

Blinded Veterans Association

Financial Statements

For the Year Ended June 30, 2019



HERTZBACH
certified public accountants · consultants

Blinded Veterans Association

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For the Year Ended June 30, 2019

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Independent Auditor's Report

To the Board of Directors of
Blinded Veterans Association
125 N. West Street, 3rd Floor
Alexandria, Virginia 22314

We have audited the accompanying financial statements of Blinded Veterans Association (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Blinded Veterans Association

Statement of Financial Position
As of June 30, 2019

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, 2019, 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.

Emphasis of Matter

As discussed in Note 1 of the financial statements, during the year ended June 30, 2019, the Organization adopted Financial Accounting Standards Board Update (ASU) No. 2016-14 – *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. Our opinion is not modified with respect to this matter.

Hertzbach & Company, P.A.

Owings Mills, MD
December 2, 2019

See independent auditor's report and accompanying notes to the financial statements.

Blinded Veterans Association

Statement of Financial Position
As of June 30, 2019

Assets	
Current assets	
Cash and cash equivalents	\$ 334,316
Promises to give	267,218
Accounts receivable, other	47,806
Prepaid expenses	61,338
	<hr/>
Total current assets	710,678
	<hr/>
Property and equipment, net	2,066,460
	<hr/>
Other assets	
Investments designated by Board for:	
Investment fund	8,515,075
Life membership fund	1,135,029
Building fund	12,770
	<hr/>
Total other assets	9,662,874
	<hr/>
Total assets	\$ 12,440,012
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Liabilities and Net Assets	
Current liabilities	
Accounts payable and accrued expenses	\$ 174,151
Deferred revenue	85,390
	<hr/>
Total current liabilities	259,541
	<hr/>
Net assets	
Without donor restrictions	
Undesignated	2,369,999
Board designated	9,609,824
	<hr/>
Total without donor restrictions	11,979,823
With donor restrictions	200,648
	<hr/>
Total net assets	12,180,471
	<hr/>
Total liabilities and net assets	\$ 12,440,012
	<hr/> <hr/>

See independent auditor's report and accompanying notes to the financial statements.

Blinded Veterans Association

Statement of Activities For the Year Ended June 30, 2019

	Without donor restrictions		With donor	Total
	Undesignated	Designated	restrictions	
Revenue and support				
Contributions and grants	\$ 1,001,490	\$ -	\$ 99,889	\$ 1,101,379
Annual convention	121,914	-	-	121,914
Building rent	59,235	-	-	59,235
Fundraising	916,034	-	-	916,034
	<u>2,098,673</u>	<u>-</u>	<u>99,889</u>	<u>2,198,562</u>
Net assets released from restrictions:				
Satisfaction of purpose restrictions	77,362	-	(77,362)	-
Total revenue and support	<u>2,176,035</u>	<u>-</u>	<u>22,527</u>	<u>2,198,562</u>
Expenses				
Program services:				
Field service programs	457,927	-	-	457,927
Annual convention	113,412	-	-	113,412
Operation peer support	76,527	-	-	76,527
Education	762,582	-	-	762,582
Total program services	<u>1,410,448</u>	<u>-</u>	<u>-</u>	<u>1,410,448</u>
Supporting services:				
Fundraising	371,346	-	-	371,346
Management and general	996,056	-	-	996,056
Total supporting services	<u>1,367,402</u>	<u>-</u>	<u>-</u>	<u>1,367,402</u>
Total expenses	<u>2,777,850</u>	<u>-</u>	<u>-</u>	<u>2,777,850</u>
(Deficit) excess of revenue and support over expenses	<u>(601,815)</u>	<u>-</u>	<u>22,527</u>	<u>(579,288)</u>
Other income (expense)				
Interest and dividends, net of investment fees	-	228,403	-	228,403
Realized gain on investments	-	392,425	-	392,425
Unrealized loss on investments	-	(39,203)	-	(39,203)
Apportionment of life membership fund investment income	-	(43,141)	-	(43,141)
Life member dues, net	-	11,401	-	11,401
Total other income, net	<u>-</u>	<u>549,885</u>	<u>-</u>	<u>549,885</u>
Change in net assets	<u>(601,815)</u>	<u>549,885</u>	<u>22,527</u>	<u>(29,403)</u>
Transfers	2,332,856	(2,332,856)	-	-
Net assets, beginning of year	<u>638,958</u>	<u>11,392,795</u>	<u>178,121</u>	<u>12,209,874</u>
Net assets, end of year	<u>\$ 2,369,999</u>	<u>\$ 9,609,824</u>	<u>\$ 200,648</u>	<u>\$ 12,180,471</u>

See independent auditor's report and accompanying notes to financial statements.

