

Blinded Veterans Association

Financial Statements

Year Ended June 30, 2016

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Report of Independent Auditors

Board of Directors
Blinded Veterans Association
Alexandria, Virginia

We have audited the accompanying financial statements of Blinded Veterans Association (nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Blinded Veterans Association as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Report on Summarized Comparative Information

We have previously audited Blinded Veterans Association's 2015 financial statements, and our report dated December 18, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Dixon Hughes Goodman LLP

**Tysons, Virginia
December 13, 2016**

Blinded Veterans Association
Statement of Financial Position
June 30, 2016, with Comparative Totals for 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,089,594	\$ 658,124
Promises to give	242,828	669,517
Inventories	2,276	3,086
Accounts receivable - building fund	10,833	-
Accounts receivable - other	6,217	34,977
Prepaid expenses	218,155	76,298
	<u>1,569,903</u>	<u>1,442,002</u>
Property and equipment	112,218	93,054
Less - accumulated depreciation	<u>(21,703)</u>	<u>(5,126)</u>
	<u>90,515</u>	<u>87,928</u>
Other assets		
Investments designated by Board for:		
Investment Fund	6,059,373	7,508,901
Life Membership Fund	1,142,208	1,339,214
Building Fund	4,067,631	4,009,564
	<u>11,269,212</u>	<u>12,857,679</u>
	<u>\$ 12,929,630</u>	<u>\$ 14,387,609</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 200,641	\$ 268,036
Accrued expenses	86,376	63,203
	<u>287,017</u>	<u>331,239</u>
Net assets		
Unrestricted:		
Undesignated	1,198,212	973,055
Board designated	11,198,724	12,758,931
Temporarily restricted	245,677	324,384
	<u>12,642,613</u>	<u>14,056,370</u>
	<u>\$ 12,929,630</u>	<u>\$ 14,387,609</u>

See accompanying notes.

Blinded Veterans Association
Statement of Activities
Year Ended June 30, 2016, with Comparative Totals for 2015

	2016			2015 Total
	Unrestricted Undesignated	Designated	Temporarily Restricted	
Revenue and support:				
Contributions	\$ 4,576,975	\$ 17,590	\$ 110,192	\$ 4,704,757
Investment return	(14,055)	(90,429)	-	(104,484)
Gain on sale of building	-	-	-	3,678,835
Other revenue	152,144	-	-	152,144
	4,715,064	(72,839)	110,192	4,752,417
Net assets released from restrictions				
Satisfaction of restrictions	188,899	-	(188,899)	-
Total revenue and support	4,903,963	(72,839)	(78,707)	4,752,417
Expenses				
Program services:				
Field service programs	1,557,041	-	-	1,557,041
Education	3,735,588	87,368	-	3,822,956
Total program services	5,292,629	87,368	-	5,379,997
Supporting services:				
Fundraising	703,547	-	-	703,547
Management and general	82,630	-	-	82,630
Total supporting services	786,177	-	-	786,177
Total expenses	6,078,806	87,368	-	6,166,174
Change in net assets	(1,174,843)	(160,207)	(78,707)	(1,413,757)
Transfers	1,400,000	(1,400,000)	-	-
Net assets, beginning of year	973,055	12,758,931	324,384	14,056,370
Net assets, end of year	\$ 1,198,212	\$ 11,198,724	\$ 245,677	\$ 12,642,613

See accompanying notes.

Blinded Veterans Association
Statement of Functional Expenses
Year Ended June 30, 2016, with Comparative Totals for 2015

