

NEVADA BLIND CHILDREN'S FOUNDATION
FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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FINANCIAL STATEMENTS
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Table of Contents

Independent Auditor’s Report 1-2

Financial Statements:

 Statements of Financial Position 3

 Statements of Activities4

 Statements of Functional Expenses5-6

 Statements of Cash Flows7

Notes to the Financial Statements8-16

Independent Auditor's Report

To the Board of Directors of
Nevada Blind Children's Foundation

Opinion

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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nevada Blind Children's Foundation (the "Foundation") as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Ellsworth & Stout, LLC

Las Vegas, Nevada
October 6, 2023

NEVADA BLIND CHILDREN'S FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 113,588	\$ 763,564
Grants receivable	-	85,846
Prepaid expenses	35,000	-
Total current assets	<u>148,588</u>	<u>849,410</u>
Property and Equipment, net	<u>3,213,863</u>	<u>3,295,637</u>
Other Assets:		
Investments	74,061	69,482
Certificates of deposit	81,028	80,349
Total other assets	<u>155,089</u>	<u>149,831</u>
Total Assets	<u><u>\$ 3,517,540</u></u>	<u><u>\$ 4,294,878</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 17,998	\$ 8,448
Accrued expenses	22,526	27,212
Current maturities of long-term debt	58,593	53,836
Deferred revenue	-	19,200
Grant advance	-	595,696
Total current liabilities	<u>99,117</u>	<u>704,392</u>
Long-Term Liabilities:		
Long-term debt, net of current maturities	<u>2,055,086</u>	<u>2,116,143</u>
Total Liabilities	<u>2,154,203</u>	<u>2,820,535</u>
Net Assets:		
Without donor restrictions	1,355,231	1,437,141
With donor restrictions	8,106	37,202
Total net assets	<u>1,363,337</u>	<u>1,474,343</u>
Total Liabilities and Net Assets	<u><u>\$ 3,517,540</u></u>	<u><u>\$ 4,294,878</u></u>

See accompanying notes to the financial statements.

NEVADA BLIND CHILDREN'S FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Net Assets without Donor Restrictions		
Revenue and other support:		
Contributions	\$ 141,063	\$ 193,734
Grants	735,290	766,843
Special events, net of expenses of \$86,979 and \$0	100,730	-
Program revenue and other	5,428	22,494
In-kind donations	17,345	23,767
Investment income, net of expenses of \$1,416 and \$1,570	5,925	3,547
Net assets released from donor restrictions	248,296	213,586
	<u>1,254,077</u>	<u>1,223,971</u>
Expenses:		
Program services	1,061,754	967,782
Supporting services:		
Management and general	105,855	97,445
Fundraising	172,536	139,186
	<u>1,340,145</u>	<u>1,204,413</u>
Other income (expense):		
Net realized and unrealized gain (loss) on investments	4,158	(9,748)
Gain on extinguishment of debt	-	110,830
	<u>4,158</u>	<u>101,082</u>
Increase (decrease) in net assets without donor restrictions	<u>(81,910)</u>	<u>120,640</u>
Net Assets with Donor Restrictions		
Contributions	219,200	138,106
Net assets released from donor restrictions	<u>(248,296)</u>	<u>(213,586)</u>
Decrease in net assets with donor restrictions	<u>(29,096)</u>	<u>(75,480)</u>
Increase (Decrease) in Net Assets	(111,006)	45,160
Net Assets, Beginning of Year	<u>1,474,343</u>	<u>1,429,183</u>
Net Assets, End of Year	<u><u>\$ 1,363,337</u></u>	<u><u>\$ 1,474,343</u></u>

See accompanying notes to the financial statements.

NEVADA BLIND CHILDREN'S FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services	Management and General	Fundraising	Total
Advertising	\$ 2,869	\$ -	\$ 1,913	\$ 4,782
Depreciation	91,382	12,184	18,276	121,842
Insurance	22,105	2,456	-	24,561
Interest	80,401	4,467	4,467	89,335
Merchant fees	-	-	4,086	4,086
Office and other expenses	70,998	14,191	23,338	108,527
Professional services	90,452	13,920	45,525	149,897
Program expenses	72,979	-	-	72,979
Rent	1,431	79	79	1,589
Repairs and maintenance	64,741	4,155	4,672	73,568
Salaries, benefits and related expenses	524,526	53,391	64,705	642,622
Travel and conferences	14,947	-	-	14,947
Utilities	24,923	1,012	5,475	31,410
	<u>\$ 1,061,754</u>	<u>\$ 105,855</u>	<u>\$ 172,536</u>	<u>\$ 1,340,145</u>

See accompanying notes to the financial statements.

