b and 1c) . . . . .								4,754,724	0	949,277

**2** Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization ▶24

		Yes	No
3	Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> . . . . .	3	No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i> . . . . .	4	Yes
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i> . . . . .	5	No

## **Section B. Independent Contractors**

**1** Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ►0

Part VIII

Statement of Revenue

Check if Schedule O contains a response to any question in this Part VIII

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . . .	1a				
	b	Membership dues . . . . .	1b				
	c	Fundraising events . . . . .	1c				
	d	Related organizations . . . .	1d				
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	135,431			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f . . . . .		135,431			
Program Service Revenue	2a	MEETINGS	Business Code 900099	7,807,460	7,807,460		
	b	EXHIBITS	900099	7,730,327	7,730,327		
	c	MEMBERSHIP DUES	900099	3,122,205	3,122,205		
	d	PUBLICATIONS	541800	1,557,180	262,350	1,294,830	
	e	SPONSORSHIPS	900099	1,101,842	1,101,842		
	f	All other program service revenue					
	g	Total. Add lines 2a-2f . . . . .		21,319,014			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . .	912,601			912,601
4		Income from investment of tax-exempt bond proceeds . . .					
5		Royalties . . . . .					
6a		Gross rents	(i) Real	(ii) Personal			
		b	Less rental expenses				
		c	Rental income or (loss)				
		d	Net rental income or (loss) . . . . .				
7a		Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
		b	Less cost or other basis and sales expenses				
		c	Gain or (loss)				
		d	Net gain or (loss) . . . . .	1,119,475			1,119,475
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .	a				
b		Less direct expenses . . . . .	b				
c		Net income or (loss) from fundraising events . . .					
9a		Gross income from gaming activities See Part IV, line 19 . . . . .	a				
b		Less direct expenses . . . . .	b				
c		Net income or (loss) from gaming activities . . .					
10a		Gross sales of inventory, less returns and allowances . . . . .	a				
b		Less cost of goods sold . . . . .	b				
c		Net income or (loss) from sales of inventory . . .					
Miscellaneous Revenue		Business Code					
11a	CHAPTER MISC REVENUE	900099	424,371	424,371			
b	MISCELLANEOUS REVENUE	900099	356,777	356,777			
c							
d	All other revenue . . . . .						
e	Total. Add lines 11a-11d . . . . .		781,148				
12	Total revenue. See Instructions . . . . .		24,267,669	20,805,332	1,294,830	2,032,076	

Part IX

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response to any question in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.	5,500	5,500		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	87,000	87,000		
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	4,602,608	1,874,330	2,728,278	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	2,091,267	1,193,501	897,766	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	123,315	64,953	58,362	
9	Other employee benefits.	649,105	318,945	330,160	
10	Payroll taxes.	402,379	195,212	207,167	
11	Fees for services (non-employees):				
a	Management.	775,186	511,320	263,866	
b	Legal.	79,499	7,683	71,816	
c	Accounting.	64,329		64,329	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.	198,874		198,874	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	906,901	600,962	305,939	
12	Advertising and promotion.	1,022,907	503,832	519,075	
13	Office expenses.	409,205	149,298	259,907	
14	Information technology.	550,041		550,041	
15	Royalties.				
16	Occupancy.	762,704	292,744	469,960	
17	Travel.	555,746	426,281	129,465	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	7,732,432	7,732,432		
20	Interest.				
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	34,716	14,321	20,395	
23	Insurance.	55,400		55,400	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O).				
a	PUBLICATIONS	830,659	830,659		
b	MISCELLANEOUS CHAPTER E	825,300	825,300		
c	ALL OTHER EXPENSES	197,327	197,327		
d	MEMBERSHIP SERVICES	136,531		136,531	
e	All other expenses	115,248	115,248		
25	Total functional expenses. Add lines 1 through 24e.	23,214,179	15,946,848	7,267,331	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

Check if Schedule O contains a response to any question in this Part X

☐

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		700	1	700
	2	Savings and temporary cash investments		19,545,343	2	14,795,052
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		323,455	4	459,547
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use			8	
	9	Prepaid expenses and deferred charges		1,613,590	9	1,463,771
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a2,807,199			
	b	Less accumulated depreciation	10b2,713,520	116,227	10c	93,679
	11	Investments—publicly traded securities		31,762,797	11	34,269,924
	12	Investments—other securities See Part IV, line 11		5,361,055	12	6,484,189
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		617,399	15	571,078
	16	Total assets. Add lines 1 through 15 (must equal line 34)		59,340,566	16	58,137,940
Liabilities	17	Accounts payable and accrued expenses		4,445,237	17	2,023,662
	18	Grants payable			18	
	19	Deferred revenue		10,034,771	19	8,842,415
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		5,361,055	25	6,484,261
	26	Total liabilities. Add lines 17 through 25		19,841,063	26	17,350,338
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		38,178,768	27	39,395,325
	28	Temporarily restricted net assets		689,235	28	757,777
	29	Permanently restricted net assets		631,500	29	634,500
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		39,499,503	33	40,787,602
	34	Total liabilities and net assets/fund balances		59,340,566	34	58,137,940

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI . . . . .

1	Total revenue (must equal Part VIII, column (A), line 12) . . . . .	1	24,267,669
2	Total expenses (must equal Part IX, column (A), line 25) . . . . .	2	23,214,179
3	Revenue less expenses Subtract line 2 from line 1 . . . . .	3	1,053,490
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . . . .	4	39,499,503
5	Net unrealized gains (losses) on investments . . . . .	5	936,545
6	Donated services and use of facilities . . . . .	6	
7	Investment expenses . . . . .	7	
8	Prior period adjustments . . . . .	8	-686,655
9	Other changes in net assets or fund balances (explain in Schedule O) . . . . .	9	-15,281
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	40,787,602

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII . . . . .

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	2a	No
2b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	2b	Yes
2c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	Yes
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a	No
3b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b	

Additional Data

Software ID:

Software Version:

EIN: 53-0196547

Name: NATIONAL DEFENSE INDUSTRIAL ASSOCIATION

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
MR SEAN O'KEEFE BOARD CHAIR	1 00	X		X				0	0	0
MR ARNOLD J PUNARO BOARD VICE CHAIR	1 00	X		X				0	0	0
MR JOSEPH W DYER DIRECTOR	1 00	X						0	0	0
BRONISLAW PROKUSKI JR VP/BOARD SECRETARY-TREASURER	40 00	X		X				665,027	0	51,547
RICHARD A CODY DIRECTOR	1 00	X						0	0	0
MS SUSAN B KENNEDY DIRECTOR	1 00	X						0	0	0
MR JOE REEDER DIRECTOR	1 00	X						0	0	0
MR MAURICE A GAUTHIER DIRECTOR	1 00	X						0	0	0
MS SID ASHWORTH DIRECTOR	1 00	X						0	0	0
MR GERALD G HARVEY JR DIRECTOR	1 00	X						0	0	0
MR RICHARD L HAVER DIRECTOR	1 00	X						0	0	0
MR WILLIAM C HOOVER DIRECTOR	1 00	X						0	0	0
MR RICHARD ANDREW HOVE DIRECTOR	1 00	X						0	0	0
MR JAMES B LASSWELL DIRECTOR	1 00	X						0	0	0
MR STEPHEN E KELLY DIRECTOR	1 00	X						0	0	0
MS JOANNA T LAU DIRECTOR	1 00	X						0	0	0
MR JAMES MCALEESE DIRECTOR	1 00	X						0	0	0
MR TERRANCE J MCKEARNEY DIRECTOR	1 00	X						0	0	0
LTG DAVID F MELCHER USA RET DIRECTOR	1 00	X						0	0	0
MR RICHARD D MCCONN DIRECTOR	1 00	X						0	0	0
DR WILLIAM B MOORE DIRECTOR	1 00	X						0	0	0
MS PATRICIA M WARD DIRECTOR	1 00	X						0	0	0
MR GEORGE J PEDERSEN DIRECTOR	1 00	X						0	0	0
BRIG GEN GRAHAM E SHIRLEY USAF RET DIRECTOR	1 00	X						0	0	0
MS ELLEN LORD DIRECTOR	1 00	X						0	0	0

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors										
(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
MR BOBBY STURGELL DIRECTOR	1 00	X						0	0	0
MR GREGORY WENZEL DIRECTOR	1 00	X						0	0	0
MR THOMAS A VECCHIOLLA DIRECTOR	1 00	X						0	0	0
MR DELLOYD VOORHEES JR DIRECTOR	1 00	X						0	0	0
MR FRANCIS M WALTON DIRECTOR	1 00	X						0	0	0
MR WILLIAM GLENN YARBOROUGH JR DIRECTOR	1 00	X						0	0	0
MR HAROLD L YOH III DIRECTOR	1 00	X						0	0	0
LAWRENCE P FARRELL JR CEO/PRESIDENT	40 00			X				1,078,099	0	41,119
DAVID E CHEESEBROUGH PRESIDENT, AFEI	40 00			X				193,259	0	85,812
FREDERICK L LEWIS PRESIDENT, NTSA	40 00			X				109,981	0	108,183
JAMES A ROBB PRESIDENT, NTSA	40 00			X				244,405	0	0
BARRY D BATES VP	40 00			X				345,338	0	34,207
SANDRA I ERWIN VP	40 00			X				206,001	0	35,585
DINO K PIGNOTTI VP	40 00			X				193,393	0	61,518
PETER M STEFFES VP	40 00			X				268,030	0	128,034
THOMAS NORDBY ASSISTANT VP	40 00				X			217,225	0	65,157
SASAN OGHlidOS DIRECTOR, NETWORK SYSTEMS	40 00				X			172,351	0	37,791
SAMUEL CAMPAGNA ASSISTANT VP	40 00				X			165,539	0	76,989
SCOTT J REKDAL ASSISTANT VP	40 00				X			182,840	0	72,222
E RICHARD TAYLOR CONTROLLER	40 00					X		149,258	0	36,346
DONALD B ROULSTONE ASSISTANT VP	40 00					X		148,383	0	33,334
LUELLEN HOFFMAN DIRECTOR, EXHIBITS	40 00					X		127,992	0	30,086
BRITT BOMMELJE DIRECTOR	40 00					X		147,523	0	25,644
BARBARA MCDANIEL DIRECTOR	40 00					X		140,080	0	25,703

SCHEDULE A  
(Form 990 or 990EZ)

Department of the Treasury  
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

► Attach to Form 990 or Form 990-EZ. ► See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization NATIONAL DEFENSE INDUSTRIAL ASSOCIATION	Employer identification number 53-0196547
---	--

Part I

Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is (For lines 1 through 11, check only one box )

- 1

☐

A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E )
- 3

☐

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state \_\_\_\_\_
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II )
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II )
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II )
- 9

☒

An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III )
- 10

☐

An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11

☐

An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h  

a

☐

Type I 

b

☐

Type II 

c

☐

Type III - Functionally integrated 

d

☐

Type III - Non-functionally integrated
- e

☐

By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
- f

☐

If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
- g

☐

Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?  

(i)

A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?

(ii)

A family member of a person described in (i) above?

(iii)

A 35% controlled entity of a person described in (i) or (ii) above?

h

☐

Provide the following information about the supported organization(s)
- |          | Yes | No |
|----------|-----|----|
| 11g(i)   |     |    |
| 11g(ii)  |     |    |
| 11g(iii) |     |    |
- | (i) Name of supported organization | (ii) EIN | (iii) Type of organization (described on lines 1 - 9 above or IRC section (see instructions)) | (iv) Is the organization in col (i) listed in your governing document? |    | (v) Did you notify the organization in col (i) of your support? |    | (vi) Is the organization in col (i) organized in the U S ? |    | (vii) Amount of monetary support |
|------------------------------------|----------|---|--|----|---|----|--|----|----------------------------------|
|                                    |          |   | Yes  | No | Yes   | No | Yes  | No |                                  |
|                                    |          |   |  |    |   |    |  |    |                                  |
|                                    |          |   |  |    |   |    |  |    |                                  |
| Total                              |          |   |  |    |   |    |  |    |                                  |
- For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990EZ.

