

NEVADA BLIND CHILDREN'S FOUNDATION

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

NEVADA BLIND CHILDREN'S FOUNDATION

FOR THE YEAR ENDED JUNE 30, 2016

CONTENTS

	PAGE
Independent auditor's report	1-2
Financial statements:	
Statements of financial position	3
Statements of activities	4-5
Statements of functional expenses	6-7
Statements of cash flows	8
Notes to financial statements	9-15

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 statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. 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, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Bradshaw, Smith & Co., LLP

Las Vegas, Nevada
December 21, 2016

NEVADA BLIND CHILDREN'S FOUNDATION

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2016 AND 2015

ASSETS	<u>2016</u>	<u>2015</u>
Current assets:		
Cash and cash equivalents	\$ 293,215	\$ 289,432
Contributions receivable, net of allowance for doubtful accounts	25,100	4,500
Unconditional promises to give:		
Unrestricted	-	-
Restricted for booktime buddies literacy program	7,500	-
Restricted for capital costs of new learning center	20,000	-
Total current assets	<u>345,815</u>	<u>293,932</u>
Refundable rent deposit	4,611	4,611
Capitalized development costs	19,661	19,661
Unconditional promise to give restricted for capital costs of new learning center	40,000	-
Board-designated endowment fund	54,740	54,915
Property and equipment, net	<u>44,940</u>	<u>37,892</u>
	<u>\$ 509,767</u>	<u>\$ 411,011</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 4,123	\$ 3,341
Accrued expenses	16,659	16,666
Total current liabilities	<u>20,782</u>	<u>20,007</u>
Net assets:		
Unrestricted net assets:		
Board-designated endowment fund	54,740	54,915
Undesignated	366,745	336,089
Temporarily restricted net assets	<u>67,500</u>	<u>-</u>
	<u>488,985</u>	<u>391,004</u>
	<u>\$ 509,767</u>	<u>\$ 411,011</u>

NEVADA BLIND CHILDREN'S FOUNDATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Unrestricted</u>			<u>Total</u>
	<u>Undesignated</u>	<u>Board Designated</u>		
		<u>Fund</u>	<u>Temporarily Restricted</u>	
Revenues, contributions, and grants:				
Special events and activities	\$ 246,736	\$ -	\$ 60,000	\$ 306,736
Less: Costs of direct benefits to donors	(73,392)	-	-	(73,392)
Net revenues from special events	173,344	-	60,000	233,344
Corporation contributions and grants	65,099	-	-	65,099
Foundation contributions and grants	172,621	-	7,500	180,121
Individual contributions and grants	19,312	-	-	19,312
In-kind contributions	4,000	-	-	4,000
Other income, net:				
Interest and dividend income	497	1,457	-	1,954
Realized and unrealized loss on investments	-	(1,632)	-	(1,632)
Total revenues, contributions, and grants	434,873	(175)	67,500	502,198
Expenses:				
Program services	293,220	-	-	293,220
Supporting services:				
Fundraising	74,946	-	-	74,946
Management and general	36,051	-	-	36,051
Total supporting services	110,997	-	-	110,997
Total expenses	404,217	-	-	404,217
Increase in net assets	30,656	(175)	67,500	97,981
Net assets at beginning of year	336,089	54,915	-	391,004
Net assets at end of year	\$ 366,745	\$ 54,740	\$ 67,500	\$ 488,985

NEVADA BLIND CHILDREN'S FOUNDATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

