

**VISIONS/Services for the
Blind and Visually Impaired
Financial Statements
September 30, 2018 and 2017**



VISIONS/Services for the Blind and Visually Impaired

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Independent Auditors' Report

The Board of Directors
VISIONS/Services for the Blind and Visually Impaired

We have audited the accompanying financial statements of VISIONS/Services for the Blind and Visually Impaired, which comprise the statement of financial position as of September 30, 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 VISIONS/Services for the Blind and Visually Impaired as of September 30, 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited VISIONS/Services for the Blind and Visually Impaired's September 30, 2017 financial statements, and our report dated January 22, 2018 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mazars USA LLP

March 25, 2019

VISIONS/Services for the Blind and Visually Impaired

Statements of Financial Position

September 30, 2018

(With summarized comparative amounts as of September 30, 2017)

	<u>2018</u>	<u>2017</u>
Assets		
Cash	\$ 623,455	\$ 615,528
Investments - unrestricted (Note 3)	7,482,965	6,163,418
Interest and dividends receivable	47,103	44,706
Government grants receivable	1,899,606	2,184,741
Contributions receivable, net (Note 2)	109,273	237,500
Prepaid expenses and other assets	181,225	150,216
Fixed assets, net	9,367,592	9,832,858
Beneficial interest in perpetual trusts (Notes 3 and 6)	3,770,057	3,634,344
Long-term investments - permanently restricted (Notes 3 and 6)	<u>80,830,230</u>	<u>74,839,940</u>
 Total assets	 <u>\$ 104,311,506</u>	 <u>\$ 97,703,251</u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 455,762	\$ 635,253
Government advances	<u>289,514</u>	<u>152,830</u>
 Total liabilities	 <u>745,276</u>	 <u>788,083</u>
 Net assets		
Unrestricted	18,546,963	17,942,093
Temporarily restricted (Note 5)	418,980	498,791
Permanently restricted (Note 6)	<u>84,600,287</u>	<u>78,474,284</u>
 Total net assets	 <u>103,566,230</u>	 <u>96,915,168</u>
 Total liabilities and net assets	 <u>\$ 104,311,506</u>	 <u>\$ 97,703,251</u>

The accompanying notes are an integral part of these financial statements.

VISIONS/Services for the Blind and Visually Impaired

Statements of Activities and Changes in Net Assets

Year Ended September 30, 2018

(With summarized comparative amounts for the Year Ended September 30, 2017)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2018	2017
Revenues, gains and other support					
Contributions and bequests	\$ 295,514	\$ 612,418	\$ 21,000	\$ 928,932	\$ 1,028,329
Community events	\$131,042				
Less direct expenses of community events	<u>(24,898)</u>	106,144	-	106,144	92,299
Government support	258,950	4,780,282	-	5,039,232	4,837,502
Special events	129,030				
Less direct expenses of special events	<u>(58,445)</u>	70,585	-	70,585	58,383
VCB contributions	17,503	-	-	17,503	13,684
Interest and dividends	118,535	1,493,432	-	1,611,967	1,724,391
Net realized and unrealized gain on investments, net of investment fees of \$537,229	796,569	1,925,004	5,969,290	8,690,863	9,214,755
Gain on beneficial interest in perpetual trusts	-	-	135,713	135,713	241,960
Other revenues	169,715	6,676	-	176,391	28,672
Net assets released from restrictions (Note 5)	<u>8,897,623</u>	<u>(8,897,623)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>10,731,138</u>	<u>(79,811)</u>	<u>6,126,003</u>	<u>16,777,330</u>	<u>17,239,975</u>
Expenses					
Program services					
VCB	2,622,038	-	-	2,622,038	1,539,842
Community services	5,097,376	-	-	5,097,376	4,643,240
Selis Manor	<u>1,385,047</u>	<u>-</u>	<u>-</u>	<u>1,385,047</u>	<u>1,472,457</u>
Total program services	<u>9,104,461</u>	<u>-</u>	<u>-</u>	<u>9,104,461</u>	<u>7,655,539</u>
Supporting services					
Management and general	791,147	-	-	791,147	725,095
Fund raising	<u>230,660</u>	<u>-</u>	<u>-</u>	<u>230,660</u>	<u>215,821</u>
Total supporting services	<u>1,021,807</u>	<u>-</u>	<u>-</u>	<u>1,021,807</u>	<u>940,916</u>
Total expenses	<u>10,126,268</u>	<u>-</u>	<u>-</u>	<u>10,126,268</u>	<u>8,596,455</u>
Change in net assets	604,870	(79,811)	6,126,003	6,651,062	8,643,520
Net assets - beginning of year	<u>17,942,093</u>	<u>498,791</u>	<u>78,474,284</u>	<u>96,915,168</u>	<u>88,271,648</u>
Net assets - end of year	<u>\$ 18,546,963</u>	<u>\$ 418,980</u>	<u>\$ 84,600,287</u>	<u>\$ 103,566,230</u>	<u>\$ 96,915,168</u>