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2012



Part II

Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)  
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here . . . . . ▶						

Section C. Computation of Public Support Percentage						
14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2011 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2012. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
b 33 1/3% support test—2011. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
17a 10%-facts-and-circumstances test—2012. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
b 10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions						▶




Part IIISupport Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")	2,941,193	3,299,425	3,655,107	294,884	135,431	10,326,040
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose	26,107,878	29,839,922	31,573,440	32,737,108	21,335,664	141,594,012
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5	29,049,071	33,139,347	35,228,547	33,031,992	21,471,095	151,920,052
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						0
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						0
c Add lines 7a and 7b						0
8 Public support (Subtract line 7c from line 6 )						151,920,052

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6	29,049,071	33,139,347	35,228,547	33,031,992	21,471,095	151,920,052
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	669,827	722,450	772,949	784,309	912,601	3,862,136
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b	669,827	722,450	772,949	784,309	912,601	3,862,136
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )	786,507	898,653	1,145,563	938,403	781,148	4,550,274
13 Total support. (Add lines 9, 10c, 11, and 12 )	30,505,405	34,760,450	37,147,059	34,754,704	23,164,844	160,332,462
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage			
15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	94 750 %	
16 Public support percentage from 2011 Schedule A, Part III, line 15	16	95 200 %	

Section D. Computation of Investment Income Percentage			
17	Investment income percentage for <b>2012</b> (line 10c, column (f) divided by line 13, column (f))	17	2 410 %
18	Investment income percentage from <b>2011</b> Schedule A, Part III, line 17	18	2 270 %
19a	33 1/3% support tests—2012. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization 		
b	33 1/3% support tests—2011. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization 		
20	Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions 		

**Part IV** **Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.  
▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

If the organization answered “Yes” to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered “Yes” to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered “Yes” to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35c (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of the organization NATIONAL DEFENSE INDUSTRIAL ASSOCIATION	Employer identification number 53-0196547
---	--

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1	Provide a description of the organization’s direct and indirect political campaign activities in Part IV	
2	Political expenditures	▶ \$
3	Volunteer hours	

Part I-B Complete if the organization is exempt under section 501(c)(3).

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$
2	Enter the amount of any excise tax incurred by organization managers under section 4955	▶ \$
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> No
b	If “Yes,” describe in Part IV	

Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities	▶ \$
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	▶ \$
4	Did the filing organization file Form 1120-POL for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization’s funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds If none, enter -0-	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-

Part II-A

Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).

- A
- Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B
- Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		0													
b Total lobbying expenditures to influence a legislative body (direct lobbying)		125,041													
c Total lobbying expenditures (add lines 1a and 1b)		125,041													
d Other exempt purpose expenditures		23,089,139													
e Total exempt purpose expenditures (add lines 1c and 1d)		23,214,180													
f Lobbying nontaxable amount Enter the amount from the following table in both columns		1,000,000													
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)		250,000													
h Subtract line 1g from line 1a If zero or less, enter -0-		0													
i Subtract line 1f from line 1c If zero or less, enter -0-		0													
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No													

4-Year Averaging Period Under Section 501(h)  
(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
b Lobbying ceiling amount (150% of line 2a, column(e))					6,000,000
c Total lobbying expenditures	120,365	127,268	128,765	125,041	501,439
d Grassroots nontaxable amount	250,000	250,000	250,000	250,000	1,000,000
e Grassroots ceiling amount (150% of line 2d, column (e))					1,500,000
f Grassroots lobbying expenditures	555	7,768	465	0	8,788

Part II-B

Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?			
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?			
c	Media advertisements?			
d	Mailings to members, legislators, or the public?			
e	Publications, or published or broadcast statements?			
f	Grants to other organizations for lobbying purposes?			
g	Direct contact with legislators, their staffs, government officials, or a legislative body?			
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?			
i	Other activities?			
j	Total. Add lines 1c through 1i.			
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?			
b	If "Yes," enter the amount of any tax incurred under section 4912.			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912.			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

		Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1	
2	Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3	Did the organization agree to carry over lobbying and political expenditures from the prior year?	3	

Part III-B

Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No" OR (b) Part III-A, line 3, is answered "Yes."

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
a	Current year	2a	
b	Carryover from last year	2b	
c	Total	2c	
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4	If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5	Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV

Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
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SCHEDULE D  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization NATIONAL DEFENSE INDUSTRIAL ASSOCIATION	Employer identification number 53-0196547
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Part I

Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	

Part II

Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1

Purpose(s) of conservation easements held by the organization (check all that apply)

☐ Preservation of land for public use (e g , recreation or education)☐ Preservation of an historically important land area☐ Protection of natural habitat☐ Preservation of a certified historic structure☐ Preservation of open space

2

Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

	Held at the End of the Year
a	Total number of conservation easements
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register

3

Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶\_\_\_\_\_

4

Number of states where property subject to conservation easement is located ▶\_\_\_\_\_

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes☐ No

6

Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶\_\_\_\_\_

7

Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶\$ \_\_\_\_\_

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?

☐ Yes☐ No

9

In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III

Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a

If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b

If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1

▶\$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X

▶\$ \_\_\_\_\_

2

If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

a

Revenues included in Form 990, Part VIII, line 1

▶\$ \_\_\_\_\_

b

Assets included in Form 990, Part X

▶\$ \_\_\_\_\_

Part III

Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

- 3

Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII
- 5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

- 1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No
- b

If "Yes," explain the arrangement in Part XIII and complete the following table

	Amount
1c	
1d	
1e	
1f	
- 2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No
- b

If "Yes," explain the arrangement in Part XIII Check here if the explanation has been provided in Part XIII

☐

Part V

Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance . . . . .	878,610	860,216	822,237	756,445	721,586
b Contributions . . . . .	3,000	9,001	3,000		7,000
c Net investment earnings, gains, and losses	57,868	9,393	34,979	65,792	27,859
d Grants or scholarships . . . . .					
e Other expenditures for facilities and programs . . . . .	10,000				
f Administrative expenses . . . . .					
g End of year balance . . . . .	929,478	878,610	860,216	822,237	756,445

- 2

Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

a

Board designated or quasi-endowment

b

Permanent endowment 68 000 %

c

Temporarily restricted endowment 32 000 %

The percentages in lines 2a, 2b, and 2c should equal 100%

3a

Are there endowment funds not in the possession of the organization that are held and administered for the organization by

(i) unrelated organizations

3a(i)

Yes

No

(ii) related organizations

3a(ii)

