

**VISIONS/Services for the
Blind and Visually Impaired
Financial Statements
September 30, 2019 and 2018**



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, 2019, 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, 2019 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.

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Report on Summarized Comparative Information

We have previously audited VISIONS/Services for the Blind and Visually Impaired's September 30, 2018 financial statements, and our report dated March 25, 2019 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, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mazars USA LLP

March 11, 2020

VISIONS/Services for the Blind and Visually Impaired

Statements of Financial Position

September 30, 2019

(With summarized comparative amounts as of September 30, 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Cash	\$ 754,801	\$ 623,455
Investments - without donor restrictions (Note 4)	7,445,398	7,482,965
Interest and dividends receivable	143,611	47,103
Government grants receivable	1,310,265	1,899,606
Contributions receivable, net (Note 3)	250,000	109,273
Prepaid expenses and other assets	181,283	181,225
Fixed assets, net	8,906,189	9,367,592
Beneficial interest in perpetual trusts (Notes 4 and 6)	3,647,785	3,770,057
Long-term investments - with donor restrictions (Notes 4 and 6)	<u>84,877,678</u>	<u>80,830,230</u>
 Total assets	 <u>\$ 107,517,010</u>	 <u>\$ 104,311,506</u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 410,874	\$ 455,762
Government advances	<u>381,031</u>	<u>289,514</u>
 Total liabilities	 <u>791,905</u>	 <u>745,276</u>
 Net assets		
Without donor restrictions	17,657,308	18,546,963
With donor restrictions	<u>89,067,797</u>	<u>85,019,267</u>
 Total net assets	 <u>106,725,105</u>	 <u>103,566,230</u>
 Total liabilities and net assets	 <u>\$ 107,517,010</u>	 <u>\$ 104,311,506</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, 2019

(With summarized comparative amounts for the Year Ended September 30, 2018)

	Without Donor Restriction	With Donor Restriction	Total	
			2019	2018
Revenues, gains and other support				
Contributions and bequests	\$ 659,992	\$ 775,767	\$ 1,435,759	\$ 928,932
Community events	\$ 133,312			
Less direct expenses of community events	<u>(31,726)</u>	101,586	101,586	106,144
Government support	207,905	4,698,879	4,906,784	5,039,232
Special events	143,260			
Less direct expenses of special events	<u>(64,415)</u>	78,845	78,845	70,585
VCB contributions	15,462		15,462	17,503
Interest and dividends	146,918	1,775,390	1,922,308	1,611,967
Net realized and unrealized gain on investments, net of investment fees of \$612,234 and \$537,229, respectively	323,627	4,849,425	5,173,052	8,690,863
Other revenues	20,858	4,778	25,636	176,391
Net assets released from restrictions (Note 6)	<u>7,933,437</u>	<u>(7,933,437)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>9,488,630</u>	<u>4,170,802</u>	<u>13,659,432</u>	<u>16,641,617</u>
Expenses				
Program services				
VCB	2,539,503	-	2,539,503	2,622,038
Community services	5,198,229	-	5,198,229	5,097,376
Selis Manor	<u>1,508,289</u>	<u>-</u>	<u>1,508,289</u>	<u>1,385,047</u>
Total program services	<u>9,246,021</u>	<u>-</u>	<u>9,246,021</u>	<u>9,104,461</u>
Supporting services				
Management and general	847,987	-	847,987	791,147
Fundraising	<u>284,277</u>	<u>-</u>	<u>284,277</u>	<u>230,660</u>
Total supporting services	<u>1,132,264</u>	<u>-</u>	<u>1,132,264</u>	<u>1,021,807</u>
Total expenses	<u>10,378,285</u>	<u>-</u>	<u>10,378,285</u>	<u>10,126,268</u>
(Decrease) increase in fair value of beneficial interest in perpetual trusts	<u>-</u>	<u>(122,272)</u>	<u>(122,272)</u>	<u>135,713</u>
Change in net assets	(889,655)	4,048,530	3,158,875	6,651,062
Net assets - beginning of year	<u>18,546,963</u>	<u>85,019,267</u>	<u>103,566,230</u>	<u>96,915,168</u>
Net assets - end of year	<u>\$ 17,657,308</u>	<u>\$ 89,067,797</u>	<u>\$ 106,725,105</u>	<u>\$ 103,566,230</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, 2019

(With summarized comparative amounts for the Year Ended September 30, 2018)