The accompanying notes are an integral part of these financial statements.

VISIONS/Services for the Blind and Visually Impaired

Statements of Functional Expenses

Year Ended September 30, 2018

(With summarized comparative amounts for the Year Ended September 30, 2017)

	Program Services				Supporting Services				Total	
	VCB	Community Services	Selis Manor	Total	Management and General	Fund Raising	Direct Expenses of Events	Total	2018	2017
Salaries	\$ 841,562	\$ 2,955,236	\$ 711,193	\$ 4,507,991	\$ 506,550	\$ 150,176	\$ -	\$ 656,726	\$ 5,164,717	\$ 4,605,130
Payroll taxes and employee benefits	323,713	1,246,812	296,702	1,867,227	195,991	65,342	-	261,333	2,128,560	1,974,823
Total salaries, taxes and employee benefits	1,165,275	4,202,048	1,007,895	6,375,218	702,541	215,518	-	918,059	7,293,277	6,579,953
Occupancy	5,617	22,067	5,256	32,940	6,018	1,164	-	7,182	40,122	39,121
Insurance	66,467	70,692	13,858	151,017	10,143	1,961	-	12,104	163,121	140,353
Utilities	174,976	18,839	2,105	195,920	2,411	466	-	2,877	198,797	117,197
Telephone	15,035	16,791	11,973	43,799	1,307	253	-	1,560	45,359	49,000
Postage	1,425	15,902	1,351	18,678	1,461	400	-	1,861	20,539	16,982
Printing	6,336	13,743	5,835	25,914	1,005	2,810	-	3,815	29,729	24,775
Subscriptions, dues and conferences	10,525	16,058	8,345	34,928	3,571	2,342	-	5,913	40,841	33,192
Transportation	37,064	33,554	7,697	78,315	10	1,211	-	1,221	79,536	79,957
Food	263,215	17,118	177,362	457,695	-	-	-	-	457,695	321,631
Laundry	9,924	-	-	9,924	-	-	-	-	9,924	8,388
Professional fees	33,482	424,891	56,552	514,925	42,102	406	-	42,508	557,433	353,790
Investment management fees	-	-	-	-	537,229	-	-	537,229	537,229	480,663
Awards	1,060	22	5	1,087	6	1	-	7	1,094	2,996
Special events admissions and donor costs	-	-	-	-	-	-	83,343	83,343	83,343	75,331
Office supplies	3,099	6,410	2,537	12,046	1,536	447	-	1,983	14,029	17,189
Program supplies and expenses	12,519	156,697	4,749	173,965	-	-	-	-	173,965	154,006
Repairs and maintenance	322,687	34,826	19,377	376,890	6,305	1,219	-	7,524	384,414	222,868
Staff recruitment and development	3,009	4,507	2,386	9,902	1,110	215	-	1,325	11,227	14,179
Miscellaneous	6,077	19,376	45,182	70,635	5,121	990	200	6,311	76,946	62,642
Depreciation	484,246	23,835	12,582	520,663	6,500	1,257	-	7,757	528,420	358,563
Total expenses	2,622,038	5,097,376	1,385,047	9,104,461	1,328,376	230,660	83,543	1,642,579	10,747,040	9,152,776
Less expenses deducted directly from revenues on the statement of activities and changes in net assets	-	-	-	-	(537,229)	-	(83,543)	(620,772)	(620,772)	(556,321)
Total expenses reported by function on the statement of activities and changes in net assets	\$ 2,622,038	\$ 5,097,376	\$ 1,385,047	\$ 9,104,461	\$ 791,147	\$ 230,660	\$ -	\$ 1,021,807	\$ 10,126,268	\$ 8,596,455