	<u>Unrestricted</u>		<u>Total</u>
	<u>Undesignated</u>	<u>Board-Designated Endowment Fund</u>	
Revenues, contributions, and grants:			
Special events and activities	\$ 214,635	\$ -	\$ 214,635
Less: Costs of direct benefits to donors	(45,590)	-	(45,590)
Net revenues from special events	169,045	-	169,045
Corporation contributions and grants	15,316	-	15,316
Foundation contributions and grants	148,109	-	148,109
Individual contributions and grants	25,939	-	25,939
In-kind contributions	4,000	-	4,000
Other income, net:			
Interest and dividend income	522	1,245	1,767
Realized and unrealized loss on investments	-	(2,466)	(2,466)
Total revenues, contributions, and grants	<u>362,931</u>	<u>(1,221)</u>	<u>361,710</u>
Expenses:			
Program services	257,495	-	257,495
Supporting services:			
Fundraising	64,462	-	64,462
Management and general	28,996	-	28,996
Total supporting services	93,458	-	93,458
Total expenses	<u>350,953</u>	<u>-</u>	<u>350,953</u>
Increase in net assets	11,978	(1,221)	10,757
Net assets at beginning of year	324,111	56,136	380,247
Net assets at end of year	<u>\$ 336,089</u>	<u>\$ 54,915</u>	<u>\$ 391,004</u>

NEVADA BLIND CHILDREN'S FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Program services</u>	<u>Fund- raising</u>	<u>Management and general</u>	<u>Total</u>
Salaries and benefits	\$ 163,787	\$ 36,346	\$ 22,545	\$ 222,678
Rent and utilities	72,451	4,025	4,025	80,501
Special events	-	25,311	-	25,311
Specialty therapists and supplies	11,158	-	-	11,158
Professional services	4,678	5,000	5,297	14,975
Depreciation	13,536	-	712	14,248
Office and equipment	15,885	4,264	836	20,985
Insurance	6,149	-	2,636	8,785
Other	5,576	-	-	5,576
	<u>\$ 293,220</u>	<u>\$ 74,946</u>	<u>\$ 36,051</u>	<u>\$ 404,217</u>

NEVADA BLIND CHILDREN'S FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2015

	<u>Program services</u>	<u>Fund- raising</u>	<u>Management and general</u>	<u>Total</u>
Salaries and benefits	\$ 128,364	\$ 24,807	\$ 16,162	\$ 169,333
Rent and utilities	56,254	3,125	3,125	62,504
Special events	-	29,269	-	29,269
Specialty therapists and supplies	24,996	-	-	24,996
Professional services	4,648	5,000	5,294	14,942
Bad Debt	10,000	-	-	10,000
Depreciation	12,316	-	1,368	13,684
Office and equipment	7,309	1,761	385	9,455
Insurance	5,198	-	2,228	7,426
Other	8,410	500	434	9,344
	<u>\$ 257,495</u>	<u>\$ 64,462</u>	<u>\$ 28,996</u>	<u>\$ 350,953</u>

NEVADA BLIND CHILDREN'S FOUNDATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Increase in net assets	\$ 97,981	\$ 10,757
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	14,248	13,684
Net increase in investments at fair market value	175	1,221
Changes in operating assets and liabilities:		
(Increase) decrease in contribution receivables	(20,600)	11,000
(Increase) decrease in unconditional promises to give	(67,500)	5,000
Decrease in prepaid rent	-	4,877
Decrease in other receivables	-	893
Increase in accounts payable and accrued expenses	775	7,357
Net cash provided by operating activities	<u>25,079</u>	<u>54,789</u>
Cash flows from investing activities:		
Capitalized property and equipment	<u>(21,296)</u>	<u>(16,972)</u>
Net cash used in investing activities	<u>(21,296)</u>	<u>(16,972)</u>
Increase in cash and cash equivalents	3,783	37,817
Cash and cash equivalents:		
Beginning of year	<u>289,432</u>	<u>251,615</u>
End of year	<u>\$ 293,215</u>	<u>\$ 289,432</u>

NEVADA BLIND CHILDREN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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, 2016 and 2015, \$421,485 and \$391,044 of NBCF's net assets were unrestricted, respectively. Of the unrestricted net assets, \$57,740 and \$54,915 was a board-designated endowment fund at June 30, 2016 and 2015, respectively. \$67,500 of net assets were temporarily restricted at June 30, 2016.

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.

NEVADA BLIND CHILDREN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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, 2016 and 2015, management determined that no allowance was necessary.

