

Blinded Veterans Association

Financial Statements

Year Ended June 30, 2017, with Comparative Totals for 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, 2017, 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, 2017, 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 2016 financial statements, and our report dated December 13, 2016, 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, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Dixon Hughes Goodman LLP

**Tysons, Virginia
November 28, 2017**

Blinded Veterans Association
Statement of Financial Position
June 30, 2017, with Comparative Totals for 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 604,362	\$ 1,089,594
Promises to give	646,872	242,828
Inventories	1,782	2,276
Accounts receivable, building fund	10,833	10,833
Accounts receivable, other	2,170	6,217
Prepaid expenses	76,700	218,155
	<u>1,342,719</u>	<u>1,569,903</u>
Total current assets		
Property and equipment	112,218	112,218
Less, accumulated depreciation	<u>(44,146)</u>	<u>(21,703)</u>
	<u>68,072</u>	<u>90,515</u>
Property and equipment, net		
Other assets:		
Investments designated by Board for:		
Investment Fund	6,162,174	6,059,373
Life Membership Fund	1,108,664	1,142,208
Building Fund	<u>4,181,448</u>	<u>4,067,631</u>
	<u>11,452,286</u>	<u>11,269,212</u>
Total other assets		
	<u>\$ 12,863,077</u>	<u>\$ 12,929,630</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 218,594	\$ 200,641
Accrued expenses	<u>91,763</u>	<u>86,376</u>
	<u>310,357</u>	<u>287,017</u>
Total current liabilities		
Net assets:		
Unrestricted:		
Undesignated	863,288	1,198,212
Board designated	11,424,217	11,198,724
Temporarily restricted	<u>265,215</u>	<u>245,677</u>
	<u>12,552,720</u>	<u>12,642,613</u>
Total net assets		
	<u>\$ 12,863,077</u>	<u>\$ 12,929,630</u>

See accompanying notes.

Blinded Veterans Association
Statement of Activities
Year Ended June 30, 2017, with Comparative Totals for 2016

	2017			Total	2016 Total
	Unrestricted Undesignated	Unrestricted Designated	Temporarily Restricted		
Revenue and support:					
Contributions	\$ 5,663,032	\$ 13,006	84,592	\$ 5,760,630	\$ 4,594,704
Convention revenue	58,539	-	88,242	146,781	127,627
Less: direct costs for convention	(52,546)	-	-	(52,546)	(60,354)
Golf tournament revenue	-	-	49,848	49,848	58,354
Less: direct costs for golf tournament	-	-	(29,230)	(29,230)	(27,263)
Investment return	-	861,678	-	861,678	(104,484)
Other revenue	116,410	-	-	116,410	163,833
	5,785,435	874,684	193,452	6,853,571	4,752,417
Net assets released from restrictions:					
Satisfaction of restrictions	173,914	-	(173,914)	-	-
Total revenue and support	5,959,349	874,684	19,538	6,853,571	4,752,417
Expenses:					
Program services:					
Field service programs	1,348,965	-	-	1,348,965	1,557,041
Education	4,779,757	49,191	-	4,828,948	3,822,956
Total program services	6,128,722	49,191	-	6,177,913	5,379,997
Supporting services:					
Fundraising	695,000	-	-	695,000	703,547
Management and general	70,551	-	-	70,551	82,630
Total supporting services	765,551	-	-	765,551	786,177
Total expenses	6,894,273	49,191	-	6,943,464	6,166,174
Change in net assets	(934,924)	825,493	19,538	(89,893)	(1,413,757)
Transfers	600,000	(600,000)	-	-	-
Net assets, beginning of year	1,198,212	11,198,724	245,677	12,642,613	14,056,370
Net assets, end of year	\$ 863,288	\$ 11,424,217	\$ 265,215	\$ 12,552,720	\$ 12,642,613

See accompanying notes.

