NEVADA BLIND CHILDREN'S FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

(WITH INDEPENDENT AUDITOR’S REPORT THEREON)
NEVADA BLIND CHILDREN’S FOUNDATION

FOR THE YEAR ENDED JUNE 30, 2014

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INDEPENDENT AUDITOR’S REPORT

To the Board of Directors
Nevada Blind Children’s Foundation

We have audited the accompanying financial statements of Nevada Blind Children’s Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, 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.
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nevada Blind Children's Foundation as of June 30, 2014, 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.

Bradshaw, Smith & Co., LLP

Las Vegas, Nevada
March 18, 2015
NEVADA BLIND CHILDREN'S FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2014

ASSETS

Current assets:
Cash and cash equivalents $ 251,615
Contributions receivable, net of allowance for doubtful pledges of $10,000 15,500
Grant receivable 5,000
Prepaid rent 4,877
Other receivables 893
Total current assets 277,885

Refundable rent deposit 4,611
Capitalized development costs 19,661
Board-designated endowment fund 56,136
Property and equipment, net 34,604

$ 392,897

LIABILITIES AND NET ASSETS

Current liabilities:
Accounts payable $ 3,383
Accrued expenses 9,267
Total current liabilities 12,650

Net assets:
Unrestricted net assets:
Board-designated endowment fund 56,136
Undesignated 324,111
380,247

$ 392,897

The Notes to Financial Statements are an integral part of this statement.
NEVADA BLIND CHILDREN’S FOUNDATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

<table>
<thead>
<tr>
<th>Revenues, contributions, and grants:</th>
<th>Unrestricted</th>
<th>Board-Designated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Undesignated</td>
<td>Endowment Fund</td>
<td></td>
</tr>
<tr>
<td>Special events and activities</td>
<td>$ 327,246</td>
<td>$ -</td>
<td>$ 327,246</td>
</tr>
<tr>
<td>Less: Costs of direct benefits to donors</td>
<td>(94,073)</td>
<td></td>
<td>(94,073)</td>
</tr>
<tr>
<td>Net revenues from special events</td>
<td>233,173</td>
<td>-</td>
<td>233,173</td>
</tr>
<tr>
<td>Corporate grants</td>
<td>75,000</td>
<td>-</td>
<td>75,000</td>
</tr>
<tr>
<td>Contributions</td>
<td>25,836</td>
<td>-</td>
<td>25,836</td>
</tr>
<tr>
<td>Donations in-kind</td>
<td>5,241</td>
<td>-</td>
<td>5,241</td>
</tr>
<tr>
<td>Other income, net:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>260</td>
<td>1,203</td>
<td>1,463</td>
</tr>
<tr>
<td>Realized and unrealized gain on investments</td>
<td>-</td>
<td>5,870</td>
<td>5,870</td>
</tr>
<tr>
<td>Total revenues, contributions, and grants</td>
<td>339,510</td>
<td>7,073</td>
<td>346,583</td>
</tr>
</tbody>
</table>

| Expenses:                          |              |                  |       |
| Program services                   | 201,293      | -                | 201,293 |
| Supporting services:               |              |                  |       |
| Fundraising                         | 66,954       | -                | 66,954 |
| Management and general             | 23,245       | -                | 23,245 |
| Total supporting services          | 90,199       | -                | 90,199 |
| Total expenses                     | 291,492      | -                | 291,492 |

| Increase in net assets             | 48,018       | 7,073            | 55,091 |
| Net assets at beginning of year    | 276,093      | 49,063           | 325,156 |
| Net assets at end of year          | $ 324,111    | $ 56,136         | $ 380,247 |

The Notes to Financial Statements are an integral part of this statement.
NEVADA BLIND CHILDREN'S FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2014