NEVADA BLIND CHILDREN'S FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services	Management and General	Fundraising	Total
Bad debt	\$ -	\$ -	\$ 1,872	\$ 1,872
Depreciation	86,069	11,476	17,214	114,759
Insurance	23,565	2,618	-	26,183
Interest	86,867	4,826	4,826	96,519
Merchant fees	-	-	1,609	1,609
Office and other expenses	76,010	9,480	14,367	99,857
Professional services	55,898	8,383	28,217	92,498
Program expenses	46,346	-	-	46,346
Rent	3,951	220	220	4,391
Repairs and maintenance	56,065	3,963	4,690	64,718
Salaries, benefits and related expenses	495,225	55,687	60,387	611,299
Travel and conferences	16,034	-	-	16,034
Utilities	21,752	792	5,784	28,328
	<u>\$ 967,782</u>	<u>\$ 97,445</u>	<u>\$ 139,186</u>	<u>\$ 1,204,413</u>

See accompanying notes to the financial statements.

NEVADA BLIND CHILDREN'S FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Increase (decrease) in net assets	\$ (111,006)	\$ 45,160
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Bad debt	-	1,872
Depreciation	121,842	114,759
Amortization of debt issuance costs	1,684	1,684
Noncash donation of property and equipment	-	(7,062)
Net realized and unrealized (gain) loss on investments	(4,158)	9,748
Gain on extinguishment of debt	-	(110,830)
Changes in operating assets and liabilities:		
(Increase) decrease in unconditional promises to give	-	43,128
(Increase) decrease in grants receivable	85,846	(66,643)
(Increase) decrease in prepaid expenses	(35,000)	4,500
Increase (decrease) in accounts payable	9,550	(3,454)
Increase (decrease) in accrued expenses	(4,686)	4,414
Increase (decrease) in deferred revenue	(19,200)	-
Increase (decrease) in grant advance	(595,696)	595,696
Net cash provided by (used in) operating activities	<u>(550,824)</u>	<u>632,972</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(40,068)	(74,476)
Net change in certificates of deposit	(679)	(316)
Proceeds from sale of investments	29,154	16,198
Purchase of investments	(29,575)	(16,374)
Net cash used in investing activities	<u>(41,168)</u>	<u>(74,968)</u>
Cash Flows from Financing Activities:		
Principal payments on long-term debt	(57,984)	(206,022)
Net cash used in financing activities	<u>(57,984)</u>	<u>(206,022)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(649,976)	351,982
Cash and Cash Equivalents, Beginning of Year	<u>763,564</u>	<u>411,582</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 113,588</u></u>	<u><u>\$ 763,564</u></u>
<u>Supplemental disclosure of cash flow information:</u>		
Interest paid	<u><u>\$ 87,651</u></u>	<u><u>\$ 94,835</u></u>

See accompanying notes to the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of 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 Foundation

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, 2023 AND 2022

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 39 years.

Grant Advance

When grant money is received in advance and not all of the requirements necessary to be eligible for the advance to be recognized as revenue are met, the advance is reported as a liability. Grant advances for the years ended June 30, 2023 and 2022 was \$0 and \$595,696, respectively.

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 5.

NEVADA BLIND CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2023 AND 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Revenue Recognition

Contributions may be considered conditional or unconditional. A conditional contribution exists if both a) one or more barriers exist and b) the right of return to the contributor for assets transferred (or a right of release of the promisor from its obligation) depends on overcoming the stated barriers before a recipient is entitled to the assets transferred or promised. In cases of ambiguous donor stipulations or stipulations that are not clearly unconditional, contributions are presumed to be conditional. Conditional contributions are recognized when conditions have been substantially met or waived by the donor. Unconditional contributions are recognized when received or when the right to receive is obtained through documentation.

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. For the years ended June 30, 2023 and 2022, all exchange grant revenue was recognized at a point-in-time, when services were performed.

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.

Donated professional services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would typically need to be purchased if not provided by donation. 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 donations are summarized as follows for the years ending June 30:

	<u>2023</u>	<u>2022</u>
Donated goods	\$ 8,839	\$ 9,049
Professional services	8,506	7,657
Property and equipment	-	7,061
	<u>\$ 17,345</u>	<u>\$ 23,767</u>

NEVADA BLIND CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2023 AND 2022

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.

As defined by ASC Topic 740, *Income Taxes*, no provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

The Foundation is no longer subject to potential income tax examinations by tax authorities for years for which the statute of limitations has expired.

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 those expenditures that are considered direct expenses.

Advertising

Advertising costs are expensed as incurred. Advertising for the years ended June 30, 2023 and 2022 was \$4,782 and \$0, respectively.