	Program Services				Supporting Services			Total		
	VCB	Community Services	Selis Manor	Total	Management and General	Fund-Raising	Direct Expenses of Events	2019	2018	
Salaries	\$ 904,147	\$ 3,087,090	\$ 808,132	\$ 4,799,369	\$ 506,283	\$ 183,535	\$ -	\$ 689,818	\$ 5,489,187	\$ 5,164,717
Payroll taxes and employee benefits	328,171	1,275,854	300,307	1,904,332	233,691	72,568	-	306,259	2,210,591	2,128,560
Total salaries, taxes and employee benefits	1,232,318	4,362,944	1,108,439	6,703,701	739,974	256,103	-	996,077	7,699,778	7,293,277
Occupancy	5,809	22,336	5,400	33,545	5,973	1,391	-	7,364	40,909	40,122
Insurance	61,537	92,046	19,154	172,737	15,655	3,646	-	19,301	192,038	163,121
Utilities	181,855	20,240	2,234	204,329	2,471	575	-	3,046	207,375	198,797
Telephone	14,599	15,816	12,496	42,911	1,021	1,036	-	2,057	44,968	45,359
Postage	1,634	15,715	1,339	18,688	1,394	559	-	1,953	20,641	20,539
Printing	7,991	12,535	5,802	26,328	673	2,897	-	3,570	29,898	29,729
Subscriptions, dues and conferences	9,438	19,475	4,971	33,884	4,104	4,835	-	8,939	42,823	40,841
Transportation	47,787	45,846	5,845	99,478	125	2,929	-	3,054	102,532	79,536
Food	262,269	17,461	186,562	466,292	-	-	-	-	466,292	457,695
Laundry	7,219	-	-	7,219	-	-	-	-	7,219	9,924
Professional fees	12,037	291,076	39,887	343,000	47,783	1,580	-	49,363	392,363	557,433
Awards	-	-	3,285	3,285	-	-	-	-	3,285	1,094
Community and special events admissions and donor costs	-	-	-	-	-	-	96,141	96,141	96,141	83,343
Office supplies	4,623	8,115	4,621	17,359	1,816	573	-	2,389	19,748	14,029
Program supplies and expenses	14,213	172,532	9,395	196,140	-	-	-	-	196,140	173,965
Repairs and maintenance	196,889	33,910	39,298	270,097	9,041	3,971	-	13,012	283,109	384,414
Staff recruitment and development	8,359	7,656	3,108	19,123	2,047	477	-	2,524	21,647	11,227
Miscellaneous	11,883	35,631	45,346	92,860	9,253	2,155	-	11,408	104,268	76,946
Depreciation	459,043	24,895	11,107	495,045	6,657	1,550	-	8,207	503,252	528,420
Total expenses	2,539,503	5,198,229	1,508,289	9,246,021	847,987	284,277	96,141	1,228,405	10,474,426	10,209,811
Less expenses deducted directly from revenues on the statement of activities and changes in net assets	-	-	-	-	-	-	(96,141)	(96,141)	(96,141)	(83,543)
Total expenses reported by function on the statement of activities and changes in net assets	<u>\$ 2,539,503</u>	<u>\$ 5,198,229</u>	<u>\$ 1,508,289</u>	<u>\$ 9,246,021</u>	<u>\$ 847,987</u>	<u>\$ 284,277</u>	<u>\$ -</u>	<u>\$ 1,132,264</u>	<u>\$ 10,378,285</u>	<u>\$ 10,126,268</u>

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

VISIONS/Services for the Blind and Visually Impaired

Statements of Cash Flows

Year Ended September 30, 2019

(With summarized comparative amounts for the Year Ended September 30, 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ 3,158,875	\$ 6,651,062
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	503,252	528,420
Decrease (increase) in fair value in beneficial interest in perpetual trusts	122,272	(135,713)
Realized and unrealized gain on investments	(5,785,286)	(9,228,092)
Increase (decrease) in cash attributable to changes in operating assets and liabilities:		
Interest and dividends receivable	(96,508)	(2,397)
Government grants receivable	589,341	285,135
Contributions receivable, net	(140,727)	128,227
Prepaid expenses and other assets	(58)	(31,009)
Accounts payable and accrued expenses	(44,888)	(179,491)
Government advances	91,517	136,684
Net cash used in operating activities	<u>(1,602,210)</u>	<u>(1,847,174)</u>
Cash flows from investing activity		
Proceeds on sale of investments	21,113,645	44,541,760
Purchase of investments	(19,338,240)	(42,623,505)
Purchase of fixed assets	(41,849)	(63,154)
Net cash provided by investing activities	<u>1,733,556</u>	<u>1,855,101</u>
Net change in cash	131,346	7,927
Cash - Beginning of year	<u>623,455</u>	<u>615,528</u>
Cash - End of year	<u>\$ 754,801</u>	<u>\$ 623,455</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, 2019 and 2018

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 in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Estimates

The preparation of financial statements in conformity with 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.