The accompanying notes are an integral part of these financial statements.

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Statements of Cash Flows

Year Ended September 30, 2018

(With summarized comparative amounts for the Year Ended September 30, 2017)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$ 6,651,062	\$ 8,643,520
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	528,420	358,563
Gain on beneficial interest in perpetual trusts	(135,713)	(241,960)
Unrealized and realized gain on investments	(9,228,092)	(9,695,418)
Increase (decrease) in cash attributable to changes in operating assets and liabilities:		
Interest and dividends receivable	(2,397)	(4,407)
Government grants receivable	285,135	(1,269,858)
Contributions receivable, net	128,227	249,778
Prepaid expenses and other assets	(31,009)	(29,857)
Accounts payable and accrued expenses	(179,491)	305,736
Government advances	136,684	(58,486)
Net cash used in operating activities	<u>(1,847,174)</u>	<u>(1,742,389)</u>
Cash flows from investing activity		
Proceeds on sale of investments	44,541,760	43,371,543
Purchase of investments	(42,623,505)	(33,552,178)
Purchase of fixed assets	(63,154)	(8,457,307)
Net cash provided by investing activities	<u>1,855,101</u>	<u>1,362,058</u>
Net change in cash	7,927	(380,331)
Cash - Beginning of year	<u>615,528</u>	<u>995,859</u>
Cash - End of year	<u>\$ 623,455</u>	<u>\$ 615,528</u>

The accompanying notes are an integral part of these financial statements.

VISIONS/Services for the Blind and Visually Impaired

Notes to Financial Statements

Years Ended September 30, 2018 and 2017

1. Description of Organization and Summary of Significant Accounting Policies

Organization and Nature of Operations

VISIONS/Services for the Blind and Visually Impaired (“VISIONS”) is a nonprofit rehabilitation and social service organization whose purpose is to develop and implement programs to:

- Assist people of all ages who are blind or visually impaired to lead independent and active lives in their homes and communities; and
- Educate the public to understand the capabilities and needs of people who are blind or visually impaired so that they may be integrated into all aspects of community life.

VISIONS fulfills its purpose by providing:

- Individualized rehabilitation training at home or in the community and in group settings
- Social services
- Employment training and job development
- Group and community education and activities

VISIONS programs focus on individuals with low income who are located primarily in the Greater New York Metropolitan area who are blind or visually impaired, including those with multiple disabilities, elderly, limited-English speakers and culturally diverse consumers.

In connection with the services it provides, VISIONS operates a training facility renamed VISIONS Center on Blindness (“VCB”). This facility was formerly known as Vacation Camp for the Blind. VCB is located in Spring Valley, New York. A new building and program called the Vocational Rehabilitation Center opened at VCB in August 2017. In addition, VISIONS is the service provider for the residents and guests of the building at Selis Manor located in New York City.

VISIONS is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and has been classified as a public charity as defined in Section 509(a)(1) of the Internal Revenue Code (“IRC”), thereby qualifying donors for the maximum charitable deduction allowed under the IRC. VISIONS is funded primarily through investment income, government support and contributions.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

VISIONS/Services for the Blind and Visually Impaired

Financial Statement Net Asset Presentation

The classification of VISIONS net assets and its support, revenues and expenses are based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets; permanently restricted, temporarily restricted and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities and changes in net assets.