No

b

If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

3b

4

Describe in Part XIII the intended uses of the organization's endowment funds
- Part VI

Land, Buildings, and Equipment. See Form 990, Part X, line 10.
- | Description of property  | (a) Cost or other basis (investment) | (b)Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|--|--------------------------------------|--------------------------------|------------------------------|----------------|
| 1a Land . . . . .  |                                      |                                |                              |                |
| b Buildings . . . . .  |                                      |                                |                              |                |
| c Leasehold improvements . . . . .   |                                      |                                |                              |                |
| d Equipment . . . . .  |                                      | 2,807,199                      | 2,713,520                    | 93,679         |
| e Other . . . . .  |                                      |                                |                              |                |
| Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) |                                      |                                |                              | 93,679         |
- Schedule D (Form 990) 2012





Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements . . . . .	1	19,563,520
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments . . . . .	2a	
b	Donated services and use of facilities . . . . .	2b	
c	Recoveries of prior year grants . . . . .	2c	
d	Other (Describe in Part XIII ) . . . . .	2d	
e	Add lines 2a through 2d . . . . .	2e	0
3	Subtract line 2e from line 1 . . . . .	3	19,563,520
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	4a	
b	Other (Describe in Part XIII ) . . . . .	4b	4,704,149
c	Add lines 4a and 4b . . . . .	4c	4,704,149
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12 ) . . . . .	5	24,267,669

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements . . . . .	1	20,474,416
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities . . . . .	2a	
b	Prior year adjustments . . . . .	2b	
c	Other losses . . . . .	2c	
d	Other (Describe in Part XIII ) . . . . .	2d	
e	Add lines 2a through 2d . . . . .	2e	0
3	Subtract line 2e from line 1 . . . . .	3	20,474,416
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	4a	198,874
b	Other (Describe in Part XIII ) . . . . .	4b	2,540,889
c	Add lines 4a and 4b . . . . .	4c	2,739,763
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18 ) . . . . .	5	23,214,179

Part XIII Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

Identifier	Return Reference	Explanation
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	THE ACTIVE ENDOWMENT FUNDS ARE PRIMARILY USED FOR SCHOLARSHIP AWARDS. THE CHOU AND ZERNOW FUNDS ARE PRIMARILY FOR RECOGNIZING PROFESSIONAL COMPETENCE IN TERMS OF BEST PAPER AND BEST AUTHOR AT THE NORMALLY, ANNUAL BALLISTICS CONFERENCE.
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X, LINE 2	THE ASSOCIATION IS FOLLOWING THE GUIDANCE IN THE INCOME TAX STANDARD REGARDING THE RECOGNITION AND MEASUREMENT OF UNCERTAIN TAX POSITIONS. THE ASSOCIATION EVALUATED ITS TAX POSITIONS AND DETERMINED ITS POSITIONS ARE MORE-LIKELY-THAN-NOT TO BE SUSTAINED UPON EXAMINATIONS. THE ASSOCIATION'S TAX RETURNS ARE SUBJECT TO REVIEW AND EXAMINATION BY FEDERAL AND STATE AUTHORITIES. THE TAX RETURNS FOR THE FISCAL YEARS 2010, 2011, AND 2012 ARE OPEN TO EXAMINATION BY FEDERAL AND STATE AUTHORITIES.
PART XI, LINE 4B - OTHER ADJUSTMENTS		CHAPTER REVENUE 2,731,157 INVESTMENT INCOME 1,972,992
PART XII, LINE 4B - OTHER ADJUSTMENTS		CHAPTER EXPENSES 2,540,889

**Grants and Other Assistance to Organizations,  
Governments and Individuals in the United States**  
Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.  
▶ Attach to Form 990

# 2012

## Open to Public Inspection

Name of the organization  
NATIONAL DEFENSE INDUSTRIAL ASSOCIATION

**Employer identification number**  
53-0196547

## Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☒ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

**Part II** **Grants and Other Assistance to Governments and Organizations in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

[illegible]

**2** Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . .  \_\_\_\_\_

**3** Enter total number of other organizations listed in the line 1 table . . . . .  \_\_\_\_\_

Part III

Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.  
Part III can be duplicated if additional space is needed.

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
(1) I/ITSEC SCHOLARSHIP	1	10,000	0	N/A	
(2) USW FELLOWSHIP AWARD	3	18,000	0	N/A	
(3) HORIZONS SCHOLARSHIP AWARD	4	49,000	0	N/A	
(4) GOLLOBIN SCHOLARSHIP	1	10,000	0	N/A	

Part IV

Supplemental Information.

Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 I/ITSEC TRAINING SYSTEMS A SCHOLARSHIP AWARD FUNDED BY THE ANNUAL MEETING SCHOLARSHIPS ARE OFFERED AT A MASTERS LEVEL IN THE AMOUNT \$5,000, AND AT A DOCTORAL LEVEL IN THE AMOUNT OF \$10,000 APPLICANTS MUST BE ENROLLED OR ACCEPTED FOR A FULL-TIME MASTERS OR DOCTORAL PROGRAM IN CERTAIN DISCIPLINES, BE A US CITIZEN, AND HAVE A STATED INTEREST AND CAREER GOAL IN THE MODELING, SIMULATION & TRAINING SYSTEMS AND/OR EDUCATION INDUSTRY THE AWARD WILL BE BASED ON STUDENT MERIT AND NEEDS AS DETERMINED FROM THE SUBMITTED APPLICATION DOCUMENTS IF THE AWARDEE TERMINATES HIS/HER GRADUATE STUDIES AND THERE ARE REMAINING FUNDS, THE INSTITUTION WILL RETAIN SUCH FUNDS FOR AWARD TO ANOTHER STUDENT OF THEIR CHOICE FOLLOWING THE ELIGIBILITY GUIDELINES A PANEL CONSISTING OF INDIVIDUALS FROM THE MILITARY SERVICES AND PAST AND PRESENT I/ITSEC CHAIRS DETERMINE THE SELECTION UNDERSEA WARFARE FUND THE NDIA UNDERSEA SYSTEMS WARFARE DIVISION (USWD) UNIVERSITY FELLOWSHIP FUND IS TO FUND SCHOLARSHIPS FOR DOCTORAL CANDIDATES IN SCIENCE AND ENGINEERING RELATED TO UNDERSEA WARFARE AT THE UNIVERSITY OF TEXAS AUSTIN, THE PENNSYLVANIA STATE UNIVERSITY AT STATE COLLEGE, AND THE UNIVERSITY OF WASHINGTON SEATTLE SPECIFIC ELIGIBILITY RULES FOR THE FELLOWSHIP ARE ESTABLISHED AT THE PARTICIPATING UNIVERSITIES, WHICH FORWARD CANDIDATES TO THE DIRECTOR OF APPLIED RESEARCH LABORATORIES AT THE UNIVERSITY OF TEXAS WITH THEN REVIEW AND APPROVAL BY UNDERSEA WARFARE EXECUTIVE BOARD THE FELLOWSHIP IS NORMALLY FOR ONE-YEAR NOT TO EXCEED IN-STATE TUITION COSTS AND FEES, EXTENDIBLE TO A SECOND YEAR BASED ON STUDENT PERFORMANCE HORIZONS SCHOLARSHIP THE SCHOLARSHIP IS INTENDED TO PROVIDE FINANCIAL ASSISTANCE TO FURTHER EDUCATIONAL OBJECTIVES OF WOMEN WHO ARE US CITIZENS EITHER EMPLOYED OR PLANNING CAREERS IN DEFENSE OR NATIONAL SECURITY AREAS (THIS IS NOT LAW ENFORCEMENT OR CRIMINAL JUSTICE) THE AMOUNT OF THE AWARDS VARIES EACH YEAR THE APPLICANT MUST BE CURRENTLY ENROLLED EITHER PART OR FULL TIME AT AN ACCREDITED UNIVERSITY OR COLLEGE WITH A MINIMUM GRADE POINT AVERAGE OF 3.25 AWARDS ARE BASED ON ACADEMIC ACHIEVEMENT, PARTICIPATION IN DEFENSE AND NATIONAL SECURITY ACTIVITIES, FIELD OF STUDY, WORK EXPERIENCE, STATEMENTS OF OBJECTIVES, RECOMMENDATIONS, AND FINANCIAL NEED A PANEL OF JUDGES, COMPOSED OF WID (NDIA AFFILIATE) MEMBERS, CONSIDERS APPLICATIONS AND MAKES AWARDS ONCE EACH YEAR SKIBBIE SCHOLARSHIP THE SCHOLARSHIP IS INTENDED TO SUPPORT ONE OR MORE ADVANCED GRADUATE STUDENT(S) IN ENGINEERING, SCIENCE, OR MANAGEMENT, WITH THE TOTAL AVAILABLE FOR AWARD BEING \$10,000 THE APPLICANT MUST BE ENROLLED OR ACCEPTED FOR A FULL-TIME MASTERS OR DOCTORAL PROGRAM IN ENGINEERING, THE SCIENCES OR MANAGEMENT AS RELATED TO THE NDIA MISSION, BE A US CITIZEN, AND HAVE A STATED INTEREST AND CAREER GOAL IN THE DEFENSE OR NATIONAL SECURITY INDUSTRY, THE AWARD WILL BE BASED ON STUDENT MERIT AND NEEDS AS DETERMINED FROM THE APPLICATION DOCUMENTS FINAL SELECTION OF THE AWARDEE(S) IS MADE BY THE NDIA EXECUTIVE COMMITTEE THE AWARD WILL BE MADE DIRECTLY TO THE INSTITUTION FOR TUITION AND IS SUBJECT TO THEIR POLICIES AND PROCEDURES IF THE AWARDEE TERMINATES HIS/HER GRADUATE STUDIES AND THERE ARE REMAINING FUNDS, THE INSTITUTION WILL RETAIN SUCH FUNDS FOR AWARD TO ANOTHER STUDENT OF THEIR CHOICE SUBJECT TO THE ELIGIBILITY GUIDELINES

Schedule J  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization  
NATIONAL DEFENSE INDUSTRIAL ASSOCIATION

Employer identification number  
53-0196547

Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
	<div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div> <div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	Yes	
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III		
	<div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input checked="" type="checkbox"/> Form 990 of other organizations</div></div> <div><div><input type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div>		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a	Receive a severance payment or change-of-control payment?		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
a	The organization?		No
b	Any related organization?		No
	If "Yes," to line 5a or 5b, describe in Part III		
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a	The organization?		No
b	Any related organization?		No
	If "Yes," to line 6a or 6b, describe in Part III		
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III		No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?		

**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii) Do not list any individuals that are not listed on Form 990, Part VII

**Note.** The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table								

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
	PART I, LINE 4B	BRON PRUKOSKI AND LAWRENCE FARRELL PARTICIPATE IN A 457(F) PLAN. THE REQUIRED CONTRIBUTION TO THE PLAN FOR PRUKOSKI AND FARRELL THE FISCAL YEAR ENDED SEPTEMBER 30, 2013 CONSISTED OF \$117,500 AND \$325,883, RESPECTIVELY.

Software ID:  
Software Version:  
EIN: 53-0196547  
Name: NATIONAL DEFENSE INDUSTRIAL ASSOCIATION