	2016							2015 Total
	Program Services			Supporting Services				
	Field Service Programs	Education	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total	
Salaries and wages	\$ 440,704	\$ 217,567	\$ 658,271	\$ 33,513	\$ 481,587	\$ 515,100	\$ 1,173,371	\$ 1,245,131
Payroll taxes	49,973	14,929	64,902	3,160	43,935	47,095	111,997	112,374
Employee benefits	112,990	35,307	148,297	32,190	71,310	103,500	251,797	206,468
Awards and grants	100	13,550	13,650	-	-	-	13,650	13,550
Building maintenance	1,409	-	1,409	-	5,187	5,187	6,596	37,437
BVA bulletin	-	55,935	55,935	-	-	-	55,935	51,615
Conventions and meetings	110	-	110	-	2,512	2,512	2,622	1,830
Employee training	830	-	830	-	1,076	1,076	1,906	1,370
Insurance	-	-	-	-	12,428	12,428	12,428	30,557
Office expense and supplies	3,930	675	4,605	325	9,975	10,300	14,905	13,752
Payroll service	-	-	-	-	6,307	6,307	6,307	5,732
Permits and licenses	-	53	53	5,016	60	5,076	5,129	6,695
Postage and shipping	151	60,017	60,168	18,938	14,665	33,603	93,771	32,615
Printing and stationery	2,550	57,029	59,579	42,096	13,680	55,776	115,355	45,440
Professional fees	1,819	56,833	58,652	61,655	272,540	334,195	392,847	202,314
Public relations	18,616	2,188,822	2,207,438	180	2,147	2,327	2,209,765	953,406
Rental and equipment	10,193	944	11,137	830	19,402	20,232	31,369	29,116
Repairs and maintenance	1,798	7,716	9,514	-	52,078	52,078	61,592	38,993
Occupancy Expense	-	-	-	-	136,890	136,890	136,890	56,333
Stipend - Blind Center	10,975	-	10,975	-	-	-	10,975	9,761
Board liaison	-	-	-	-	-	-	-	665
Staff Recruitment	35	-	35	-	6,133	6,133	6,168	4,200
Subscriptions and dues	-	6,940	6,940	-	6,858	6,858	13,798	13,202
Telephone and communications	-	57	57	-	6,148	6,148	6,205	34,640
Website design	-	910	910	-	13,603	13,603	14,513	11,420
Travel	101,549	1,559	103,108	1,417	48,752	50,169	153,277	121,935
Utilities	-	-	-	-	(216)	(216)	(216)	15,060
Bank charges	1,326	7,589	8,915	4,955	13,828	18,783	27,698	31,349
Apportionment of Life Membership Fund investment income	-	79,335	79,335	-	-	-	79,335	99,984
Apportionment of annual dues	-	1,139	1,139	-	-	-	1,139	2,202
Direct mail - data processing	-	105,221	105,221	67,508	1,701	69,209	174,430	85,905
Direct mail - donation processing	-	28,617	28,617	18,360	463	18,823	47,440	72,782
Direct mail - list rental	-	31,492	31,492	20,204	509	20,713	52,205	121,167
Direct mail - mailing service	-	278,968	278,968	178,980	4,510	183,490	462,458	1,114,846
Direct mail - postage	-	191,036	191,036	122,565	3,088	125,653	316,689	637,325
Direct mail - creative	-	18,591	18,591	11,928	301	12,229	30,820	30,443
Direct mail- contractor	-	31,301	31,301	20,082	506	20,588	51,889	-
Indirect cost allocation	785,875	325,804	1,111,679	58,740	(1,170,418)	(1,111,678)	-	-
Total expenses before depreciation	1,544,933	3,817,936	5,362,869	702,642	81,545	784,187	6,147,055	5,491,614
Depreciation	12,108	5,020	17,128	905	1,085	1,990	19,118	35,221
Total expenses	\$ 1,557,041	\$ 3,822,956	\$ 5,379,997	\$ 703,547	\$ 82,630	\$ 786,177	\$ 6,166,174	\$ 5,526,835

See accompanying notes.

Blinded Veterans Association**Statement of Cash Flows****Year Ended June 30, 2016, with Comparative Totals for 2015**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ (1,413,757)	\$ 2,844,341
Adjustments to reconcile to net cash from operating activities:		
Depreciation	19,118	35,221
Contribution of marketable securities	(3,873)	(240)
Gain on sale of building	-	(3,678,835)
Net realized and unrealized loss on investments	544,510	399,427
Change in:		
Promises to give	426,689	1,998,255
Accounts receivable	17,927	(2,484)
Inventories	810	(3,086)
Prepaid expenses	(141,857)	(62,849)
Accounts payable and accrued expenses	(44,222)	22,625
Net cash from operating activities	<u>(594,655)</u>	<u>1,552,375</u>
Cash flows from investing activities:		
Net proceeds from sale of building	-	5,129,225
Purchase of property and equipment	(21,705)	(47,783)
Purchase and reinvestment of investments	(2,224,230)	(7,862,533)
Proceeds from redemption and sale of investments	<u>3,272,060</u>	<u>1,453,836</u>
Net cash from investing activities	<u>1,026,125</u>	<u>(1,327,255)</u>
Net change in cash and cash equivalents	431,470	225,120
Cash and cash equivalents, beginning of year	<u>658,124</u>	<u>433,004</u>
Cash and cash equivalents, end of year	<u>\$ 1,089,594</u>	<u>\$ 658,124</u>
Supplemental disclosure of noncash investing activities:		
Contribution of marketable securities	<u>\$ 3,873</u>	<u>\$ 240</u>

See accompanying notes.