These three classes are defined as follows:

Permanently Restricted - Net assets resulting from contributions and other inflows of assets whose use by VISIONS is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of VISIONS, rather they remain in perpetuity.

Temporarily Restricted - Net assets resulting from contributions and other inflows of assets whose use by VISIONS is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of VISIONS pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets.

Unrestricted - The portion of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

Investments

Investments are stated at fair value. The investments are held in pooled accounts with the exception of those relating to the Fund for the Blind and the Selis Manor Fund. Investments, in general, are exposed to various risks such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based on market fluctuations, and that such changes could materially affect the amounts reported in the financial statements.

Beneficial Interest in Perpetual Trusts

VISIONS has beneficial interests in funds held in perpetual trusts by other entities as trustees. The fair value of VISIONS beneficial interest in these perpetual trusts is estimated to be equal to the fair value of the portion of assets underlying the trusts attributable to VISIONS interest and is classified as permanently restricted net assets. These assets are not controlled by VISIONS nor are they available for use, therefore, these assets are not subject to VISIONS investments and spending policies relating to permanently restricted investments.

Fair Value Measurements

Fair value measurements establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below. Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that VISIONS has the ability to access. Level 2 inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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If the asset or liability has a specified (contractual) term, the Level 2 input must be 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. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of September 30, 2018 as compared to those used as of September 30, 2017.

U.S. Treasury and government agency obligations, exchange traded funds, and equity securities - Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate obligations and mortgage-backed securities - Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer.

Mutual funds - Valued at the net asset value ("NAV") of shares held at year-end.

Beneficial interest in perpetual trusts - Valued based on the fair value of the underlying assets.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while VISIONS believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

See Note 3 for the table that sets forth by level, within the fair value hierarchy, the assets at fair value as of September 30, 2018 as compared to the prior year.

Government Grants Receivable

VISIONS records receivable from government grants based on established rates or contracts for services provided. Interest is not charged on overdue receivables.

Contributions Receivable

Unconditional promises to give are recognized as revenue when the promise is received. Unconditional promises to give that are expected to be collected within one year are recorded at fair value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Allowance for Doubtful Accounts

VISIONS has determined that no allowance for uncollectible government grants receivable or contributions receivable is necessary as of September 30, 2018 and 2017. Such estimate is based on management's assessments of the creditworthiness of its funding sources, the aged basis of its receivables, as well as current economic conditions, subsequent collections and historical information.

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. Acquisitions with a cost of \$5,000 and an estimated useful life greater than one year are capitalized at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets.

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Government Advances

Advances represent grant funds received in advance, attributable to future periods.

Government Support

Revenues from government agencies are recognized when earned. Expense-based grants are recognized as allowable expenses are incurred. Performance-based grants are recognized as milestones are achieved. There were no provisions for disallowances reflected in the accompanying financial statements, since management does not anticipate any material adjustments.

VCB Contributions

VCB contributions for services are based upon ability to pay as determined by the participant.

Occupancy Expense

Occupancy expense for the year ended September 30, 2018 consists of office condominium maintenance charges.

Functional Allocation of Expenses

The costs of providing the various programs and other activities are summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S GAAP. Accordingly, such information should be read in conjunction with VISIONS financial statements for the year ended September 30, 2017, from which the summarized information was derived.

2. Contributions Receivable

As of September 30, 2018, a contribution from one foundation is due within the next year in the amount of \$109,273.

3. Investments

VISIONS investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following table presents the financial assets measured at fair value on a recurring basis and are categorized using the fair value hierarchy. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value as follows: level 1 consisting of quoted prices in active markets for identical assets; level 2 consisting of significant other observable inputs; and level 3 consisting of significant unobservable inputs.