Blinded Veterans Association

Statement of Functional Expenses For the Year Ended June 30, 2019

	Veterans service programs		Program services			Supporting services		Total
	Annual convention	Operation peer support	Education	program services	Fundraising	Management and general	supporting services	
Salaries and wages	\$ 192,239	\$ 10,888	\$ -	\$ 163,855	\$ -	\$ 2,724	\$ 331,700	\$ 701,406
Payroll taxes	19,066	766	-	13,287	-	194	29,176	62,489
Employee benefits	41,734	545	-	11,680	-	-	59,976	113,935
Hotel/event space	-	1,801	-	-	-	5,395	-	7,196
Exhibits	-	4,876	-	-	-	-	-	4,876
Advertising	604	-	5,000	10,369	-	13,782	-	29,755
Audit and tax	-	-	-	-	-	-	18,182	18,182
Awards and grants	-	-	500	-	-	24,915	13,710	38,625
Bank charges	-	21	-	-	-	5,657	11,047	16,725
Board meetings	-	-	-	-	-	-	8,753	8,753
Building expenses	16,464	1,176	-	14,112	-	587	26,460	58,799
Building maintenance	406	29	-	348	-	14	653	1,450
BVA bulletin	-	-	-	60,436	-	-	-	60,436
Depreciation	25,900	-	-	13,170	-	2,195	2,634	43,899
Donations	-	-	10,500	-	-	-	-	10,500
Employee training	450	-	-	450	-	-	315	765
Event entertainment	-	-	-	-	-	29,319	-	29,319
Financial management and accounting services	-	-	-	-	-	-	119,180	119,180
Food and beverage	-	34,742	-	-	-	10,545	-	45,287
Golf tournament	-	-	-	-	-	-	-	18,055
Insurance	554	24	-	11,717	-	-	42,974	55,269
Legal	88,700	6,335	-	76,029	-	3,168	142,554	316,786
Miscellaneous	7,786	2,713	-	155	-	5,388	5,941	24,545
Office expense and supplies	44	8,849	461	64	-	2,296	8,992	20,706
Payroll service	-	-	-	-	-	-	5,035	5,035
Permits and licenses	1,239	-	-	1,239	-	5,075	1,974	9,527
Postage and shipping	-	3,677	140	-	-	-	4,467	8,284
Printing and stationery	-	-	-	4,387	-	650	7,310	12,347
Professional fees	-	3,079	-	-	-	21,269	11,064	35,412
Public relations	-	-	-	815	-	-	-	815
Rent	41,780	2,984	-	35,811	-	1,493	67,146	149,214
Rental and equipment	13,923	995	-	11,934	-	497	22,377	49,726
Repairs and maintenance	-	-	-	-	-	-	1,382	1,382
Retirement plan expense	1,185	52	-	24	-	18	793	2,072
Board liaison	-	-	-	-	-	-	834	834
Storage	-	-	-	-	-	-	4,007	4,007
Subscriptions and dues	375	-	-	675	-	456	17,057	18,563
Telephone and communications	-	-	-	42,807	-	-	8,238	53,007
Website design	-	-	-	2,215	-	835	9,857	12,907
Travel	5,478	29,860	39,309	76,862	-	-	10,200	87,554
Direct mail	-	-	-	287,453	-	234,874	2,068	524,395
	\$ 457,927	\$ 113,412	\$ 76,527	\$ 762,582	\$ 371,346	\$ 996,056	\$ 1,367,402	\$ 2,777,850

See independent auditor's report and accompanying notes to financial statements.

Blinded Veterans Association

Statement of Cash Flows
For the Year Ended June 30, 2019

	<u>2019</u>
Cash flows from operating activities	
Change in net assets	\$ (29,403)
Adjustments to reconcile change in net assets to net cash and cash equivalents used in operating activities:	
Depreciation	43,899
Net realized and unrealized gain on investments	(353,222)
(Increase) decrease in operating assets:	
Promises to give	327,788
Accounts receivable, other	(29,000)
Prepaid expenses	13,518
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	(45,381)
Deferred revenue	<u>12,675</u>
Net cash and cash equivalents used in operating activities	<u>(59,126)</u>
Cash flows from investing activities	
Acquisition of property and equipment	(2,064,285)
Purchase and reinvestment of investments	(2,575,748)
Proceeds from redemption and sale of investments	<u>4,705,915</u>
Net cash and cash equivalents provided by investment activities	<u>65,882</u>
Net increase in cash and cash equivalents	6,756
Cash and cash equivalents at beginning of year	<u>327,560</u>
Cash and cash equivalents at end of year	<u><u>\$ 334,316</u></u>

See independent auditor's report and accompanying notes to financial statements.