<table>
<thead>
<tr>
<th></th>
<th>Program services</th>
<th>Fundraising</th>
<th>Management and general</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and benefits</td>
<td>$ 82,731</td>
<td>$ 21,227</td>
<td>$ 15,784</td>
<td>$ 119,742</td>
</tr>
<tr>
<td>Rent and utilities</td>
<td>56,228</td>
<td>3,124</td>
<td>3,124</td>
<td>62,476</td>
</tr>
<tr>
<td>Special events</td>
<td>-</td>
<td>33,810</td>
<td>-</td>
<td>33,810</td>
</tr>
<tr>
<td>Specialty therapists and supplies</td>
<td>27,115</td>
<td>-</td>
<td>-</td>
<td>27,115</td>
</tr>
<tr>
<td>Professional services</td>
<td>10,547</td>
<td>1,347</td>
<td>1,347</td>
<td>13,241</td>
</tr>
<tr>
<td>Depreciation</td>
<td>11,977</td>
<td>-</td>
<td>630</td>
<td>12,607</td>
</tr>
<tr>
<td>Office and equipment</td>
<td>6,552</td>
<td>3,400</td>
<td>345</td>
<td>10,297</td>
</tr>
<tr>
<td>Insurance</td>
<td>3,625</td>
<td>-</td>
<td>1,553</td>
<td>5,178</td>
</tr>
<tr>
<td>Events</td>
<td>-</td>
<td>4,046</td>
<td>-</td>
<td>4,046</td>
</tr>
<tr>
<td>Other</td>
<td>2,056</td>
<td>-</td>
<td>-</td>
<td>2,056</td>
</tr>
<tr>
<td>Education and training</td>
<td>462</td>
<td>-</td>
<td>462</td>
<td>924</td>
</tr>
</tbody>
</table>

$ 201,293 $ 66,954 $ 23,245 $ 291,492

The Notes to Financial Statements are an integral part of this statement.
NEVADA BLIND CHILDREN'S FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

Cash flows from operating activities:
Increase in net assets $ 55,091
Adjustments to reconcile increase in net assets to net cash provided by operating activities:
   Depreciation 12,607
   Net increase in investments at fair market value (7,073)
Changes in operating assets and liabilities:
   Increase in contribution receivables (13,950)
   Increase in grant receivables (5,000)
   Increase in prepaid rent (266)
   Increase in other receivables (893)
   Decrease in accounts payable and accrued expenses (12,004)
Net cash provided by operating activities 28,512

Cash flows from investing activities:
Capitalized development costs (19,661)
Net cash used in investing activities (19,661)

Increase in cash and cash equivalents 8,851

Cash and cash equivalents:
   Beginning of year 242,764
   End of year $ 251,615

The Notes to Financial Statements are an integral part of this statement.
NEVADA BLIND CHILDREN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

1. Nature of activities and significant accounting policies:

   Organization and purpose:

   Nevada Blind Children’s Foundation (NBCF) is a not-for-profit corporation established on March 2, 2006. The Organization’s purpose is to provide information and services that enable families, health care professionals, and the community to understand and meet the unique needs of infants and children who are blind or visually impaired. NBCF’s mission is fulfilled through the following services provided primarily in the Southern Nevada region:

   - Providing educational and therapeutic services to children (whose vision is their primary obstacle to learning) without discrimination to race, national or ethnic origin, sex or religious preference;
   - Providing specialty resources, braille, and electronic library;
   - Providing information and support to families for the purpose of increasing parents appreciation and respect for their child’s unique potential and empowering families to advocate for their child; and
   - Collaborating with schools, community agencies and others in order to enable children who are blind to successfully transition into other educational settings and develop optimally.

   Basis of preparation:

   The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

   NBCF follows Accounting Standards Codification (“ASC”) 958 relating to not-for-profit entities. As such, the financial statements are presented on the basis of unrestricted, temporarily restricted, and permanently restricted net assets. As of June 30, 2014, all of NBCF’s net assets were unrestricted. Of the unrestricted net assets, $56,136 was a board-designated endowment fund and the remaining of $324,111 was undesignated.