Blinded Veterans Association
Statement of Functional Expenses
Year Ended June 30, 2017, with Comparative Totals for 2016

	2017								2016 Total
	Program Services			Supporting Services					
	Field Service Programs	Education	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total		
Salaries and wages	\$ 377,490	\$ 284,546	\$ 662,036	\$ 33,022	\$ 459,863	\$ 492,885	\$ 1,154,921	\$ 1,173,371	
Payroll taxes	34,995	20,111	55,106	925	42,586	43,511	98,617	111,997	
Employee benefits	130,975	65,151	196,126	23,129	60,061	83,190	279,316	251,797	
Advertising	23	13,042	13,065	-	-	-	13,065	-	
Awards and grants	-	13,550	13,550	-	-	-	13,550	13,650	
Building maintenance	-	-	-	-	4,079	4,079	4,079	6,596	
BVA bulletin	-	66,249	66,249	-	-	-	66,249	55,935	
Conventions and meetings	810	-	810	-	4,656	4,656	5,466	2,622	
Employee training	750	-	750	-	645	645	1,395	1,906	
Insurance	-	-	-	-	28,150	28,150	28,150	12,428	
Office expense and supplies	2,300	2,661	4,961	196	10,243	10,439	15,400	14,905	
Payroll service	-	-	-	-	6,193	6,193	6,193	6,307	
Permits and licenses	-	-	-	8,770	1,079	9,849	9,849	5,129	
Postage and shipping	-	41,136	41,136	24,043	13,459	37,502	78,638	93,771	
Printing and stationery	897	36,855	37,752	38,525	7,779	46,304	84,056	115,355	
Professional fees	31,161	52,056	83,217	70,795	145,910	216,705	299,922	392,847	
Public relations	6,853	3,083,626	3,090,479	400	4,824	5,224	3,095,703	2,209,765	
Rental and equipment	16,276	2,281	18,557	-	17,740	17,740	36,297	31,369	
Repairs and maintenance	113	8,262	8,375	-	30,336	30,336	38,711	61,592	
Occupancy expense	-	-	-	-	142,069	142,069	142,069	136,890	
Stipend - Blind Center	9,214	-	9,214	-	-	-	9,214	10,975	
Board liaison	-	-	-	-	1,024	1,024	1,024	-	
Staff recruitment	141	-	141	-	-	-	141	6,168	
Subscriptions and dues	254	7,209	7,463	-	6,394	6,394	13,857	13,798	
Telephone and communications	-	-	-	-	6,705	6,705	6,705	6,205	
Website design	-	850	850	-	9,350	9,350	10,200	14,513	
Travel	94,586	1,211	95,797	349	49,782	50,131	145,928	153,277	
Utilities	-	-	-	-	(1,107)	(1,107)	(1,107)	(215)	
Bank charges	830	2,113	2,943	2,423	5,867	8,290	11,233	27,698	
Apportionment of Life Membership Fund investment income	-	46,299	46,299	-	-	-	46,299	79,335	
Apportionment of annual dues	-	158	158	-	-	-	158	1,139	
Direct mail - data processing	-	97,671	97,671	55,940	1,371	57,311	154,982	174,430	
Direct mail - donation processing	-	18,343	18,343	10,505	257	10,762	29,105	47,440	
Direct mail - list rental	-	46,562	46,562	26,668	653	27,321	73,883	52,205	
Direct mail - mailing service	-	267,597	267,597	153,266	3,757	157,023	424,620	462,458	
Direct mail - postage	-	264,512	264,512	151,499	3,714	155,213	419,725	316,689	
Direct mail - creative	-	11,091	11,091	6,352	155	6,507	17,598	30,820	
Direct mail- contractor	-	54,078	54,078	30,973	759	31,732	85,810	51,889	
Indirect cost allocation	627,966	315,040	943,006	56,030	(999,036)	(943,006)	-	-	
Total expenses before depreciation	1,335,634	4,822,260	6,157,894	693,810	69,317	763,127	6,921,021	6,147,056	
Depreciation	13,331	6,688	20,019	1,190	1,234	2,424	22,443	19,118	
Total expenses	\$ 1,348,965	\$ 4,828,948	\$ 6,177,913	\$ 695,000	\$ 70,551	\$ 765,551	\$ 6,943,464	\$ 6,166,174	

See accompanying notes.