Notes to Financial Statements

1. Organization and Nature of Activities

The Blinded Veterans Association (Association) was chartered by an act of the U.S. Congress in 1958 to promote the welfare of blinded veterans, strengthen a spirit of fellowship among blinded veterans and further the institutions of American freedom and loyalty to the Constitution and laws of the United States. The Association is a publicly supported organization and, as such, contributions to the Association qualify as charitable deductions for tax purposes by the donor. The Association is primarily supported by donor contributions, bequests, and investment income.

2. Summary of Significant Accounting Policies

Contributions and basis of presentation

The Association receives contributions from the general public. Unless specifically restricted by the donor, all contributions are considered to be available for unrestricted use. The estimated value of donated professional services meeting the criteria for recognition as contributed services is reflected in the financial statements at their estimated value. The Association also receives contributed services in various capacities from volunteers to help accomplish its program objectives. The estimated value of these donated, nonprofessional services is not reflected in the financial statements as the services do not meet the criteria for recognition as contributed services.

The Association classifies its resources for accounting and reporting purposes into three net asset categories according to the existence or absence of donor-imposed restrictions. The financial statements report separately by class of net assets as follows:

Unrestricted net assets include revenue and expenses associated with the principal mission of the Association that are not restricted by donor stipulation. Unrestricted net assets include the following:

Undesignated net assets - includes the net assets associated with the principal mission of the Association that are not restricted by donor or Board of Directors' stipulations.

Designated net assets - includes the net assets set aside by the Board of Directors for the funding of special programs (see Note 12).

Temporarily restricted net assets include grants or gifts for which donor imposed restrictions have not been met. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets were \$245,677 and \$324,384 at June 30, 2016 and 2015, respectively (see Note 13).

Permanently restricted net assets include gifts that require, by donor restriction, that the corpus be invested in perpetuity and only the income is available for program operations in accordance with donor restriction. The Association had no permanently restricted net assets at June 30, 2016 and 2015.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

**Blinded Veterans Association
Notes to Financial Statements**

Cash and cash equivalents

For purposes of the statement of cash flows, the Association considers highly liquid debt instruments, except for cash and money market funds held in brokerage accounts designated by the Board of Directors, with a maturity of three months or less at the time of purchase to be cash equivalents.

Promises to give

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Unconditional promises to give were \$242,828 and \$669,517 at June 30, 2016 and 2015, respectively. All promises to give are expected to be collected within one year.

The Association uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. At June 30, 2016 and 2015, management's assessment was that all contributions receivable were deemed to be collectible.

Investments

The Association reports its investments at fair value in the statement of financial position. Gains and losses, both realized and unrealized, are included in the statement of activities as changes in unrestricted net assets.

Property and equipment

Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Depreciation expense is provided on a straight-line basis over the estimated useful service lives of the respective assets as follows:

Furniture and equipment	3 to 5 years
Communication equipment	5 years
Building and improvements	7 to 40 years

The Association capitalizes property and equipment acquired with a value greater than \$2,000. When assets are sold or disposed, the cost and related accumulated depreciation are removed from the accounts with any gain or loss reported in the statement of activities. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred.

Advertising

Advertising costs are expensed as incurred.

Functional allocation of expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income tax status

The Association is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal or state income taxes. The Association has determined that it does not have any material unrecognized tax benefits or obligations as of June 30, 2016 and 2015.

Blinded Veterans Association Notes to Financial Statements

Concentration of credit risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash and investments.

The Association maintains cash in bank accounts, which may at times exceed the federally insured limit. The Association has not experienced any losses as a result of the concentration, and management believes it is not exposed to any significant credit risk.

The Association maintains a concentration of temporary cash and equity investment accounts with brokerage institutions which are members of the Securities Investor Protection Corporation (SIPC). The Association has not experienced any losses as a result of the concentration, and management believes it is not exposed to any significant credit risk. Security investments are subject to market fluctuations. The Association's management and investment committee monitors the investment portfolio to minimize risk associated with these investments and diversifies accordingly.

Subsequent events

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through December 13, 2016, the date the financial statements were available to be issued.

3. Related Parties

The Association and various regional groups are related inasmuch as the Association has the authority to issue, revoke, and amend their charters. The Association collects and remits a portion of the annual dues collected from members and the entire portion of designated investment earnings from life dues to the regional groups.