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
BRONISLAW PROKUSKI JR	(i) (ii)	239,003 0	344,136 0	81,888 0	41,399 0	10,148 0	716,574 0	0 0
LAWRENCE P FARRELL JR	(i) (ii)	364,576 0	511,757 0	201,766 0	32,701 0	8,418 0	1,119,218 0	0 0
DAVID E CHEESEBROUGH	(i) (ii)	157,759 0	35,500 0	0 0	66,920 0	18,892 0	279,071 0	0 0
FREDERICK L LEWIS	(i) (ii)	83,072 0	17,000 0	9,909 0	106,899 0	1,284 0	218,164 0	0 0
JAMES A ROBB	(i) (ii)	161,124 0	65,789 0	17,492 0	0 0	0 0	244,405 0	0 0
BARRY D BATES	(i) (ii)	189,482 0	128,000 0	27,856 0	33,742 0	465 0	379,545 0	0 0
SANDRA I ERWIN	(i) (ii)	128,294 0	77,707 0	0 0	35,585 0	0 0	241,586 0	0 0
DINO K PIGNOTTI	(i) (ii)	119,924 0	73,469 0	0 0	34,129 0	27,389 0	254,911 0	0 0
PETER M STEFFES	(i) (ii)	254,316 0	0 0	13,714 0	121,587 0	6,447 0	396,064 0	0 0
THOMAS NORDBY	(i) (ii)	145,670 0	69,900 0	1,655 0	40,700 0	24,457 0	282,382 0	0 0
SASAN OGHLIDOS	(i) (ii)	129,851 0	42,500 0	0 0	31,550 0	6,241 0	210,142 0	0 0
SAMUEL CAMPAGNA	(i) (ii)	105,539 0	60,000 0	0 0	71,254 0	5,735 0	242,528 0	0 0
SCOTT J REKDAL	(i) (ii)	133,540 0	49,300 0	0 0	21,268 0	50,954 0	255,062 0	0 0
E RICHARD TAYLOR	(i) (ii)	109,658 0	39,600 0	0 0	28,257 0	8,089 0	185,604 0	0 0
DONALD B ROULSTONE	(i) (ii)	105,783 0	42,600 0	0 0	28,540 0	4,794 0	181,717 0	0 0
LUELLEN HOFFMAN	(i) (ii)	90,492 0	37,500 0	0 0	22,997 0	7,089 0	158,078 0	0 0
BRITT BOMMELJE	(i) (ii)	113,423 0	34,100 0	0 0	19,888 0	5,756 0	173,167 0	0 0
BARBARA MCDANIEL	(i) (ii)	107,480 0	32,600 0	0 0	18,614 0	7,089 0	165,783 0	0 0



SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on  
Form 990 or to provide any additional information.  
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2012

Open to Public  
Inspection

Name of the organization NATIONAL DEFENSE INDUSTRIAL ASSOCIATION	Employer identification number 53-0196547
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Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 1	THE EXECUTIVE COMMITTEE SHALL CONSIST OF THE CHAIRMAN AND VICE CHAIRMAN OF THE BOARD OF DIRECTORS, THE IMMEDIATE PAST CHAIRMAN, AND FOUR ADDITIONAL MEMBERS ELECTED BY THE BOARD OF DIRECTORS FOR A TERM OF OFFICE OF ONE YEAR THE EXECUTIVE COMMITTEE SHALL HAVE AND EXERCISE THE AUTHORITY OF THE BOARD OF DIRECTORS IN THE MANAGEMENT OF THE ASSOCIATION, EXCEPT THE AUTHORITY TO ADOPT AMENDMENTS TO THESE BY-LAWS IN ADDITION, IT SHALL REVIEW INDIVIDUAL, CORPORATE AND GOVERNMENT MEMBERSHIP STANDINGS AT EACH OF ITS REGULAR MEETINGS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 6	<p>THE ASSOCIATION HAS THREE CLASSES OF MEMBERSHIP INDIVIDUAL, CORPORATE, AND ALLIED INDIVIDUAL MEMBERSHIP SHALL BE EITHER REGULAR, LIFE, STUDENT, OR HONORARY, AS DESCRIBED BELOW INDIVIDUAL MEMBERS MUST BE UNITED STATES CITIZENS INDIVIDUAL MEMBERS SHALL BE ENTITLED TO VOTE AS A MEMBER OF ONE OF THE ASSOCIATION'S CHAPTERS ONLY ON MATTERS AFFECTING THE CHAPTER (A) REGULAR MEMBERSHIP IS OPEN TO THOSE INDIVIDUALS WHO DO NOT QUALIFY FOR ANY OTHER TYPE OF INDIVIDUAL MEMBERSHIP; (B) LIFE MEMBERSHIP IS OPEN TO INDIVIDUAL MEMBERS UPON PAYMENT OF LIFE-TIME MEMBERSHIP DUES, (C) STUDENT MEMBERSHIP IS OPEN TO STUDENTS IN COLLEGES AND TECHNICAL SCHOOLS, AND (D) HONORARY MEMBERSHIP IS CONFERRED IN THE DISCRETION OF THE BOARD OF DIRECTORS OR THE EXECUTIVE COMMITTEE ON THOSE WHO HAVE RENDERED MERITORIOUS SERVICE IN THE CAUSE OF DEFENSE PREPAREDNESS AND NATIONAL SECURITY HONORARY MEMBERS WILL PAY NO DUES CORPORATE MEMBERS SHALL BE TERMED REGULAR CORPORATE MEMBERS REGULAR CORPORATE MEMBERSHIP IS OPEN TO ALL BUSINESSES, INCLUDING PARTNERSHIPS, SOLE PROPRIETORSHIPS, CORPORATIONS, FIRMS, EDUCATIONAL INSTITUTIONS, FOUNDATIONS, ASSOCIATIONS, AND COMPONENTS THEREOF (HEREINAFTER REFERRED TO AS "CORPORATIONS") ORGANIZED OR OTHERWISE CHARTERED WITHIN THE UNITED STATES A KEY REPRESENTATIVE, EMPOWERED TO SPEAK (VOTE) FOR HIS OR HER CORPORATION ON MATTERS AFFECTING THE ASSOCIATION AS A WHOLE (HEREINAFTER REFERRED TO AS "KEY REPRESENTATIVE") WILL BE DESIGNATED BY EACH REGULAR CORPORATE MEMBER REGULAR CORPORATE MEMBERS SHALL HAVE THE RIGHT TO NOMINATE EMPLOYEES TO REGULAR MEMBERSHIP IN THE ASSOCIATION, THE TOTAL NUMBER OF SUCH MEMBERSHIPS TO BE RELATED TO THE ANNUAL MEMBERSHIP DUES OF THE REGULAR CORPORATE MEMBER, AS MAY BE PRESCRIBED BY THE BOARD OF DIRECTORS OR THE EXECUTIVE COMMITTEE SUCH MEMBERS SHALL NOT BE REQUIRED TO PAY INDIVIDUAL MEMBERSHIP DUES ALLIED MEMBERSHIP SHALL BE EITHER INDIVIDUAL OR CORPORATE AS DESCRIBED BELOW (A) ALLIED INDIVIDUAL MEMBERSHIP MAY BE CONFERRED BY THE PRESIDENT OF THE ASSOCIATION ON INDIVIDUALS WHO ARE CITIZENS OF (1) NATIONS BELONGING TO THE NATO ALLIANCE, (2) JAPAN, AUSTRALIA, OR NEW ZEALAND, (3) NATIONS WITH WHICH THE UNITED STATES MAINTAINS A RECIPROCAL PROCUREMENT AGREEMENT, (4) NATIONS WITH WHICH THE UNITED STATES DEPARTMENT OF DEFENSE HAS SPECIFICALLY REQUESTED THE ASSOCIATION TO CONDUCT MEETINGS AND ENHANCE COMMUNICATIONS ON AN INDUSTRY-TO-INDUSTRY BASIS ALLIED INDIVIDUAL MEMBERS MAY PARTICIPATE AS INDIVIDUAL NON-VOTING MEMBERS IN THE ACTIVITIES OF THE CHAPTERS, SUBJECT TO ANY RESTRICTIONS THAT MAY BE PLACED ON SUCH PARTICIPATION BY THE UNITED STATES GOVERNMENT IN THE CASE OF CHAPTERS LOCATED OUTSIDE THE FIFTY STATES, ALLIED MEMBERS MAY PARTICIPATE AS INDIVIDUAL VOTING MEMBERS IN THE ACTIVITIES OF THOSE CHAPTERS (B) ALLIED CORPORATE MEMBERSHIP MAY BE CONFERRED BY THE PRESIDENT OF THE ASSOCIATION ON CORPORATIONS WHICH ARE CHARTERED AND CONTROLLED UNDER THE LAWS OF (1) NATIONS BELONGING TO THE NATO ALLIANCE, (2) JAPAN, AUSTRALIA, OR NEW ZEALAND, (3) NATIONS WITH WHICH THE UNITED STATES MAINTAINS A RECIPROCAL PROCUREMENT AGREEMENT, (4) NATIONS WITH WHICH THE UNITED STATES DEPARTMENT OF DEFENSE HAS SPECIFICALLY REQUESTED THE ASSOCIATION TO CONDUCT MEETINGS AND TO ENHANCE COMMUNICATIONS ON AN INDUSTRY-TO-INDUSTRY BASIS ALLIED CORPORATE MEMBERS SHALL HAVE THE RIGHT TO NOMINATE A DESIGNATED NUMBER OF EMPLOYEES AS THEIR REPRESENTATIVES TO RECEIVE ALL BENEFITS OF ALLIED INDIVIDUAL MEMBERS SUCH MEMBERS SHALL NOT BE REQUIRED TO PAY INDIVIDUAL MEMBERSHIP DUES</p>

