

**NEVADA BLIND CHILDREN'S FOUNDATION**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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FINANCIAL STATEMENTS  
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*Independent Auditor's Report*

To the Board of Directors of  
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, 2021 and 2020, 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 audits 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, 2021 and 2020, 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.

*Ellsworth & Stout, LLC*

Las Vegas, Nevada  
September 7, 2021



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**NEVADA BLIND CHILDREN'S FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 411,582	\$ 558,445
Unconditional promises to give, net	45,000	275,000
Grants receivable	19,203	-
Prepaid expenses	4,500	5,363
Total current assets	<u>480,285</u>	<u>838,808</u>
<b>Property and Equipment, net</b>	<u>3,328,858</u>	<u>103,355</u>
<b>Other Assets:</b>		
Investments	79,054	66,210
Certificates of deposit	80,033	-
Deposits and other assets	-	64,829
Total other assets	<u>159,087</u>	<u>131,039</u>
<b>Total Assets</b>	<u><u>\$ 3,968,230</u></u>	<u><u>\$ 1,073,202</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 11,902	\$ 5,735
Accrued expenses	22,798	13,708
Current maturities of long-term debt	61,039	64,019
Deferred revenue	19,200	19,200
Grant advance	-	362,041
Total current liabilities	<u>114,939</u>	<u>464,703</u>
<b>Long-Term Liabilities:</b>		
Long-term debt, net of current maturities	<u>2,424,108</u>	<u>65,044</u>
<b>Total Liabilities</b>	<u>2,539,047</u>	<u>529,747</u>
<b>Net Assets:</b>		
Without donor restrictions	1,316,501	430,717
With donor restrictions	112,682	112,738
Total net assets	<u>1,429,183</u>	<u>543,455</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 3,968,230</u></u>	<u><u>\$ 1,073,202</u></u>

*See accompanying notes to the financial statements.*

**NEVADA BLIND CHILDREN'S FOUNDATION**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Net Assets without Donor Restrictions</b>		
Revenue and other support:		
Contributions	\$ 942,067	\$ 179,723
Grants	391,244	637,959
Special events, net of expenses of \$1,727 and \$0	18,085	-
Program revenue	33,261	1,325
In-kind donations	21,096	21,146
Investment income, net of expenses of \$1,457 and \$1,226	408	2,438
Net assets released from donor restrictions	433,656	308,498
	<u>1,839,817</u>	<u>1,151,089</u>
Expenses:		
Program services	841,570	990,302
Supporting services:		
Management and general	80,582	99,209
Fundraising	173,985	144,739
	<u>1,096,137</u>	<u>1,234,250</u>
Other income:		
Net realized and unrealized gain on investments	13,041	386
Gain on extinguishment of debt	129,063	-
	<u>142,104</u>	<u>386</u>
Increase (decrease) in net assets without donor restrictions	<u>885,784</u>	<u>(82,775)</u>
<b>Net Assets with Donor Restrictions</b>		
Contributions	433,600	162,550
Net assets released from donor restrictions	<u>(433,656)</u>	<u>(308,498)</u>
Decrease in net assets with donor restrictions	<u>(56)</u>	<u>(145,948)</u>
<b>Increase (Decrease) in Net Assets</b>	885,728	(228,723)
<b>Net Assets, Beginning of Year</b>	<u>543,455</u>	<u>772,178</u>
<b>Net Assets, End of Year</b>	<u>\$ 1,429,183</u>	<u>\$ 543,455</u>

See accompanying notes to the financial statements.

**NEVADA BLIND CHILDREN'S FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2021**

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	Program Services	Management and General	Fundraising	Total
Bad debt	\$ -	\$ -	\$ 60,000	\$ 60,000
Depreciation	33,640	4,485	6,728	44,853
Insurance	17,255	1,917	-	19,172
Interest	11,965	665	665	13,295
Merchant fees	-	-	1,831	1,831
Office and other expenses	45,774	7,305	11,778	64,857
Professional services	35,791	6,100	24,899	66,790
Program expenses	43,076	-	-	43,076
Rent	155,842	8,658	8,658	173,158
Repairs and maintenance	30,905	2,049	2,336	35,290
Salaries, benefits and related expenses	441,984	48,703	51,780	542,467
Travel and conferences	5,828	-	-	5,828
Utilities	19,510	700	5,310	25,520
	<u>\$ 841,570</u>	<u>\$ 80,582</u>	<u>\$ 173,985</u>	<u>\$ 1,096,137</u>