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Investments at fair value as of September 30, 2018 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Corporate obligations	\$ 2,928,715	\$ -	\$ 2,928,715	\$ -
U.S. Treasury and government agency obligations	8,869,917	8,869,917	-	-
Mortgage-backed securities	43,387	-	43,387	-
Equity securities	62,313,921	62,313,921	-	-
Investment funds	207,825	207,825	-	-
Exchange traded funds				
Equity funds	\$ 2,218,512			
Fixed income funds	<u>3,244,300</u>			
Total exchange traded funds	5,462,812	5,462,812	-	-
Mutual funds				
Domestic	<u>455,701</u>	<u>455,701</u>	<u>-</u>	-
Total investments reported on their fair value hierarchy	80,282,278	<u>\$ 77,310,176</u>	<u>\$ 2,972,102</u>	-
Cash and cash equivalents	8,030,917			
Beneficial interest in perpetual trusts	<u>3,770,057</u>			<u>\$ 3,770,057</u>
Total investments	<u>\$ 92,083,252</u>			

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Investments at fair value as of September 30, 2017 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Corporate obligations	\$ 2,325,140	\$ -	\$ 2,325,140	\$ -
U.S. Treasury and government agency obligations	3,068,280	3,068,280	-	-
Mortgage-backed securities	63,853	-	63,853	-
Equity securities	54,731,901	54,731,901	-	-
Exchange traded funds				
Equity funds	\$ 2,682,383			
Fixed income funds	<u>2,820,729</u>			
Total exchange traded funds	5,503,112	5,503,112	-	-
Mutual funds				
Domestic	5,560,654			
Foreign	<u>1,004,224</u>			
Total mutual funds	<u>6,564,878</u>	<u>6,564,878</u>	<u>-</u>	<u>-</u>
Total investments reported on their fair value hierarchy	72,257,164	<u>\$ 69,868,171</u>	<u>\$ 2,388,993</u>	-
Cash and cash equivalents	8,746,194			
Beneficial interest in perpetual trusts	<u>3,634,344</u>			<u>\$ 3,634,344</u>
Total investments	<u>\$ 84,637,702</u>			

Investment management fees of \$537,229 and \$480,663, respectively, for the years ended September 30, 2018 and 2017 have been netted against net realized and unrealized gains on investments.

Total investments as reported on the statements of financial position are comprised of the following as of September 30:

	<u>2018</u>	<u>2017</u>
Unrestricted investments	\$ 7,482,965	\$ 6,163,418
Beneficial interest in perpetual trusts	3,770,057	3,634,344
Long-term investments - permanently restricted	<u>80,830,230</u>	<u>74,839,940</u>
Total investments	<u>\$ 92,083,252</u>	<u>\$ 84,637,702</u>

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Beneficial Interest in Perpetual Trusts

The table below sets forth a summary of changes in the fair value of the Level 3 assets pertaining to the Beneficial Interest in Perpetual Trusts for the years ended September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Balance at beginning of year	\$ 3,634,344	\$ 3,392,384
Unrealized gain on assets held at year-end	<u>135,713</u>	<u>241,960</u>
Balance at end of year	<u><u>\$ 3,770,057</u></u>	<u><u>\$ 3,634,344</u></u>

4. Fixed Assets

Fixed assets consist of the following as of September 30:

	<u>2018</u>	<u>2017</u>	<u>Estimated Useful Lives</u>
Land	\$ 94,500	\$ 94,500	
Office condominium	1,100,000	1,100,000	40 years
Office condominium improvements	481,451	481,451	15 years
VCB building, equipment and vehicles	2,342,369	2,357,201	3-15 years
Furniture, fixtures and office equipment	237,427	211,323	3-5 years
Selis Manor improvements	26,096	47,691	15 years
Selis Manor office equipment	135,976	143,842	3-5 years
Vocational Rehabilitation Center	<u>9,144,391</u>	<u>9,144,391</u>	5-30 years
Total costs	<u>13,562,210</u>	<u>13,580,399</u>	
Less: accumulated depreciation	<u>(4,194,618)</u>	<u>(3,747,541)</u>	
Net book value	<u><u>\$ 9,367,592</u></u>	<u><u>\$ 9,832,858</u></u>	

5. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at September 30:

	<u>2018</u>	<u>2017</u>
Community services	\$ 254,730	\$ 386,291
VCB	134,250	112,500
Selis Manor	<u>30,000</u>	<u>-</u>
	<u><u>\$ 418,980</u></u>	<u><u>\$ 498,791</u></u>

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During the year, restricted net assets were released from restrictions by incurring expenses satisfying the restricted purposes as follows:

	<u>2018</u>	<u>2017</u>
Community services	\$ 3,096,451	\$ 2,952,053
VCB	1,460,611	1,714,905
Selis Manor	922,127	955,457
General operations	<u>3,418,434</u>	<u>3,217,469</u>
	<u>\$ 8,897,623</u>	<u>\$ 8,839,884</u>

6. Permanently Restricted Net Assets

Permanently restricted net assets are to be held in perpetuity and are comprised of the following as of September 30:

	<u>2018</u>	<u>2017</u>
<u>Endowment Funds:</u>		
Fund for the Blind	\$ 74,078,704	\$ 68,331,079
Ilma F. Kern Fund	2,649,183	2,538,350
Selis Manor Fund	1,300,000	1,300,000
Edna F. Blum Fund	1,424,948	1,365,097
Ilma F. Kern Fund of Selis Manor	965,362	925,464
Wick Stern Fund	272,310	261,227
Strauss Tuition Assistance Fund	21,000	-
Other endowment funds	<u>118,723</u>	<u>118,723</u>
Total endowment funds	<u>80,830,230</u>	<u>74,839,940</u>
<u>Perpetual Trusts:</u>		
Martin S. Paine	1,945,860	1,895,209
Adrian Jackson	1,006,775	954,177
Maude Aguilar Leland	804,111	772,088
Charles H. Ruhl	<u>13,311</u>	<u>12,870</u>
Total perpetual trusts	<u>3,770,057</u>	<u>3,634,344</u>
Total permanently restricted net assets	<u>\$ 84,600,287</u>	<u>\$ 78,474,284</u>

Income, except for the net appreciation (depreciation) on the assets of the Fund for the Blind, from which is expendable for general purposes is permanently restricted.

Fund for the Blind

In accordance with the Fund for the Blind documents and VISIONS by-laws, there are multiple limitations set forth preventing VISIONS from freely accessing the investment earnings derived from the funds' assets. Therefore, the asset value reported on the accompanying statement of financial position does not purport the useable value to VISIONS.

General

VISIONS permanently restricted net assets consist of 11 endowment funds whose assets are to be held in perpetuity. The income from the assets can be used for general operations.

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As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the organization adopted the New York Prudent Management of Institutional Funds Act (NYPMIFA). NYPMIFA moves away from the “historic dollar value” standard, and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. The organization is governed by the NYPMIFA spending policy, which establishes a maximum prudent spending limit of 7% of the average of its previous five years’ balance. As a result of this interpretation, VISIONS classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by VISIONS in a manner consistent with the standard of prudence prescribed by NYPMIFA.

Return Objectives, Strategies Employed and Spending Policy

The objective of VISIONS is to maintain the principal endowment funds at the original amount designated by the donor while generating income to support its programs. The investment policy to achieve this objective is to invest in low-risk securities. Investment income earned in relation to the endowment funds is recorded as temporarily restricted income and appropriated for the expenditures for which the endowment fund was established. The Trustees of the Fund for the Blind voted a 4.5% monthly distribution for VISIONS based on a 5-year rolling average calculated in December, beginning October 1, 2018. All principal and appreciation/depreciation is permanently restricted. The 4.5% transfer is all unrestricted.