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7A	THE ASSOCIATION'S BOARD OF DIRECTORS ARE ELECTED BY A MAJORITY VOTE FROM THE FOLLOWING ELECTORS THE PRESIDENT OF EACH CHAPTER IN THE FIFTY STATES SHALL BE AN ELECTOR WHO SHALL HAVE ONE VOTE FOR EACH 100 INDIVIDUAL MEMBERS OF THE CHAPTER, OR A PORTION THEREOF THE CHAIRMAN OF EACH DIVISION SHALL BE AN ELECTOR WHO SHALL HAVE ONE VOTE THE KEY REPRESENTATIVE OF EACH REGULAR CORPORATE MEMBER SHALL BE AN ELECTOR WHO SHALL HAVE ONE VOTE

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	FORM 990, PART VI, SECTION A, LINE 10 THE FORM 990 IS PREPARED BY AN INDEPENDENT ACCOUNTING FIRM AND IS PROVIDED PRIOR TO FILING TO THE NDIA BOARD OF DIRECTORS FOR THEIR INFORMATION AND REVIEW AT THE SAME TIME, A DETAILED REVIEW IS CONDUCTED BY THE NDIA TREASURER, THE NDIA PRESIDENT, THE NDIA VICE PRESIDENT FOR BUSINESS OPERATIONS (FINANCE), THE NDIA CONTROLLER, AND THE NDIA EXECUTIVE COMMITTEE WHICH HAS BOARD AUTHORITY DESIGNATED TO IT ALL PARTIES ARE ABLE TO ASK QUESTIONS AND REQUEST CHANGES TO THE FORM 990 PRIOR TO FILING WITH THE IRS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	EACH BOARD MEETING BEGINS WITH A REVIEW OF A CHART OUTLINING THE CONFLICT OF INTEREST POLICY AND THE BOARD CHAIRMAN CALLING FOR ANY DISCLOSURES THE POLICY IS ALSO OUTLINED IN THE DIRECTOR'S HANDBOOK, WHICH EACH BOARD MEMBER RECEIVES BOARD MEMBERS, OFFICERS, AND INDIVIDUALS HOLDING STAFF EXECUTIVE POSITIONS ARE REQUIRED TO COMPLETE DISCLOSURE FORMS ANNUALLY AT THE BEGINNING OF EACH FISCAL YEAR, LISTING ALL INTERESTS WHICH EITHER DO, OR POTENTIALLY COULD REPRESENT A CONFLICT OF INTEREST OFFICERS AND THOSE INDIVIDUALS HOLDING EXECUTIVE POSITIONS ARE REQUIRED TO UPDATE THEIR DISCLOSURE FORMS THROUGHOUT THE YEAR SHOULD CIRCUMSTANCES CHANGE THE DISCLOSURE FORM IS A THREE PART FORM THE FIRST SECTION ASKS IF THERE ARE ANY RELEVANT RELATIONSHIPS TO DISCLOSE (RELEVANT BEING THOSE RELATIONSHIPS RELATED TO THE INTERESTS AND ACTIVITIES OF NDIA AND ITS AFFILIATES), THE SECOND SECTION REQUESTS DISCLOSURE OF RELEVANT FINANCIAL, COMMERCIAL OR OTHER ORGANIZATIONAL RELATIONSHIPS, AND THE FINAL SECTION REQUESTS A CATEGORY LISTING OF RELATIONSHIPS TO BE DISCLOSED AS APPROPRIATE ANY ISSUES RAISED WOULD BE PRESENTED TO THE PRESIDENT AND CEO OF NDIA, SUBSEQUENTLY TO THE NDIA FINANCE COMMITTEE CHAIRMAN AND THE NDIA BOARD EXECUTIVE COMMITTEE FOR APPROPRIATE ACTION ALL POTENTIAL AND ACTUAL CONFLICTS AND PROCEEDINGS ARE NOTED IN THE MEETING MINUTES