NOTE 2 – LIQUIDITY AND AVAILABILITY

As of June 30, 2023 and 2022, the Foundation has \$97,820 and \$159,783, 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 \$96,792 and \$73,588, grants receivable of \$0 and \$85,846, and certificates of deposit of \$1,028 and \$349. 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 of \$80,000, which was used as collateral to secure the note payable to purchase a building as described in Note 5. Furthermore, amounts not available for general expenditure include funds set aside for investing in the board-designated endowment fund of \$74,645 and \$70,158 as of June 30, 2023 and 2022, respectively, that could be drawn upon if the governing board approves the action (as further discussed in Note 6 and Note 7). 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, 2023 AND 2022

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	2023	2022
Building	\$ 2,707,778	\$ 2,707,778
Building improvements	9,667	9,667
Computer equipment	89,098	73,089
Equipment	101,849	102,937
Furniture and fixtures	72,845	56,512
Land	515,767	515,767
Leasehold improvements	28,488	28,488
Musical equipment	25,452	25,452
Vehicles	29,995	29,995
	<u>3,580,939</u>	<u>3,549,685</u>
Less: accumulated depreciation	<u>(367,076)</u>	<u>(254,048)</u>
	<u><u>\$ 3,213,863</u></u>	<u><u>\$ 3,295,637</u></u>

Depreciation expense for the years ended June 30, 2023 and 2022 was \$121,842 and \$114,759, respectively.

NOTE 4 – 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.

NEVADA BLIND CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2023 AND 2022

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

Fair values of assets measured as of June 30, 2023 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	\$ 28,091	\$ -	\$ 28,091	\$ -
Limited partnerships	415	-	-	415
Money market funds	718	718	-	-
Mutual funds	44,837	44,837	-	-
	<u>\$ 74,061</u>	<u>\$ 45,555</u>	<u>\$ 28,091</u>	<u>\$ 415</u>

Fair values of assets measured as of June 30, 2022 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	\$ 20,835	\$ -	\$ 20,835	\$ -
Limited partnerships	673	-	-	673
Money market funds	659	659	-	-
Mutual funds	47,315	47,315	-	-
	<u>\$ 69,482</u>	<u>\$ 47,974</u>	<u>\$ 20,835</u>	<u>\$ 673</u>

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.

NEVADA BLIND CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2023 AND 2022

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

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

	<u>2023</u>	<u>2022</u>
<u>Limited partnerships</u>		
Balance - Beginning of Year	\$ 673	\$ 743
Total gains or losses recognized in the change in net assets without donor restrictions:		
Change in value of limited partnerships	<u>(258)</u>	<u>(70)</u>
Balance - End of Year	<u>\$ 415</u>	<u>\$ 673</u>

The board of directors of the Foundation (the “Board”) 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, 2023 and 2022.

NOTE 5 – LONG-TERM DEBT

As of June 30, 2023, long-term debt consisted of the following:

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.

Total long-term debt, net of unamortized debt issuance costs of \$13,334	\$ 2,113,679
Less: current maturities	<u>(58,593)</u>
	<u><u>\$ 2,055,086</u></u>

Long-term debt matures as follows for the years ending June 30:

2024	\$ 58,593
2025	61,132
2026	63,782
2027	63,782
2028	66,328
Thereafter	<u>1,800,062</u>
	<u><u>\$ 2,113,679</u></u>

NEVADA BLIND CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2023 AND 2022

NOTE 6 – NET ASSETS

Net Assets without Donor Restrictions

As of June 30, 2023 and 2022, the Foundation's governing board has designated, from net assets without donor restrictions of \$1,355,231 and \$1,437,141, 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 \$74,645 and \$70,158, respectively.

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>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose and/or passage of time:		
Equipment purchases	\$ 4,778	\$ -
Food	-	19,096
Furniture for life skills	-	2,300
Kitchen items	-	9,815
Stage	-	5,000
Supplies	3,328	-
STEAM/Robotics program	-	991
	<u>\$ 8,106</u>	<u>\$ 37,202</u>

As of June 30, 2023 and 2022, net assets with donor restrictions consist of cash and cash equivalents of \$8,106 and \$37,702, respectively.

NOTE 7 – 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, 2023 and 2022, the Board of Directors had designated \$74,645 and \$70,158, respectively, 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 6). 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
JUNE 30, 2023 AND 2022

NOTE 7 – 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>2023</u>	<u>2022</u>
Board-designated endowment net assets, beginning of year	\$ 70,158	\$ 79,773
Investment income	1,502	1,703
Net appreciation (depreciation)	4,157	(9,748)
Amounts appropriated for expenditure	<u>(1,172)</u>	<u>(1,570)</u>
Board-designated endowment net assets, end of year	<u>\$ 74,645</u>	<u>\$ 70,158</u>

NOTE 8 – CONCENTRATIONS

For the years ended June 30, 2023 and 2022, approximately 49% and 35%, respectively, of the Foundation's revenues were provided by the State of Nevada. It is always considered reasonably possible that benefactors, grantors, or contributors might be lost in the near term.

NOTE 9 – SUBSEQUENT EVENTS

Management of the Foundation has evaluated subsequent events through October 6, 2023, which is the date the financial statements were available to be issued. No additional events were identified that would require disclosure.