*See accompanying notes to the financial statements.*

**NEVADA BLIND CHILDREN'S FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2020**

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	Program Services	Management and General	Fundraising	Total
Advertising	\$ 1,625	\$ -	\$ 1,083	\$ 2,708
Bad debt	-	-	6,600	6,600
Depreciation	23,111	3,082	4,622	30,815
Fundraising	-	-	9,291	9,291
Insurance	17,748	1,972	-	19,720
Merchant fees	-	-	3,044	3,044
Office and other expenses	43,225	6,482	10,526	60,233
Professional services	38,687	4,357	20,482	63,526
Program expenses	40,159	-	-	40,159
Rent	168,644	9,369	9,369	187,382
Repairs and maintenance	34,622	2,886	3,714	41,222
Salaries, benefits and related expenses	595,408	70,346	69,912	735,666
Travel and conferences	6,144	-	-	6,144
Utilities	20,929	715	6,096	27,740
	<u>\$ 990,302</u>	<u>\$ 99,209</u>	<u>\$ 144,739</u>	<u>\$ 1,234,250</u>

*See accompanying notes to the financial statements.*

**NEVADA BLIND CHILDREN'S FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities:</b>		
Increase (decrease) in net assets	\$ 885,728	\$ (228,723)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Bad debt	60,000	6,600
Depreciation	44,853	30,815
Amortization of debt issuance costs	140	-
Increase in principal on long-term debt during deferment period	3,658	-
Net realized and unrealized gain on investments	(13,041)	(386)
Gain on extinguishment of debt	(129,063)	-
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	-	12,600
(Increase) decrease in unconditional promises to give	170,000	13,400
(Increase) decrease in grants receivable	(19,203)	-
(Increase) decrease in prepaid expenses	863	(3,046)
(Increase) decrease in deposits and other assets	64,829	-
Increase (decrease) in accounts payable	6,167	(9,349)
Increase (decrease) in accrued expenses	9,090	(17,744)
Increase (decrease) in deferred revenue	-	19,200
Increase (decrease) in grant advance	(362,041)	362,041
Net cash provided by operating activities	<u>721,980</u>	<u>185,408</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	(1,030,356)	(72,126)
Net change in certificates of deposit	(80,033)	-
Proceeds from sale of investments	11,721	22,978
Purchase of investments	(11,524)	(23,651)
Net cash used in investing activities	<u>(1,110,192)</u>	<u>(72,799)</u>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from long-term debt, net of acquisition costs	243,988	129,063
Principal payments on long-term debt	(2,639)	-
Net cash provided by financing activities	<u>241,349</u>	<u>129,063</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(146,863)	241,672
<b>Cash and Cash Equivalents, Beginning of Year</b>	558,445	316,773
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 411,582</u>	<u>\$ 558,445</u>
<b><u>Supplemental disclosure of cash flow information:</u></b>		
Interest paid	<u>\$ 9,497</u>	<u>\$ -</u>
<b><u>Supplemental disclosure of non-cash investing and financing activities:</u></b>		
Acquisition of property through increase in long-term debt	<u>\$ 2,240,000</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of Nevada Blind Children's Foundation (the Foundation) is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of the Foundation's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

### **Nature of the Organization**

The Foundation was incorporated in March 2006. The mission of the Foundation is to provide the essential building blocks including extended educational curriculum, extracurricular activities, social opportunities, and transitional skills to children who are visually impaired. The Foundation's mission is fulfilled through the following services provided primarily in the Southern Nevada region:

- Removing obstacles to success by ensuring each visually impaired and/or blind child and their family has access to the basic necessities they need such as: food, personal care items, housing, transportation, family education and support;
- Providing a two-track education path for children from preschool to the age of 22;
- Providing adaptive recreation opportunities to support socialization, independence and educational goals;
- Coordinating health care providers including pediatricians, eye care professionals, and therapists, for referrals and consultations, creating a continuum of care that allows education professionals, parents, and health care professionals to work together;
- Providing life skills and vocational training, being a first place of employment, providing employer education, and transition services;
- Providing each child and his/her family with one point of contact who can work with the family and the community to ensure each child has access to the resources he/she need to thrive.