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	<p>THE COMPENSATION FOR THE PRESIDENT &amp; CEO OF NDIA, LAWRENCE P. FARRELL, JR., LT GEN USAF (RET), IS UNDER CONTRACT AS SIGNED BY THE CHAIRMAN, NDIA. THE PRESIDENT'S BASE COMPENSATION IS REVIEWED ON AN ANNUAL BASIS BY THE NDIA COMPENSATION COMMITTEE AS PART OF ITS REVIEW OF THE INCENTIVE AWARDS JUSTIFICATIONS AS PRESENTED TO IT AND SUBSEQUENTLY BY THE NDIA EXECUTIVE COMMITTEE AT THE FALL NDIA BOARD AS PART OF THE EXECUTIVE COMMITTEE MEETING AGENDA FOLLOWING THE BOARD MEETING IN EXECUTIVE SESSION, WITH GENERAL COUNSEL PARTICIPATING. THE MOST RECENT REVIEW WAS IN NOVEMBER, 2012. THE JUSTIFICATION PACKAGE PRESENTED TO BOTH COMMITTEES INCLUDES SURVEY COMPENSATION DATA PRIMARILY THAT OF PRM CONSULTING GROUP WHICH DOES EXTENSIVE SURVEYS OF THE NON-PROFIT INDUSTRY. THE LAST CHANGE IN THE PRESIDENT'S BASE COMPENSATION WAS AT THE BEGINNING OF FY 2012. THE COMPENSATION OF THE OTHER OFFICERS IS REVIEWED ON AN ANNUAL BASIS BY THE NDIA PRESIDENT AND THE NDIA COMPENSATION COMMITTEE AS PART OF ITS REVIEW OF THE INCENTIVE AWARDS JUSTIFICATIONS AS PRESENTED TO IT AND SUBSEQUENTLY BY THE NDIA EXECUTIVE COMMITTEE AT THE FALL NDIA BOARD AS PART OF THE EXECUTIVE COMMITTEE MEETING AGENDA FOLLOWING THE BOARD MEETING IN EXECUTIVE SESSION, WITH GENERAL COUNSEL PARTICIPATING. THE JUSTIFICATION PACKAGE PRESENTED TO BOTH COMMITTEES INCLUDES SURVEY COMPENSATION DATA PRIMARILY THAT OF PRM CONSULTING GROUP WHICH DOES EXTENSIVE SURVEYS OF THE NON-PROFIT INDUSTRY. THE MOST RECENT REVIEW WAS IN NOVEMBER, 2012 FOR THE OTHER OFFICERS: AFFILIATE PRESIDENTS, D. CHEESEBROUGH, F. LEWIS AND J. ROBB, AND VICE PRESIDENTS, B. BATES, S. ERWIN, T. OWENS, D. PIGNOTTI, B. PROKUSKI, AND P. STEFFES. KEY EMPLOYEES' COMPENSATION IS REVIEWED ON AN ANNUAL BASIS BY THE NDIA PRESIDENT USING THE APPROPRIATE COMPARABILITY DATA AND INFORMATION FROM INDIVIDUAL PERFORMANCE INCENTIVE REVIEWS. KEY EMPLOYEE COMPENSATION IS INDIRECTLY REVIEWED BY NDIA'S FINANCE COMMITTEE AS PART OF THE ANNUAL BUDGETING PROCESS.</p>

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE ASSOCIATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	CHAPTER ACTIVITIES -15,281



Identifier	Return Reference	Explanation
	FORM 990 PART XI LINE 9 PRIOR PERIOD ADJUSTMENT	IN FINALIZING FISCAL YEAR 2013 FINANCIAL REPORTING, IT WAS DETERMINED THAT AN ASSET ACCOUNT USED BY THE ASSOCIATION TO CAPTURE UNSETTLED CREDIT CARD CHARGES IN TRANSIT, WAS OVERSTATED AS OF SEPTEMBER 30, 2013. FURTHER, IT WAS DETERMINED THAT THE OVERSTATEMENT IN PART RELATES TO PRIOR PERIODS. THE IMPACT OF ADJUSTING THE ACCOUNT TO ITS PROPER BALANCE IS TO DECREASE UNRESTRICTED NET ASSETS AT OCTOBER 1, 2012 (BEGINNING OF FISCAL YEAR 2013) BY APPROXIMATELY \$686,700.

## TY 2012 Recognize Income Under Temporary Regulations Statement

**Name:** NATIONAL DEFENSE INDUSTRIAL ASSOCIATION

**EIN:** 53-0196547

**Statement:** STATEMENT FILED PURSUANT TO TREAS. REG. SECTION 1.6038 (B)-1(C) AND TEMP REG. SECTION 1.6038B-1T(C)1) NAME OF TRANSFEROR: NATIONAL DEFENSE INDUSTRIAL ASSOCIATION EIN: 53-0196547 ADDRESS: 2111 WILSON BLVD #400 ALRINGTON, VA 22201-30012) NAME OF TRANSFEREE: THE ENDOWMENT OFFSHORE TEI FUND, LTD. EIN: 98-0450549 ADDRESS: MC CORPORATE SERVICES LTD. P.O. BOX 309 GT, UGLAND HOUSE SOUTH CHURCH STREET GEORGE TOWN, GRAND CAYMAN CAYMAN ISLANDS COUNTRY OF INCORPORATION: CAYMAN ISLANDS NATIONAL DEFENSE INDUSTRIAL ASSOCIATION, EIN: 53-0196547, TRANSFERRED CASH TO ACQUIRE AN INTEREST IN THE ENDOWMENT OFFSHORE TEI FUND, LTD. A CAYMAN ISLAND CONTROLLED FOREIGN CORPORATION AS FOLLOWS: 10/1/2012 - \$343,0003) DESCRIPTION OF CONSIDERATION RECEIVED: .024082% INTEREST4) NONE OF THE FOLLOWING PROPERTY CATEGORIES WAS TRANSFERRED: (I) ACTIVE TRADE OR BUSINESS PROPERTY (II) STOCK OR SECURITIES (III)DEPRECIATED PROPERTY (IV) PROPERTY TO BE LEASED (V) PROPERTY TO BE SOLD (VI) TRANSFERS TO FSCS (VII)TAINTED PROPERTY