   Cash and cash equivalents and concentration of risk:

   Cash and cash equivalents consist of highly liquid investments, with maturities of three months or less. NBCF maintains its cash in bank deposit accounts which, at times may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. NBCF has not experienced any losses in such accounts.
1. Nature of activities and significant accounting policies (continued):

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. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Contributions receivable:

Contributions receivable that are expected to be collected in future years are recorded at fair value. Contributions receivable are expected to be collected within twelve months from year end. Contributions receivable are reflected net of an allowance for uncollectible amounts based on management’s judgment and analysis of the creditworthiness of the donors, past payment experience, and other relevant factors.

NBCF’s allowance for uncollectible pledges is based on prior years' experience and management's analysis of specific pledges made. As of June 30, 2014, management estimated an allowance of $10,000 was reasonable.

Property and equipment:

Property and equipment are recorded at acquisition cost, including costs necessary to get the asset ready for its intended use. All donated property and equipment are recorded at their fair market value at the time of donation. Depreciation is provided over the useful lives of the depreciable assets. Leasehold improvements are depreciated over the lesser of the term of the related lease or the estimated useful life of the improvements. Depreciation expense of assets is provided on a straight-line basis over the estimated useful lives of the respective assets, as follows:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Estimated Useful Lives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>5 years</td>
</tr>
<tr>
<td>Computer hardware and software</td>
<td>3-5 years</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>3 years</td>
</tr>
</tbody>
</table>

Maintenance and repair costs are charged to expense as incurred. The cost and accumulated depreciation for property and equipment sold or otherwise disposed of is removed from the accounts and the gain or loss thereon is credited or charged to operations.

Capitalized development costs:

Capitalized development costs at June 30, 2014, consisted of architecture costs related to the design of the learning center. All costs directly and indirectly associated with the acquisition, development, and construction of the learning center will be capitalized.
NEVADA BLIND CHILDREN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

1. Nature of activities and significant accounting policies (continued):

Net assets:

Net assets, revenues and gains, and expenses are classified as permanently restricted, temporarily restricted and unrestricted based on the existence or absence of donor-imposed restrictions. These classifications are defined as follows:

- Permanently restricted net assets consist of the principal amount of gifts which are required by donors to be permanently retained.
- Temporarily restricted net assets contain donor-imposed restrictions that permit us to use or expend the donated assets as specified and are satisfied either by the passage of time or by actions of NBCF.
- Unrestricted net assets do not contain donor restrictions or the donor-imposed restrictions have expired.

Contributions:

Unconditional promises to give are recognized as revenue when the underlying promises are received. Gifts of cash and other assets are reported as temporarily restricted contributions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as a satisfaction of program restrictions.

Temporarily restricted contributions which are both received and released within the same year are recorded as an increase in temporarily restricted net assets and as a satisfaction of program restrictions.

Contributed services:

A substantial number of volunteers have made significant contributions of their time to NBCF’s program and supporting services. The value of this contributed time is not reflected in financial statements since it does not require a specialized skill. However, certain other contributed services that require specialized skills, where provided by individuals possessing those skills and otherwise needing to be purchased if not provided by donation, are recognized as revenue and expenses. Such amounts, which are included in the accompanying statements of activities and changes in net assets, totaled $10,040 for the year.
NEVADA BLIND CHILDREN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

1. Nature of activities and significant accounting policies (continued):

Special events:

NBCF holds an annual Ladybug Ball, which is a fundraising event. Sponsorships and ticket sales for the event are reported on a gross amount. The costs of direct benefits to donors, which are principally food, drink, and entertainment, are reported as a deduction from the special event revenues. Other direct costs of the event, such as event coordinators and advertising and printing are allocated to fundraising expenses. In addition to the sponsorships and ticket sales, the event generates revenues from an auction and other donations.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results may differ from estimates.

Tax status:

NBCF is exempt from federal income taxation under Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, pursuant to a determination letter received from the Internal Revenue Service. In addition, NBCF qualifies for the charitable contribution deduction under Section 170(b)(1)(A).

NBCF's Forms 990, Return of Organization Exempt from Income Tax, generally remain subject to examination by the IRS for three years after they were filed.