Blinded Veterans Association

Notes to Financial Statements
For the Year Ended June 30, 2019

1) Nature of Business and Summary of Significant Accounting Policies

Nature of Business

The Blinded Veterans Association ("BVA" or "Organization") was chartered by an act of the U.S. Congress in 1958 to promote the welfare of blinded veterans, strengthen the 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 Organization is a publicly supported organization and, as such, contributions to the Organization qualify as charitable deductions for tax purposes by the donor. The Organization is primarily supported by donor contributions, bequests, and investment income.

Method of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified in the following two classes:

Net assets with donor restrictions consist of contributions that have been restricted by the donor for specific purposes or are time restricted, including contributions that have been restricted by the donor that stipulate the resources be maintained in perpetuity, but permit the Organization to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

Net assets without donor restrictions represents funds that are available for support of the operations of the Organization, and that are not subject to donor stipulation.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

Board-designated net assets are net assets without donor restrictions that are used only for the specific purpose by Board resolution (See Note 12).

See independent auditor's report.

Blinded Veterans Association

Notes to Financial Statements (Continued)
For the Year Ended June 30, 2019

1) Nature of Business and Summary of Significant Accounting Policies (Continued)

Accounting Pronouncements Adopted

During the year ended June 30, 2019, the Organization adopted ASU No. 2016-14 – *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. The main provisions of this update include: presentation of two classes of net assets (reduced from three classes); reporting investment return net of external and direct internal investment expenses; qualitative information about management of liquidity; quantitative information about financial assets available within one year; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions.

The Organization's June 30, 2018 net assets previously reported as temporarily restricted are now reported as net assets with donor restrictions. Likewise, the Organization's June 30, 2018 net assets previously reported as unrestricted are now reported as net assets without donor restrictions. The Organization did not have any permanently restricted net assets as of June 30, 2018.

Cash and Cash Equivalents

The Organization considers all highly liquid investments, except for cash and money market funds held in brokerage accounts designated by the Board of Directors, purchased with an original maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Contributions and Promises to Give

The Organization receives contributions from the general public. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unless specifically restricted by the donor, all contributions are considered to be available for unrestricted use. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

All promises to give are expected to be collected within one year. The Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. At June 30, 2019, management's assessment was that all promises to give were deemed to be collectible.

See independent auditor's report.

Blinded Veterans Association

Notes to Financial Statements (Continued)

For the Year Ended June 30, 2019

1) Nature of Business and Summary of Significant Accounting Policies (Continued)

Contributed Services

Donated professional services meeting the criteria for recognition as contributed services are reflected in the financial statements at their estimated fair value. The Organization 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 estimated fair value of the donated professional services for the year ended June 30, 2019 was \$316,786 and is included in contributions and grants in the statement of activities.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Investment income (including realized and unrealized gains and losses on investments) is included in the statement of activities as changes in net assets without donor restrictions unless the income is restricted by donor or law. Interest income is recorded on the accrual basis. Dividends are measured based on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

The Organization's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the statement of financial position are subject to various risks including changes in equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the statement of financial position could change materially in the near term.

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. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. Depreciation expense is provided on a straight-line basis over the estimated useful lives of the assets.

The Organization capitalizes property and equipment acquired with a value greater than \$2,000. 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. Advertising costs for the year ended June 30, 2019 were \$29,755 and are included in various program services and fundraising in the statement of activities.

See independent auditor's report.

Blinded Veterans Association

Notes to Financial Statements (Continued)

For the Year Ended June 30, 2019

1) Nature of Business and Summary of Significant Accounting Policies (Continued)

Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Directly identifiable program expenses are charged to service programs. Certain costs have been allocated among the programs and supporting services benefited using estimates. Although these allocation estimates are reasonable, actual expenses by function may differ. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

The Organization is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. As a result, the Organization is not subject to federal income taxes, except for taxes on unrelated business income. There was no unrelated business net income for the year ended June 30, 2019.

Deferred Revenue

The Organization records advance payments received for the annual convention as deferred revenue. Revenue is recognized when the convention occurs.

2) Financial Management Agreement

The Organization has an agreement with SmithBucklin Corporation to oversee and handle its financial management. SmithBucklin Corporation provides financial management and accounting services. This agreement is automatically renewed on a yearly basis, with the current agreement scheduled to expire on February 28, 2020. The total fees paid to SmithBucklin Corporation were \$119,180 for the year ended June 30, 2019. At June 30, 2019, \$10,364 was due to SmithBucklin and is included in accounts payable and accrued expenses on the accompanying statement of financial position.