Blinded Veterans Association**Statement of Cash Flows****Year Ended June 30, 2017, with Comparative Totals for 2016**

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ (89,893)	\$ (1,413,757)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	22,443	19,118
Contribution of marketable securities	(198)	(3,873)
Net realized and unrealized (gain) loss on investments	(541,771)	544,510
Change in:		
Promises to give	(404,044)	426,689
Accounts receivable	4,047	17,927
Inventories	495	810
Prepaid expenses	141,455	(141,857)
Accounts payable and accrued expenses	23,340	(44,222)
Net cash used in operating activities	<u>(844,126)</u>	<u>(594,655)</u>
Cash flows from investing activities:		
Purchase of property and equipment	-	(21,705)
Purchase and reinvestment of investments	(2,052,157)	(2,224,230)
Proceeds from redemption and sale of investments	2,411,051	3,272,060
Net cash provided by investing activities	<u>358,894</u>	<u>1,026,125</u>
Net change in cash and cash equivalents	<u>(485,232)</u>	<u>431,470</u>
Cash and cash equivalents, beginning of year	<u>1,089,594</u>	<u>658,124</u>
Cash and cash equivalents, end of year	<u>\$ 604,362</u>	<u>\$ 1,089,594</u>
Supplemental disclosure of noncash investing activities:		
Contribution of marketable securities	<u>\$ 198</u>	<u>\$ 3,873</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 \$265,215 and \$245,677 at June 30, 2017 and 2016, 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, 2017 and 2016.

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 \$646,872 and \$242,828 at June 30, 2017 and 2016, 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, 2017 and 2016, 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. Advertising costs for the year ended June 30, 2017 and 2016 were \$13,065 and \$0, respectively.

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, 2017 and 2016.

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.

Reclassifications

Certain reclassifications have been made to the 2016 financial statements to conform to the 2017 financial statement presentation. Such reclassifications have no effect on the change in net assets as previously reported.

Subsequent events

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through November 28, 2017, the date the financial statements were available to be issued. See Footnote 15 for a description of litigation involving the Association subsequent to year end.

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, 2017 and 2016, amounts payable to the various regional groups for annual dues were \$36 and \$1,854, respectively, and amounts payable for designated investment earnings were \$40,798 and 81,322, 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);

**Blinded Veterans Association
Notes to Financial Statements**

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.

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, 2017 and 2016.

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.

The following tables set forth by level, within the fair value hierarchy, the Association's assets at fair value as of June 30, 2017 and 2016:

	Assets at Fair Value as of June 30, 2017			
	Level 1	Level 2	Level 3	Total
Common stock	\$ 606,243	\$ -	\$ -	\$ 606,243
Mutual funds – debt:				
Short-term bond	1,866,865	-	-	1,866,865
Convertible	214,664	-	-	214,664
Mutual funds – equity:				
Large value	1,413,527	-	-	1,413,527
Large growth	847,393	-	-	847,393
Large blend	240,128	-	-	240,128
Medium growth	2,874,867	-	-	2,874,867
Small growth	455,302	-	-	455,302
Preferred fixed rate capital securities	22,030	-	-	22,030
Corporate bond	68,052	-	-	68,052
Index traded fund	342,905	-	-	342,905
Senior unsecured debt obligations	-	2,415,413	-	2,415,413
	<u>\$ 8,951,976</u>	<u>\$ 2,415,413</u>	<u>\$ -</u>	<u>\$ 11,367,389</u>