At June 30, 2016 and 2015, amounts payable to the various regional groups for annual dues were \$1,854 and \$2,233, respectively, and amounts payable for designated investment earnings were \$81,322 and 98,746, respectively.

4. Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring and reporting financial assets and liabilities at fair value. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The codification establishes a three-level disclosure hierarchy to indicate the level of judgment used to estimate fair value measurements:

- Level 1:** quoted prices in active markets for identical assets or liabilities as of the reporting date;
- Level 2:** quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; and inputs other than quoted prices (such as interest rate and yield curves);
- Level 3:** uses inputs that are unobservable, supported by little or no market activity and reflect significant management judgment.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**Blinded Veterans Association
Notes to Financial Statements**

The following is a description of the valuation methodologies used for asset measurements at fair value. There have been no changes in the methodologies used at June 30, 2016 and 2015.

Level 1 assets include mutual funds and exchanged traded funds which are valued at the net asset value (NAV) of shares held at year-end and equity securities which are valued at the closing price reported in the active market in which individual securities are traded. Level 2 assets include unit investment trusts, which are valued at net asset value per share of units held at year-end. Level 2 assets also include senior unsecured debt obligations of Morgan Stanley whose fair value is calculated at either active trades, comparable instrument trades, or the present value of future cash flows using an applicable discount rate based upon the debt's risk profile.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Common Stock: Valued at the closing price reported in the active market in which individual securities are traded.

Senior Unsecured Debt: Valued at active trades, comparable instrument trades, or present value of discounted future cash flows.

Investment Contract – Index Fund: Valued at price provided by investment sponsor.

The following tables set forth by level, within the fair value hierarchy, the Association's assets at fair value as of June 30, 2016 and 2015:

	Assets at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
Common stock	\$ 641,599	\$ -	\$ -	\$ 641,599
Mutual funds - debt				
Intermediate-term bond	163,150	-	-	163,150
High-yield bond	187,315	-	-	187,315
Short-term bond	1,361,824	-	-	1,361,824
Convertible	192,841	-	-	192,841
Mutual funds - equity				
Large value	1,488,244	-	-	1,488,244
Large growth	879,189	-	-	879,189
Large blend	217,949	-	-	217,949
Medium growth	243,146	-	-	243,146
Small growth	2,964,468	-	-	2,964,468
Foreign large blend	106,855	-	-	106,855
Emerging markets	181,119	-	-	181,119
Preferred fixed rate capital securities	46,318	--	--	46,318
Corporate bond	19,375	-	-	19,375
Index traded fund	262,625	-	-	262,625
Senior unsecured debt obligations of Morgan Stanley	-	2,126,248	-	2,126,248
	<u>\$ 8,956,017</u>	<u>\$ 2,126,248</u>	<u>\$ -</u>	<u>\$ 11,082,265</u>

**Blinded Veterans Association
Notes to Financial Statements**

	Assets at Fair Value as of June 30, 2015			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stock	\$ 1,190,199	\$ -	\$ -	\$ 1,190,199
Mutual funds - debt				
Intermediate-term bond	153,247	-	-	153,247
Long-term bond	395,525	-	-	395,525
Short-term bond	5,404,834	-	-	5,404,834
World bond	417,402	-	-	417,402
Mutual funds - equity				
Large value	1,196,951	-	-	1,196,951
Large growth	872,199	-	-	872,199
Large blend	414,089	-	-	414,089
Small growth	186,194	-	-	186,194
Foreign large blend	300,436	-	-	300,436
Emerging markets	105,078	-	-	105,078
Senior unsecured debt obligations of Morgan Stanley	-	1,882,984	-	1,882,984
Investment contract - index fund	-	-	181,000	181,000
	<u>\$ 10,636,154</u>	<u>\$ 1,882,984</u>	<u>\$ 181,000</u>	<u>\$ 12,700,138</u>

5. Investments

Investments consisted of the following:

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 186,947	\$ 157,541
Common stock	641,599	1,190,199
Mutual funds	7,986,100	9,445,955
Preferred fixed rate capital securities	46,318	-
Corporate bonds	19,375	-
Index traded funds	2,388,873	1,882,984
Investment contract – index fund	-	181,000
	<u>\$ 11,269,212</u>	<u>\$ 12,857,679</u>

Investment return consisted of the following:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 440,026	\$ 318,584
Realized and unrealized gains (losses)	(544,510)	(399,427)
	<u>\$ (104,484)</u>	<u>\$ (80,843)</u>

**Blinded Veterans Association
Notes to Financial Statements**

6. Property and Equipment

Property and equipment consisted of the following:

	<u>2016</u>	<u>2015</u>
Furniture and equipment	\$ 112,218	\$ 93,054
Less – accumulated depreciation	<u>21,703</u>	<u>5,126</u>
	<u>\$ 90,515</u>	<u>\$ 87,928</u>

Depreciation expense for 2016 and 2015 was \$19,118 and \$35,222, respectively.