3) Related Parties

The Organization and various regional groups are related inasmuch as the Organization has the authority to issue, revoke, and amend their charters. The Organization 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, 2019, amounts payable to the various regional groups for amounts payable for designated investment earnings were \$53,050 and is included in accounts payable and accrued expenses on the accompanying statement of financial position

See independent auditor's report.

Blinded Veterans Association

Notes to Financial Statements (Continued)
For the Year Ended June 30, 2019

4) Investments

Investments consist of the following as of June 30, 2019:

	Fair value	Cost
Cash and cash equivalents	\$ 1,246,736	\$ 1,246,736
Common stocks	4,472	1,645
Exchange traded funds	702,057	688,313
Mutual funds	3,002,871	2,958,898
Corporate bonds	18,325	20,482
Senior unsecured debt obligations	4,688,413	4,196,729
Total investments designated by Board	<u>\$ 9,662,874</u>	<u>\$ 9,112,803</u>

The Organization continually reviews its investment portfolios and evaluates whether declines in the fair value of securities should be considered other-than-temporary. Factored into this evaluation are the general market conditions, the issuer's financial condition and near-term prospects, conditions in the issuer's industry, the recommendation of investment advisors and the length of time and extent to which the market's value has been less than cost, and the ability and intent of the Organization to hold investments in the long term.

5) Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

See independent auditor's report.

Blinded Veterans Association

Notes to Financial Statements (Continued)
For the Year Ended June 30, 2019

5) Fair Value Measurements (Continued)

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2019:

Common Stocks

Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds and Exchange Traded Funds

Valued at the daily closing price as reported by the fund. Mutual funds and exchange traded funds held by the Organization are open-ended investments that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price.

Corporate Bonds

Valued at fair value based on quoted market prices for similar securities in active markets that the Organization has the ability to access at the measurement date.

Senior Unsecured Debt

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

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, although the Organization 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.

See independent auditor's report.

Blinded Veterans Association

Notes to Financial Statements (Continued)
For the Year Ended June 30, 2019

5) Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Common stocks	\$ 4,472	\$ -	\$ -	\$ 4,472
Exchange traded funds	702,057	-	-	702,057
Mutual funds	3,002,871	-	-	3,002,871
Corporate bonds	18,325	-	-	18,325
Senior unsecured debt obligations	-	4,688,413	-	4,688,413
Total investments at fair value	<u>\$ 3,727,725</u>	<u>\$ 4,688,413</u>	<u>\$ -</u>	<u>\$ 8,416,138</u>

Cash and cash equivalents of \$1,246,737 as of June 30, 2019, which are included in Investments designated by Board in the statement of financial position have been excluded from the table of investments at fair value because they are not considered recurring fair value measures.

6) Property and Equipment

Property and equipment at June 30, 2019 is comprised of the following:

Furniture and equipment	\$ 135,592
Building	<u>2,040,911</u>
	2,176,503
Less: accumulated depreciation	<u>110,043</u>
Total property and equipment, net	<u>\$ 2,066,460</u>

Depreciation expense for the year ended June 30, 2018 was \$43,899.

7) Operating Leases

The Organization leases a building and office equipment under operating leases expiring through September 2019. Rent expense of \$149,214 pertaining to the building lease is included in management and general expenses on the statement of activities for the year ended June 30, 2019. There are various operating leases for office equipment ranging in expiration dates from December 2019 to August 2022. The equipment lease agreements are collateralized by the equipment. Rent expense of \$7,651 pertaining to the equipment leases is included in management and general expenses on the statement of activities for the year ended June 30, 2019.

See independent auditor's report.

Blinded Veterans Association

Notes to Financial Statements (Continued)
For the Year Ended June 30, 2019

7) Operating Leases (Continued)

Future minimum lease payments under noncancelable operating leases for the year ended June 30, 2018 are as follows:

<u>Years ending June 30,</u>	<u>Building</u>	<u>Equipment</u>	<u>Total</u>
2020	\$ 38,042	\$ 6,514	\$ 44,556
2021	-	5,025	5,025
2022	-	3,972	3,972
2023	-	662	662
	<u>\$ 38,042</u>	<u>\$ 16,173</u>	<u>\$ 54,215</u>

8) Retirement Benefits

The Organization participates in a tax deferred plan for the benefit of its employees under Section 403(b) of the Internal Revenue Code. The Organization provides a matching contribution equal to 25% of participating employee contributions with a maximum at 4% of annual salary. The retirement expense for the year ended June 30, 2019 was \$2,072.