Subsequent events:

NBCF has evaluated subsequent events through March 18, 2015, which is the date the financial statements were available to be issued. There were no subsequent events that require adjustments to or disclosure in the financial statements.
2. Property and equipment:

Property and equipment at June 30, 2014 consisted of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer equipment</td>
<td>$26,778</td>
</tr>
<tr>
<td>Equipment</td>
<td>6,640</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>5,733</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>18,452</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>57,603</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>22,999</td>
</tr>
<tr>
<td><strong>Total Depreciation</strong></td>
<td>22,999</td>
</tr>
<tr>
<td><strong>Total Property and Equipment</strong></td>
<td><strong>34,604</strong></td>
</tr>
</tbody>
</table>

Depreciation expense for the year ended June 30, 2014 was $12,607.

3. Investments:

In accordance with the Financial Accounting Standards Board Accounting Standards Codification the following are quantitative disclosures about the fair value measurements of assets. Fair value measurements are categorized on three levels:

Level 1 – Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Include other inputs that are directly or indirectly observable in the marketplace.

Level 3 – Unobservable inputs which are supported by little or no market activity.

Investments are the board-designated endowment fund and are managed by an affiliate organization, the Nevada Community Foundation, Inc. (NCF). The investments are pooled with master investment accounts of the NCF and are primarily invested in certificates of deposit, mutual funds, foreign securities, equities, and annuities.
NEVADA BLIND CHILDREN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

3. Investments (continued):

NBCF’s investments valued at fair value at June 30, 2014, were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Level 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash equivalent pool</td>
<td>$ 500</td>
</tr>
<tr>
<td>Pooled investments:</td>
<td></td>
</tr>
<tr>
<td>Mutual funds</td>
<td>47,641</td>
</tr>
<tr>
<td>Foreign fixed income funds</td>
<td>1,113</td>
</tr>
<tr>
<td>Other assets</td>
<td>5,480</td>
</tr>
<tr>
<td>Commodity funds</td>
<td>1,402</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 56,136</strong></td>
</tr>
</tbody>
</table>

4. Board-designated endowment fund:

NBCF established an Endowment Fund (Fund) administered by the NCF on August 1, 2007. The principle of the Fund ($50,000) is intended to be held in perpetuity while the income generated by the Fund is intended to be used for programs and operations. The principle and income can be withdrawn from the Fund with approval from three quarters of the Board of Directors of NBCF.

The fund is classified as a long-term asset on the statement of financial position because the intent of the Board is to hold the Fund for an extended time period. The net assets associated with the Fund are reported as unrestricted because there are no donor-imposed restrictions on the use of the Fund.

The composition of endowment net assets for this Fund and the changes in the endowment net assets as of and for the year ended June 30, 2014 are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment net assets, July 1 2013</td>
<td>$ 49,063</td>
</tr>
<tr>
<td>Investment return:</td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>1,203</td>
</tr>
<tr>
<td>Net appreciation</td>
<td>6,396</td>
</tr>
<tr>
<td>Investment fees and expenses</td>
<td>(526)</td>
</tr>
<tr>
<td><strong>Endowment net assets, June 30, 2014</strong></td>
<td><strong>$ 56,136</strong></td>
</tr>
</tbody>
</table>
5. Related party transactions:

During the year ended June 30, 2014, NBCF board member cash contributions in the amount of $7,801 comprised 30% of total contributions received. Event revenues from board members totaled $26,145 for the year ended June 30, 2014.

At June 30, 2014, contributions receivable include $7,500 due from board members.

6. Concentrations:

One donor accounted for 19% of contributions and one fundraising event accounted for 66% of the revenue for the year ended June 30, 2014. Five donors accounted for 100% of contributions receivable at June 30, 2014.

7. Operating lease:

NBCF leases office space under a non-cancelable operating lease which expires in February 2016. Total rent expense on the operating lease for the year ended June 30, 2014 totaled $54,562. Future minimum lease payments under the non-cancelable lease at June 30, 2014 are as follows:

<table>
<thead>
<tr>
<th>Fiscal Years</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$56,563</td>
</tr>
<tr>
<td>2016</td>
<td>44,240</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$100,803</td>
</tr>
</tbody>
</table>