The Foundation's programs include Book/Time Buddies, Day Camp, Education Series, Fun Friday, Fund with Art Robotics, Scouting, Sensory and Therapy, Special Events, STEAM – Science Technology Engineering Art Math, Supper Summer Theatre, Tech & Task, Teen Programs, Tutoring, and What's Cooking?.

### **Basis of Presentation**

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The Foundation presents a classified statement of financial position with additional qualitative information about the availability of resources and liquidity in Note 2.

The accompanying financial statements have been presented in accordance with accounting principles generally in the United States of America applicable to not-for-profit organizations, principally Account Standards Codification (ASC) 958, *Not-for-Profit-Entities*. Under ASC 958 (as amended by Accounting Standards Update (ASU) 2016-14), the Foundation is required to report information regarding its financial position and changed in financial position according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions. The classification of net assets is based on the existence or absence of donor-imposed restrictions. Net assets are released by donor restriction by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other event specified by donors.

**NEVADA BLIND CHILDREN'S FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2021 AND 2020**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

At various times throughout the year, the Foundation maintained deposits in financial institutions which exceeded the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. The Foundation has not experienced any losses in these accounts.

**Property and Equipment**

The Foundation capitalizes significant expenditures for property and equipment at cost, generally those that exceed \$1,000. Property and equipment that are contributed to the Foundation are recorded at the approximate fair value at the date of donation. Depreciation is computed using straight line over the estimated useful lives of the assets, which range from 3 to 7 years.

**Investments**

The Foundation carries pooled investments in marketable securities with readily determinable fair values and investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that the estimated fair values may differ from the amount that might ultimately be realized and those differences could be material. Unrealized gains and losses are included in the accompanying statement of activities.

**Certificates of Deposit**

The Foundation carries certificates of deposit at cost, which approximates fair market value, based on estimates using current market rates offered for deposits with similar remaining maturities. The certificates of deposit are considered long-term since the original deposit account of \$80,000, plus any accrued interest, was used as collateral to secure the note payable to purchase a building as described in Note 6.

**Debt Issuance Costs**

Debt issuance costs are amortized over the period the obligation is outstanding using the straight-line method, which approximates the interest method. Debt issuance costs are reported on the statement of financial position as a direct deduction from the face amount of the debt. The Foundation reflects amortization of debt issuance costs as interest.

**NEVADA BLIND CHILDREN'S FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2021 AND 2020**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition**

In August 2015 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09 (Topic 606) pertaining to revenue from contracts with customers. This pronouncement was amended by ASU 2020-05 to extend the effective date of this pronouncement for non-public companies to become effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The Foundation's financial statements were not impacted by the adoption of Topic 606.

Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire (that is, when a stipulated time restriction ends or the purpose of a restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

Grant revenue may be considered a contribution, entirely an exchange transaction, or a combination of the two. If a grant is considered a contribution, it is recognized as described in the above paragraph. If a grant is considered an exchange transaction, it falls under the guidance of Topic 606 and additional steps are taken to ensure correct recording of revenue. The performance obligation is satisfied when the services outlined in the grant contract are rendered.

Program revenue is recognized at a point in time when services are performed and payment becomes receivable upon service completion.

**Contributed Materials and Services**

Generally, donated materials, if significant in amount, are recorded at their fair market value, provided the Foundation has a clearly measurable and objective basis for determining the value. In the case of materials where such values cannot reasonably be determined, the donation is not recorded.

Contributed services are recognized as contributions in accordance with the FASB Codification if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Unpaid volunteers have donated their time to the Foundation's programs. The value of such services has not been reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition as contributed services. The fair values of in-kind contributions are summarized as follows as of June 30:

	<u>2021</u>	<u>2020</u>
Donated goods	\$ 6,259	\$ 6,091
Professional services	14,837	15,055
	<u>\$ 21,096</u>	<u>\$ 21,146</u>

In addition, unpaid volunteers donated their time to the Foundation. The value of such services has not been reflected in the financial statements since the volunteers' time does not meet the criteria for recognition as contributed services.