9) Allocation of Joint Costs

The Organization conducts mail campaigns that include requests for contributions, as well as program components. The costs of conducting those campaigns included joint costs totaling \$539,395 in 2019, which are not specifically attributable to particular components of the activities. These joint costs were allocated as follows:

Management and general	\$ 2,068
Program services	287,453
Fundraising	234,874
	<u>\$ 524,395</u>

10) Board-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 Organization. The Board determines the amount of the funds to be invested and has established a cash reserve requirement equal to, at a minimum, the current year's operating budget. During the year ended June 30, 2019, the Organization transferred \$4,161,951 from the Building Fund into the Investment Fund to facilitate the acquisition of a new building and for other investments. At June 30, 2019, the investment fund balance was \$8,515,075.

See independent auditor's report.

Blinded Veterans Association

Notes to Financial Statements (Continued)
For the Year Ended June 30, 2019

10) Board-designated Net Assets (Continued)

Life membership fund

Life and associate membership dues paid to the Organization are placed in the Life Membership Fund. Net earnings are divided among the various regional groups in good standing. At June 30, 2019, apportionment of net earnings and life membership dues refunds to regional groups was \$53,050 and the life membership fund balance was \$1,135,029.

Building fund

Established for the purpose of constructing or purchasing a building for the Organization's national headquarters. Net earnings are added to the principal of the fund. On January 24, 2019, the Organization purchased three condo units (building) to be used as the new site of the Organization's national headquarters. During the year ended June 30, 2019, the building fund transferred \$4,161,951 to the investment fund to fund the acquisition of the new building with a cost of \$2,040,911 and the balance of the transfer to be added to the investment fund. At June 30, 2019, the security deposit receivable was \$10,833 and the building fund balance was \$12,770.

11) Net Assets

The Organization's net assets without donor restrictions and net assets with donor restrictions are comprised of the following as of June 30, 2019:

With donor restrictions	
Purpose restricted	\$ 200,648
Without donor restrictions	
Designated by Board for investing	8,515,075
Designated by Board for life membership fund	1,081,979
Designated by Board for building	12,770
Total without donor restrictions	9,609,824
Undesignated	2,369,999
Total without donor restrictions	11,979,823
Total net assets	\$ 12,180,471

See independent auditor's report.

Blinded Veterans Association

Notes to Financial Statements (Continued)
For the Year Ended June 30, 2019

11) Net Assets (Continued)

Further, net assets with donor restrictions were designated as follows:

	Operation peer support	Direct program activities	Total
Balance at June 30, 2018	\$ 119,227	\$ 58,894	\$ 178,121
Contributions	99,889	-	99,889
Releases	(76,527)	(835)	(77,362)
Balance at June 30, 2019	<u>\$ 142,589</u>	<u>\$ 58,059</u>	<u>\$ 200,648</u>

Releases from donor restrictions, as noted above, occurred as purpose restricted donations were expended specifically for the purposes of the operation peer support program and other direct program activities.

12) Concentration of Credit Risk

The Organization maintains cash balances at one financial institution. These balances may, from time to time, exceed amounts insured by the Federal Deposit Insurance Corporation. At June 30, 2019, the cash balances exceeded the federally insured limits by \$68,827.

13) Liquidity Analysis

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Financial assets held at year end:

Cash and cash equivalents	\$ 334,316
Promises to give	267,218
Accounts receivable, other	47,806
Investments	<u>9,662,874</u>
Total financial assets	<u>10,312,214</u>
Less: board-designated or donor imposed restrictions:	
Board-designated restrictions:	
Investment fund	(8,515,075)
Life membership fund	(1,081,979)
Building fund	(12,770)
Donor imposed restrictions:	
Operation peer support	(142,589)
Direct program activities	<u>(58,059)</u>
Financial assets with restrictions	<u>(9,810,472)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 501,742</u>

See independent auditor's report.

Blinded Veterans Association

Notes to Financial Statements (Continued)
For the Year Ended June 30, 2019

13) Liquidity Analysis (Continued)

The Organization's investments consist of board-designated investments. The use of these assets is limited to the spending policy for which they were designated and may be available for general expenditure (see Note 11). Upon approval of the board, the Organization may utilize the investment funds in excess of the spending policy and therefore these investments are available for general expenditure.

The Organization invests cash in excess of daily requirements in short-term investments. Although the Organization does not intend to spend from the investment fund other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its investment fund could be made available if necessary, with the approval from the Board of Directors.

14) Subsequent Events

Management has evaluated events and transactions subsequent to the statement of financial position date for potential recognition or disclosure through the date of the independent auditor's report, the date the financial statements were available to be issued. No significant events have been identified that would require recognition or disclosure in the accompanying financial statements.

See independent auditor's report.