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Financial Statement Net Asset Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the “Board”) and/or management for general operating purposes. The Board may designate a portion of these net assets for a specific purpose which makes them unavailable for use at management’s discretion.

Net Assets With Donor Restrictions – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting VISIONS to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

As of September 30, 2019 and 2018, there were no net assets with board restrictions.

Investments

Investments are stated at fair value. 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 net assets with donor restrictions. 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 investments with donor restrictions.

Fair Value Measurements

Fair value measurements establish 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, 2019 as compared to those used as of September 30, 2018.

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 4 for the table that sets forth by level, within the fair value hierarchy, the assets at fair value as of September 30, 2019 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, 2019 and 2018. 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, 2019 consists of office condominium maintenance charges.

Functional Allocation of Expenses

Expenses directly attributable to specific functions of VISIONS are reported as expense of those functional areas. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and employee benefits, occupancy, telephone and utilities, which are allocated on the basis of estimates of employee time.

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, 2018, from which the summarized information was derived.

Accounting Pronouncements Adopted

In August 2016, the FASB issued ASU 2016-14, "Presentation of Financial Statements of Not-for-Profit Entities" (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

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2. Liquidity and Availability

VISIONS financial assets available for general expenditures, that is, without donor restrictions limiting their use, within one year of the statement of financial position, comprise the following:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash	\$ 754,801	\$ 623,455
Investments	92,323,076	88,313,195
Interest and dividends receivable	143,611	47,103
Government grants receivable	1,310,265	1,899,606
Contributions receivable, net	250,000	109,273
Beneficial interest in trusts	<u>3,647,785</u>	<u>3,770,057</u>
Financial assets available at year-end	98,429,538	94,762,689
Less:		
Amounts unavailable for general expenditures within one year due to:		
Endowments and beneficial interest in trusts	(88,525,463)	(84,600,287)
Restricted by donors with purpose or time restrictions	<u>(542,334)</u>	<u>(418,980)</u>
Total financial assets available to management for general and operational expenditures within one year	<u>\$ 9,361,741</u>	<u>\$ 9,743,422</u>

VISIONS maintains a policy of structuring its financial assets to be available for its general expenditures, liabilities, and other obligations as they become due. In the event of unanticipated liquidity needs, the investments without donor restrictions can easily be liquidated when such funds are needed.

3. Contributions Receivable

	<u>2019</u>	<u>2018</u>
Amounts due:		
Within one year	\$ 175,000	\$ 109,273
Within two to five years	<u>75,000</u>	<u>-</u>
Total contributions receivable	<u>\$ 250,000</u>	<u>\$ 109,273</u>

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4. Assets Measured at Fair Value

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.

Assets measured at fair value as of September 30, 2019 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Corporate obligations	\$ 14,773,636	\$ -	\$ 14,773,636	\$ -
U.S. Treasury and government agency obligations	3,645,821	-	3,645,821	-
Mortgage-backed securities	23,850	-	23,850	-
Equity securities	64,589,529	64,589,529	-	-
Investment funds	223,405	223,405	-	-
Exchange traded funds				
Equity funds	\$ 2,829,464			
Fixed income funds	<u>2,052,219</u>			
Total exchange traded funds	4,881,683	4,881,683	-	-
Mutual funds				
Domestic	<u>228,850</u>	<u>228,850</u>	<u>-</u>	<u>-</u>
Total investments reported on their fair value hierarchy	88,366,774	<u>\$ 69,923,467</u>	<u>\$ 18,443,307</u>	-
Cash and cash equivalents	<u>3,956,302</u>			
Total investments	<u>\$ 92,323,076</u>			
Beneficial interest in perpetual trusts	<u>\$ 3,647,785</u>			<u>\$ 3,647,785</u>

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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>		
Total investments reported on their fair value hierarchy	80,282,278	<u>\$ 68,440,259</u>	<u>\$ 11,842,019</u>	-
Cash and cash equivalents	<u>8,030,917</u>			
Total investments	<u>\$ 88,313,195</u>			
Beneficial interest in perpetual trusts	<u>\$ 3,770,057</u>			<u>\$ 3,770,057</u>