**NEVADA BLIND CHILDREN'S FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2021 AND 2020**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes**

In December 2006, the Foundation received notification from the Internal Revenue Service that the Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as a public charity under Sections 509(a)(1) and 170(b)(1)(A)(vi). Therefore, no provision for income taxes is made in the accompanying financial statements. The Foundation is no longer subject to potential income tax examinations by tax authorities for years before 2018.

**Allocation Methodology**

The statement of functional expenses presents expenditures by both their nature and their function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated based on management's estimate of time and effort, except for bad debt, fundraising, merchant fees, program expenses, and travel and conference expenses that are direct expenses.

**Advertising**

Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2021 and 2020, was \$0 and \$2,708, respectively.

**New Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which, among other things, requires the recognition of lease assets and lease liabilities by lessees, including for those leases classified as operating leases under previous GAAP, along with the disclosure of key information about leasing arrangements. When effective, the ASU will supersede FASB ASC 840, Leases, and add Topic 842, Leases, to the FASB ASC. The ASU is effective for most nonprofit organizations for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted. In addition to replacing FASB ASC 840 with FASB ASC 842, the ASU amends and supersedes other Topics throughout the FASB ASC. Management has not yet evaluated the effects of this standard on the Foundation's financial statements.

**NOTE 2 – LIQUIDITY AND AVAILABILITY**

As of June 30, 2021 and 2020, the Foundation has \$343,184 and \$338,932, respectively, of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of cash and cash equivalents of \$323,981 and \$99,444, unconditional promises to give of \$0 and \$239,488, and grants receivable of \$19,203 and \$0. As part of the Foundation's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Contractual or donor-imposed restrictions are not available for general expenditure. Amounts not available include certificates of deposit since the original deposit account of \$80,000, plus any accrued interest, was used as collateral to secure the note payable to purchase a building as described in Note 6. Furthermore, amounts not available for general expenditure include funds set aside for investing in the board-designated endowment fund of \$79,773 that could be drawn upon if the governing board approves the action (as further discussed in Note 7 and Note 8). Although the Foundation does not intend to spend from its board-designated endowment fund other than amounts appropriated for general expenditure as part of its annual budget approval and appropriate process, amounts from its board-designated endowment fund could be made available if necessary.

**NEVADA BLIND CHILDREN'S FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2021 AND 2020**

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**NOTE 3 – UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give are recorded as receivables and revenue when received. As of June 30, 2021 and 2020, unconditional promises to give are as follows:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 45,000	\$ 275,000
Receivable in one to five years	-	-
Total unconditional promises to give	<u>\$ 45,000</u>	<u>\$ 275,000</u>

Unconditional promises to give due in more than one year are generally recognized at fair value, using present value techniques and a discount rate when the donor makes an unconditional promise to give to the Foundation. As of June 30, 2021 and 2020, no present value discount has been recorded since pledges are due in less than one year.

**NOTE 4 – PROPERTY AND EQUIPMENT**

As of June 30, 2021 and 2020, property and equipment consisted of the following:

	<u>2021</u>	<u>2020</u>
Building	\$ 2,707,778	\$ -
Computer equipment	73,089	73,090
Equipment	52,556	44,046
Furniture and fixtures	42,086	35,213
Land	515,767	-
Leasehold improvements	28,488	15,447
Musical equipment	18,390	-
Vehicles	29,995	29,995
	<u>3,468,149</u>	<u>197,791</u>
Less: accumulated depreciation	<u>(139,291)</u>	<u>(94,436)</u>
	<u>\$ 3,328,858</u>	<u>\$ 103,355</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$44,853 and \$30,815, respectively.

**NEVADA BLIND CHILDREN'S FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2021 AND 2020**

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**NOTE 5 – FAIR VALUE MEASUREMENTS**

The Foundation measures certain financial assets and liabilities at fair value on a recurring basis, and certain non-financial assets and liabilities on a nonrecurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. Fair value disclosures are reflected in a three-level hierarchy, maximizing the use of observable inputs and minimizing the use of unobservable inputs.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.

Level 2 – inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are 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 of the asset or liability.