**Blinded Veterans Association
Notes to Financial Statements**

	Assets at Fair Value as of June 30, 2016			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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	-	2,126,248	-	2,126,248
	<u>\$ 8,956,017</u>	<u>\$ 2,126,248</u>	<u>\$ -</u>	<u>\$ 11,082,265</u>

5. Investments

Investments consisted of the following:

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 84,897	\$ 186,947
Common stock	606,243	641,599
Mutual funds	7,912,746	7,986,100
Preferred fixed rate capital securities	22,030	46,318
Corporate bonds	68,052	19,375
Index traded funds	342,905	262,625
Senior unsecured debt	2,415,413	2,126,248
	<u>\$ 11,452,286</u>	<u>\$ 11,269,212</u>

Investment return consisted of the following:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 319,904	\$ 440,026
Realized and unrealized gains (losses)	541,771	(544,510)
	<u>\$ 861,678</u>	<u>\$ (104,484)</u>

**Blinded Veterans Association
Notes to Financial Statements**

6. Property and Equipment

Property and equipment consisted of the following:

	<u>2017</u>	<u>2016</u>
Furniture and equipment	\$ 112,218	\$ 112,218
Less – accumulated depreciation	<u>44,146</u>	<u>21,703</u>
	<u>\$ 68,072</u>	<u>\$ 90,515</u>

Depreciation expense for 2017 and 2016 was \$22,443 and \$19,118, respectively.

7. Leases

The Association leases a building and office equipment under operating leases expiring through January 2020. There are various operating leases for office equipment ranging in expiration dates from July 2017 to August 2022. 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>
2018	\$ 145,227	\$ 7,604	\$ 152,831
2019	149,583	7,651	157,234
2020	88,765	6,514	95,279
2021	-	5,025	5,025
2022	-	3,972	3,972
Thereafter	<u>-</u>	<u>662</u>	<u>662</u>
	<u>\$ 383,575</u>	<u>\$ 31,428</u>	<u>\$ 415,003</u>

For 2017 and 2016, rent expense was \$142,069 and \$136,890, respectively. Equipment lease expense for 2017 and 2016 was \$11,244 and \$11,946, 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 2017 and 2016 was \$7,781 and \$6,282, 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 \$1,205,734 and \$1,084,041 in 2017 and 2016, 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>2017</u>	<u>2016</u>
Management and general	\$ 10,670	\$ 10,572
Program services	759,856	653,925
Fundraising	<u>435,208</u>	<u>419,544</u>
	<u>\$ 1,205,734</u>	<u>\$ 1,084,041</u>

10. Accrued Expenses

Accrued expenses consisted of the following:

	<u>2017</u>	<u>2016</u>
Accrued vacation	\$ 66,621	\$ 61,661
Other accrued expenses	<u>25,142</u>	<u>24,715</u>
	<u>\$ 91,763</u>	<u>\$ 86,376</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 \$3,139,274 and \$2,369,932 in 2017 and 2016, 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 2017 or 2016. At June 30, 2017 and 2016, the Investment Fund balance was \$6,162,268 and \$6,059,373, 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, 2017, apportionment of net earnings due to regional groups was \$40,798 and the Life Membership Fund balance was \$1,069,670. 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.

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, 2017 and 2016, the Building Fund balance was \$4,192,279 and \$4,078,464, respectively.

**Blinded Veterans Association
Notes to Financial Statements**

13. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following programs:

	<u>2017</u>	<u>2016</u>
Operation Peer Support	\$ 123,265	\$ 114,709
Direct program activities	51,700	50,750
Convention fund	<u>90,250</u>	<u>80,218</u>
	<u>\$ 265,215</u>	<u>\$ 245,677</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 2016, from which the summarized information was derived.

15. Subsequent Matter

Subsequent to June 30, 2017, employment-related claims were made against the Association by an employee whose employment was terminated after year-end. Management believes any ultimate liability from the final resolution of these claims will not have a material effect on the Association's financial position.