7. Leases

The Association leases a building and office equipment under operating leases expiring through December 2019. The equipment lease agreements are collateralized by the equipment.

Future minimum lease payments under noncancelable operating leases for years ending June 30 are as follows:

	<u>Building</u>	<u>Equipment</u>	<u>Total</u>
2017	\$ 140,997	\$ 11,244	\$ 152,241
2018	83,670	4,309	87,979
2019	-	3,679	3,679
2020	-	2,541	2,541
2021	-	1,053	1,053
	<u>\$ 224,667</u>	<u>\$ 22,826</u>	<u>\$ 247,493</u>

For 2016 and 2015, rent expense was \$136,890 and \$56,333, respectively. Equipment lease expense for 2016 and 2015 was \$11,946 and \$10,107, respectively.

8. Retirement Benefits

The Association participates in a tax deferred account for the benefit of its employees under Section 403(b) of the Internal Revenue Code. The Association provides a matching contribution equal to 25% of participating employee contributions with a maximum at 4% of annual salary.

The retirement expense for 2016 and 2015 was \$6,282 and 5,615, respectively.

9. Allocation of Joint Costs

The Association conducts mail campaigns that include requests for contributions, as well as program components. The costs of conducting those campaigns included joint costs totaling \$1,084,041, and \$2,062,468 in 2016 and 2015, respectively, which are not specifically attributable to particular components of the activities. These joint costs were allocated as follows:

**Blinded Veterans Association
Notes to Financial Statements**

	<u>2016</u>	<u>2015</u>
Management and general	\$ 10,572	\$ 19,286
Program services	653,925	1,112,557
Fundraising	<u>419,544</u>	<u>930,625</u>
	<u>\$ 1,084,041</u>	<u>\$ 2,062,468</u>

10. Accrued Expenses

Accrued expenses consisted of the following:

	<u>2016</u>	<u>2015</u>
Accrued vacation	\$ 61,661	\$ 60,280
Other accrued expenses	<u>24,715</u>	<u>2,923</u>
	<u>\$ 86,376</u>	<u>\$ 63,203</u>

11. Donated Professional Services

The Association received donated professional services for legal fees and air time for public service announcements to benefit the Association's educational program. The fair value of the contributed air time and other professional services, which was \$2,369,932 and \$1,031,864 in 2016 and 2015, respectively, is recognized as contribution income, public relations expense and professional fees in the statement of activities.

12. Designated Net Assets

The Board designated programs and the fund balances are as follows:

Investment Fund - Established for the purpose of investing specifically designated funds of the Association. The Board determines the amount of funds to be invested and has established a cash reserve requirement equal to, at a minimum, the current year's operating budget. There were no designated reserve transfers during 2016 or 2015. At June 30, 2016 and 2015, the Investment Fund balance was \$6,059,373 and \$7,508,901, respectively.

Life Membership Fund - Life and associate membership dues paid to the Association are placed in the Life Membership Fund. Net earnings are divided among the various regional groups in good standing. At June 30, 2016, apportionment of net earnings due to regional groups was \$81,322 and the Life Membership Fund balance was \$1,060,887. At June 30, 2015, apportionment of net earnings due to regional groups was \$98,746 and the Life Membership Fund balance was \$1,240,466.

Building Fund - Established for the purpose of constructing or purchasing a building for the Association's national headquarters. Net earnings are added to the principal of the fund. In 1988, the Association purchased the building that housed its national headquarters. As of February 27, 2015 the building was sold.

At June 30, 2016 and 2015, the Building Fund balance was \$4,078,464 and \$4,009,566, respectively.

**Blinded Veterans Association
Notes to Financial Statements**

13. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following programs:

	<u>2016</u>	<u>2015</u>
Operation Peer Support	\$ 114,709	\$ 108,402
Direct program activities	50,750	100,000
Convention fund	80,218	110,287
Field service program	<u>-</u>	<u>5,695</u>
	<u>\$ 245,677</u>	<u>\$ 324,384</u>

14. Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for 2015, from which the summarized information was derived.

Certain reclassifications have been made to the 2015 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.