Fair values of assets measured as of June 30, 2021 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Recurring fair value measurements:</u>				
Pooled investments:				
Bond funds	\$ 23,708	\$ -	\$ 23,708	\$ -
Limited partnerships	743	-	-	743
Money market funds	1,890	1,890	-	-
Mutual funds	52,713	52,713	-	-
	<u>\$ 79,054</u>	<u>\$ 54,603</u>	<u>\$ 23,708</u>	<u>\$ 743</u>

Fair values of assets measured as of June 30, 2020 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Recurring fair value measurements:</u>				
Pooled investments:				
Bond funds	\$ 24,392	\$ -	\$ 24,392	\$ -
Limited partnerships	695	-	-	695
Money market funds	1,669	1,669	-	-
Mutual funds	39,454	39,454	-	-
	<u>\$ 66,210</u>	<u>\$ 41,123</u>	<u>\$ 24,392</u>	<u>\$ 695</u>

**NEVADA BLIND CHILDREN’S FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2021 AND 2020**

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**NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)**

Investments are part of 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 bonds, equities, and mutual funds.

Limited partnerships are investments in limited partnerships that invest primarily in other limited partnerships for the purpose of making investments in international private equity investments, equity securities, warrants or other options that are generally not actively traded at the time of the investment. Generally, the partnership may not transfer or withdraw its investment in limited partnerships prior to their termination. Since the investments are valued using unobservable inputs and do not permit redemption at the measurement date, such investments are classified as Level 3 of the fair value hierarchy. The Foundation recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

The following table presents information about fair value measurements that use significant unobservable inputs (Level 3) for the years ended June 30:

	<u>2021</u>	<u>2020</u>
<u>Limited partnerships</u>		
Balance - Beginning of Year	\$ 695	\$ 893
Total gains or losses recognized in the change in net assets without donor restrictions:		
Change in value of limited partnerships	<u>48</u>	<u>(198)</u>
Balance - End of Year	<u>\$ 743</u>	<u>\$ 695</u>

The Board of Directors reviews and approves the Foundation’s fair value measurement policies and procedures on an as-needed basis. The Board determines if the valuation techniques used in fair value measurements are still appropriate. The policies, procedures, and valuation techniques used in fair value measurements have remained unchanged for the years ended June 30, 2021 and 2020.

**NEVADA BLIND CHILDREN'S FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
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**NOTE 6 – LONG-TERM DEBT**

As of June 30, 2021, long-term debt consisted of the following:

In August 2020, the Foundation received a loan totaling \$150,000 from the SBA through the Economic Injury Disaster Loan Program (EIDL) which was enacted on March 27, 2020. Installment payments, including principal and interest, of \$641 per month, will begin twelve months from the date of the note. Accrued interest will be added to the principal of the loan during the payment deferment period. The loan carries an interest rate of 2.75%, maturing in thirty years from the date of the note.	\$ 153,474
On April 6, 2021, the Foundation was granted a loan from a financial institution in the aggregate amount of \$110,830, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan matures in April 2026 and bears interest at a fixed rate of 1% per annum, payable monthly commencing in March 2022. Accrued interest will be added to the principal of the loan during the payment deferment period. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group healthcare benefits, mortgage payments, rent, utilities, and interest on other debt obligations. The Foundation's intent is to use the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.	111,014
Notes payable, due in monthly installments of \$12,136 with one irregular last payment estimated at \$1,625,224, with a variable interest rate not to decrease below 4.250%. The Note matures in May of 2031 and is collateralized by a) an assignment of all rents on real property located in Clark County, Nevada; b) a Deed of Trust, on real property located in Clark County, Nevada; c) an assignment of deposit account.	<u>2,220,659</u>
Total long-term debt, net of unamortized debt issuance costs of \$16,702	2,485,147
Less: current maturities	<u>(61,039)</u>
	<u><u>\$ 2,424,108</u></u>

As of June 30, long-term debt matures as follows:

2022	\$ 61,039
2023	80,323
2024	84,863
2025	91,831
2026	87,988
Thereafter	<u>2,079,103</u>
	<u><u>\$ 2,485,147</u></u>

**NEVADA BLIND CHILDREN’S FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2021 AND 2020**

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**NOTE 7 – NET ASSETS**

**Net Assets without Donor Restrictions**

As of June 30, 2021 and 2020, the Foundation’s governing board has designated, from net assets without donor restrictions of \$1,316,501 and \$430,717, respectively, net assets for the purpose of establishing a board-designated endowment fund for the long-term financial security of the Foundation and to support the mission of the Foundation of \$79,773 and \$66,744.