Endowment Net Asset Composition by Type of Fund as of September 30, 2018:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets at beginning of year	\$ -	\$ 74,839,940	\$ 74,839,940
Contributions	-	21,000	21,000
Interest and dividends	1,493,432	-	1,493,432
Net realized and unrealized gains/(losses), net	1,925,002	5,969,290	7,894,292
Appropriated for expenditure	<u>(3,418,434)</u>	<u>-</u>	<u>(3,418,434)</u>
Endowment net assets at end of year	<u>\$ -</u>	<u>\$ 80,830,230</u>	<u>\$ 80,830,230</u>

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Endowment Net Asset Composition by Type of Fund as of September 30, 2017:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets at beginning of year	\$ -	\$ 75,298,826	\$ 75,298,826
Interest and dividends	1,593,544	-	1,593,544
Net realized and unrealized gains/(losses), net	1,623,925	7,041,114	8,665,039
Net assets released from restrictions	-	(7,500,000)	(7,500,000)
Appropriated for expenditure	<u>(3,217,469)</u>	<u>-</u>	<u>(3,217,469)</u>
Endowment net assets at end of year	<u>\$ -</u>	<u>\$ 74,839,940</u>	<u>\$ 74,839,940</u>

Independent trustees, when requested by VISIONS, can release from restriction a portion of the Fund for the Blind's permanently restricted net assets. For the year ended September 30, 2017, \$7,500,000 was released for the purposes of the vocational rehabilitation center building on the VISIONS Center on Blindness campus (Note 4).

Funds with Deficiencies

VISIONS does not have any funds with deficiencies as of September 30, 2018.

7. Retirement Plan

VISIONS sponsors a defined contribution pension program under Section 403(b) of the Internal Revenue Code. Employees may make voluntary contributions to the plan. VISIONS contributes 5% of an eligible employee's salary provided that such employee has been employed full time by VISIONS for at least one year. For the years ended September 30, 2018 and 2017, such contributions resulted in expenses of \$211,403 and \$216,307, respectively.

8. Concentrations and Contingencies

VISIONS maintains cash balances at multiple financial institutions. As of September 30, 2018, cash exceeded Federal Deposit Insurance Corporation limit of \$250,000 per institution. The total uninsured cash balance as of September 30, 2018 was approximately \$750,000. Management believes that credit risk related to these accounts is minimal based on the historical credit worthiness of this financial institution.

VISIONS investments are concentrated in marketable equity securities and funds that invest in marketable equity securities. Such securities are subject to various risks that determine the value of the funds. Due to the level of risk associated with certain equity securities and the level of uncertainty related to changes in the value of these securities, it is at least reasonably possible that changes in market conditions in the near term could materially affect the value of investments reported in the financial statements.

Effective February 1, 2001, The Associated Blind Housing Development Fund Corporation ("HDFC") and VISIONS entered into a service provider contract. The term of the agreement is for twenty-five years, terminating January 31, 2026, with an automatic annual renewal unless six months prior notice is given by either party. To maintain the contract, VISIONS is required to provide social, recreational and volunteer services for the residents and guests of Selis Manor, a housing complex located on West 23rd Street in Manhattan. Should the level and/or quality of service provided be deemed unsatisfactory, under certain conditions, VISIONS may be required to return the initially funded capital. The "fund" consists of \$1,300,000.

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9. Beneficial Interest in Perpetual Trusts

Four perpetual trusts were established for the benefit of VISIONS. Under the terms of the trusts, the income generated is payable to VISIONS. The contributions were classified as permanently restricted support and the annual distributions from the trusts are reported as investment income.

10. Related Party Transactions

The firm providing investment advisory services to The Fund for the Blind included a Board member, who was also a Trustee of The Fund for the Blind at various times during the years ended September 30, 2018 and 2017. Fees paid for investment advisory fees during those periods totaled approximately \$177,000 and \$134,000, respectively.

11. Subsequent Events

VISIONS has evaluated subsequent events through March 25, 2019, the date the financial statements were available for issuance.

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