Promises to give:

Contributions are recognized when the donor makes a promise to give to NBCF that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

NBCF uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

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. Such donations are reported as unrestricted contributions 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, NBCF reports expirations of donor restrictions when the donated or acquired assets are placed in service. NBCF reclassifies temporarily restricted net assets to unrestricted net assets at that time. 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:

NEVADA BLIND CHILDREN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	Estimated useful lives
Furniture and equipment	5 years
Computer hardware and software	3-5 years
Leasehold improvements	3 years

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, 2016 and 2015, consisted of architecture costs related to the design of a new learning center. All costs directly and indirectly associated with the acquisition, development, and construction of the learning center will be capitalized.

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.

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 \$4,000 for each of the years ending June 30, 2016 and 2015.

NEVADA BLIND CHILDREN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

Contributions:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

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.

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).

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.

Subsequent events:

NBCF has evaluated subsequent events through December 31, 2016, 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. Restrictions on net assets:

Temporary restrictions on net assets at June 30, 2016 include \$60,000 of funds raised through a drive to raise funds to construct a new learning center. The funds are to be received at \$20,000 per year over the next three years. Temporary restrictions on net assets at June 30, 2016 also include \$7,500 of funds to be used for the BookTime Buddies literacy program. There were no temporary restricted net assets as of June 30, 2015.

NEVADA BLIND CHILDREN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

3. Property and equipment:

Property and equipment at June 30, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Computer equipment	\$ 65,046	\$ 43,750
Equipment	6,640	6,640
Furniture and fixtures	5,733	5,733
Leasehold improvements	18,452	18,452
	<u>95,871</u>	<u>74,575</u>
Accumulated Depreciation	50,931	36,683
	<u>\$ 44,940</u>	<u>\$ 37,892</u>

Depreciation expense for the years ended June 30, 2016 and 2015 was \$14,248 and \$13,684, respectively.

4. 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.

NBCF's investments valued at fair value at June 30, 2016 and 2015, were as follows:

NEVADA BLIND CHILDREN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
	Level 1	Level 1
Cash equivalent pool	\$ 567	\$ 531
Pooled investments:		
Bond funds	16,178	-
Equity funds	14,050	-
Common stock funds	12,303	-
Foreign equity funds	10,747	-
Other assets	895	952
Mutual funds	-	53,432
	<u>\$ 54,740</u>	<u>\$ 54,915</u>

5. 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 years ended June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Endowment net assets, beginning	54,915	\$ 56,136
Investment return:		
Investment income	1,457	1,245
Net depreciation	(1,096)	(1,852)
Investment fees and expenses	(536)	(614)
Endowment net assets, ending	<u>\$ 54,740</u>	<u>\$ 54,915</u>

NEVADA BLIND CHILDREN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

6. Related party transactions:

During the years ended June 30, 2016 and 2015, NBCF board member and employee cash contributions in the totaled of \$2,120 and \$1,370, which totaled 11% and 5% of individual cash contributions, respectively. Event revenues from board members and employees totaled \$27,600 and 23,600 for the years ended June 30, 2016 and 2015, respectively.

At June 30, 2016 and 2015, contributions receivable include \$8,100 and \$1,500 due from board members, respectively.

7. Concentrations:

Three donors accounted for 52% of individual contributions and grants for the year ended June 30, 2016 while four donors accounted for 81% of individual contributions and grants for the year ended June 30, 2015.

Three donors accounted for 41% of corporation contributions and grants for the year ended June 30, 2016 while one donor accounted for 65% of corporation contributions and grants for the year ended June 30, 2015.

Two donors accounted for 92% and 95% of foundation contributions and grants for the years ended June 30, 2016 and 2015, respectively.

One company accounted for 67% of contributions receivable at June 30, 2015. One foundation and two individuals accounted for 44% of contributions receivable at June 30, 2016. Two foundations accounted for 100% of unconditional promises to give at June 30, 2016.

8. Leasing arrangements:

The facilities presently used to provide charitable services are leased under a short-term arrangement.