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

	<u>2019</u>	<u>2018</u>
Investments without donor restrictions	\$ 7,445,398	\$ 7,482,965
Long-term investments with donor restrictions	<u>84,877,678</u>	<u>80,830,230</u>
Total investments	<u>\$ 92,323,076</u>	<u>\$ 88,313,195</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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Balance at beginning of year	\$ 3,770,057	\$ 3,634,344
(Decrease) increase in fair value	<u>(122,272)</u>	<u>135,713</u>
Balance at end of year	<u>\$ 3,647,785</u>	<u>\$ 3,770,057</u>

5. Fixed Assets

Fixed assets consist of the following as of September 30:

	<u>2019</u>	<u>2018</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	2,362,984	2,342,369	3-15 years
Furniture, fixtures and office equipment	237,427	237,427	3-5 years
Selis Manor improvements	26,096	26,096	15 years
Selis Manor office equipment	135,976	135,976	3-5 years
Vocational Rehabilitation Center	<u>9,165,625</u>	<u>9,144,391</u>	5-30 years
Total costs	13,604,059	13,562,210	
Less: accumulated depreciation	<u>(4,697,870)</u>	<u>(4,194,618)</u>	
Net book value	<u>\$ 8,906,189</u>	<u>\$ 9,367,592</u>	

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6. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes at September 30:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specific purpose or time:		
Community services	\$ 463,584	\$ 254,730
VCB	31,250	134,250
Selis Manor	<u>47,500</u>	<u>30,000</u>
Total subject to expenditure for specific purpose or time	<u>542,334</u>	<u>418,980</u>
Donor restricted endowments subject to VISIONS spending policy and appropriation:		
Fund for the Blind	77,842,280	74,078,704
Ilma F. Kern Fund	2,750,066	2,649,183
Selis Manor Fund	1,300,000	1,300,000
Edna F. Blum Fund	1,468,721	1,424,948
Ilma F. Kern Fund of Selis Manor	1,007,067	965,362
Wick Stern Fund	271,592	272,310
Strauss Tuition Assistance Fund	119,229	21,000
Other endowment funds	<u>118,723</u>	<u>118,723</u>
Total endowments subject to VISIONS spending policy and appropriation	<u>84,877,678</u>	<u>80,830,230</u>
Perpetual Trusts:		
Martin S. Paine	1,911,381	1,945,860
Adrian Jackson	961,654	1,006,775
Maude Aguilar Leland	761,672	804,111
Charles H. Ruhl	<u>13,078</u>	<u>13,311</u>
Total perpetual trusts	<u>3,647,785</u>	<u>3,770,057</u>
Total net assets with donor restrictions	<u>\$ 89,067,797</u>	<u>\$ 85,019,267</u>

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

	<u>2019</u>	<u>2018</u>
Community services	\$ 3,525,483	\$ 3,096,451
VCB	793,206	1,460,611
Selis Manor	939,152	922,127
General operations	<u>2,675,596</u>	<u>3,418,434</u>
	<u>\$ 7,933,437</u>	<u>\$ 8,897,623</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 restricted.

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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 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.

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.

7. Endowment Funds

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 restricted net assets (a) the original value of gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment, and (c) accumulations to the donor restricted 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 restricted net assets is classified as 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 income with donor restrictions 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 calendar year end for the purpose of operational needs, beginning October 1, 2018. All principal and appreciation/depreciation is considered net assets with donor restrictions. The 4.5% transfer is all revenue without donor restrictions.

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Changes in endowment net assets are as follows for the years ended September 30:

	<u>2019</u>	<u>2018</u>
Endowment net assets at beginning of year	\$ 80,830,230	\$ 74,839,940
Contributions	98,229	21,000
Interest and dividends	1,775,390	1,493,432
Net realized and unrealized gains/(losses), net	4,849,425	7,894,292
Appropriated for expenditure	<u>(2,675,596)</u>	<u>(3,418,434)</u>
Endowment net assets at end of year	<u>\$ 84,877,678</u>	<u>\$ 80,830,230</u>

Funds with Deficiencies

VISIONS does not have any funds with deficiencies as of September 30, 2019.

8. 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, 2019 and 2018, such contributions resulted in expenses of \$226,441 and \$211,403, respectively.

9. Concentrations and Contingencies

VISIONS maintains cash balances at multiple financial institutions. As of September 30, 2019, cash exceeded Federal Deposit Insurance Corporation limit of \$250,000 per institution. The total uninsured cash balance as of September 30, 2019 was approximately \$772,000. 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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10. 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 restricted support and the annual distributions from the trusts are reported as investment income.

11. 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, 2019 and 2018. Fees paid for investment advisory fees during those periods totaled approximately \$259,000 and \$177,000, respectively.

12. Subsequent Events

VISIONS has evaluated subsequent events through March 11, 2020, the date the financial statements were available for issuance.

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