**Net Assets with Donor Restrictions**

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors. Net assets with donor restrictions are restricted for the following purposes as of June 30:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose and/or passage of time:		
After school program	\$ 80,000	\$ 35,512
Books	2,224	-
Camp	5,000	-
Learning center	-	62,000
Micro school	25,458	-
Other	-	5,000
Work Readiness	-	10,226
	<u>\$ 112,682</u>	<u>\$ 112,738</u>

As of June 30, 2021 and 2020, net assets with donor restrictions consist of cash and cash equivalents of \$67,682 and \$112,738, and unconditional promises to give of \$45,000 and \$0, respectively.

**NOTE 8 – ENDOWMENT**

The Board of Directors established an endowment fund (“Fund”) administered by the NCF on August 1, 2007 for the long-term security of the Foundation. As of June 30, 2021, the Board of Directors had designated \$79,773 of net assets without donor restrictions as a general endowment fund to support the mission of the Foundation. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions (as further discussed in Note 7). 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 the Foundation. 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.

Laws and regulations allow the governing board to appropriate so much of an endowment fund as is prudent considering the following relevant factors: the duration and preservation of the endowment fund, the purposes of the Foundation and the endowment fund, general economic conditions, the possible effect of inflation or deflation, the expected total return from income and the appreciation of investments, the Foundation’s other resources, and the Foundation’s investment policy.

**NEVADA BLIND CHILDREN'S FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
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**NOTE 8 – ENDOWMENT (Continued)**

The Foundation has a spending policy in which the principal is not to be spent unless it is absolutely necessary for mission critical expenditures. To achieve that objective, the Foundation has an investment policy and its primary investment goal is to minimize the risk of loss of principal while providing a reasonable level of current and future income, as well as provide for a modest appreciation of principal over time. The investment revenue earned during the year is considered unrestricted and can be used for the Foundation's programs and operations.

Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions if needed, while growing the fund if possible. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

The following table presents the composition of and changes in endowment net assets for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Board-designated endowment net assets, beginning of year	\$ 66,744	\$ 65,713
Investment income	1,445	1,944
Net depreciation	13,041	386
Amounts appropriated for expenditure	<u>(1,457)</u>	<u>(1,299)</u>
Board-designated endowment net assets, end of year	<u>\$ 79,773</u>	<u>\$ 66,744</u>

**NOTE 9 – RELATED PARTY TRANSACTIONS**

During the years ended June 30, 2021 and 2020, the Foundation's board members and employee donations totaled \$42,527 and \$46,967, which accounted for 3% and 14% of total contributions, respectively.

As of June 30, 2021 and 2020, unconditional promises to give included \$0 and \$235,000 of pledges receivable from the Foundation's board members.

**NOTE 10 – CONCENTRATIONS**

For the years ended June 30, 2021 and 2020, approximately 20% and 63%, respectively, of the Foundation's revenues was provided by the State of Nevada. Additionally, for the year ended June 30, 2021, approximately 40% of the Foundation's revenues was provided by one donor to help purchase a building. It is always considered reasonably possible that benefactors, grantors or contributors might be lost in the near term.

**NOTE 11 - CONTINGENCIES**

In March 2020, the World Health Organization officially characterized a novel strain of the coronavirus (COVID-19) as a global pandemic. Management is currently responding to the existing effects and planning for the potential future effects that the COVID-19 pandemic may have on the Foundation's operations, including the overall health of the economy and consumer spending. At the current time, management is unable to quantify the potential effects of this pandemic on the Foundation's future financial statements.

**NEVADA BLIND CHILDREN'S FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2021 AND 2020**

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**NOTE 12 – SUBSEQUENT EVENTS**

Management of the Foundation has evaluated subsequent events through September 7, 2021, the date on which the financial statements were available to be issued. No events were identified that would require additional disclosure.