

SAN DIEGO CENTER FOR THE BLIND

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

TABLE OF CONTENTS

Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3 – 3A
Statements of Cash Flows	4
Statements of Functional Expenses	5 – 5A
Notes to Financial Statements	6 – 9

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## INDEPENDENT AUDITOR'S REPORT

To The Board of Directors  
San Diego Center for the Blind

### Report on the Financial Statements

I have audited the accompanying financial statements of San Diego Center for the Blind, a non-profit organization, which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

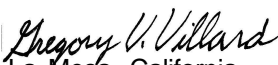
My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Diego Center for the Blind as of June 30, 2018 and 2017, 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.

  
La Mesa, California  
January 16, 2019

SAN DIEGO CENTER FOR THE BLIND  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2018 AND 2017

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Cash & cash equivalents	\$ 74,338	\$ 76,478
Investments	6,989,630	7,270,634
Receivables	100,466	131,450
Inventory	72,567	74,181
Prepaid expenses and other assets	15,066	16,177
Property and equipment	1,391,811	1,520,150
Endowment assets held by a third party	<u>24,417</u>	<u>23,940</u>
 Total Assets	 <u><u>\$ 8,668,295</u></u>	 <u><u>\$ 9,113,010</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 68,997	\$ 72,367
Unearned revenue	<u>4,161</u>	<u>4,161</u>
 Total Liabilities	 <u>73,158</u>	 <u>76,528</u>
 <b>Net Assets</b>		
Unrestricted	8,461,460	8,751,900
Temporarily restricted	109,260	260,642
Permanently restricted	<u>24,417</u>	<u>23,940</u>
 Total Net Assets	 <u>8,595,137</u>	 <u>9,036,482</u>
 Total Liabilities and Net Assets	 <u><u>\$ 8,668,295</u></u>	 <u><u>\$ 9,113,010</u></u>

See accompanying notes and independent auditor's report.

SAN DIEGO CENTER FOR THE BLIND  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUE</b>				
Legacies and Bequests	\$ 214,720	\$ -	\$ -	\$ 214,720
Contributions	192,548	-	-	192,548
Government Grants	167,786	-	-	167,786
Government Contracts - Fees for Services	113,062	-	-	113,062
Special Events, net of expenses of \$704	55,786	-	-	55,786
Store Sales, net of expenses of \$141,729	90,188	-	-	90,188
Low Vision Clinic	47,123	-	-	47,123
Miscellaneous	14,778	-	-	14,778
Endowment	-	-	477	477
Investment Gain (Loss)	507,608	-	-	507,608
Net Assets Released from Restriction	151,382	(151,382)	-	-
 Total support and revenue	 <u>1,554,981</u>	 <u>(151,382)</u>	 <u>477</u>	 <u>1,404,076</u>
 <b>EXPENSES</b>				
Program Services	<u>1,548,506</u>	<u>-</u>	<u>-</u>	<u>1,548,506</u>
Supporting Services				
Management and General	165,781	-	-	165,781
Fundraising	<u>131,134</u>	<u>-</u>	<u>-</u>	<u>131,134</u>
Total Supporting Services	<u>296,915</u>	<u>-</u>	<u>-</u>	<u>296,915</u>
 Total Expenses	 <u>1,845,421</u>	 <u>-</u>	 <u>-</u>	 <u>1,845,421</u>
 Change in Net Assets	 (290,440)	 (151,382)	 477	 (441,345)
Net Assets				
Beginning of year	<u>8,751,900</u>	<u>260,642</u>	<u>23,940</u>	<u>9,036,482</u>
End of year	<u>\$ 8,461,460</u>	<u>\$ 109,260</u>	<u>\$ 24,417</u>	<u>\$ 8,595,137</u>

See accompanying notes and independent auditor's report.

SAN DIEGO CENTER FOR THE BLIND  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>				
Legacies and Bequests	\$ 363,158	\$ -	\$ -	\$ 363,158
Contributions	223,601	-	-	223,601
Government Grants	193,425	-	-	193,425
Government Service Contracts	290,556	-	-	290,556
Special events net of costs of \$34,187	51,644	-	-	51,644
Store sales net of costs of \$167,012	82,512	-	-	82,512
Miscellaneous	15,715	-	-	15,715
Endowment	-	-	1,296	1,296
Net Assets Released from Restriction	221,501	(221,501)	-	-
Investment Gain (Loss)	563,841	-	-	563,841
	<u>2,005,953</u>	<u>(221,501)</u>	<u>1,296</u>	<u>1,785,748</u>
<b>EXPENSES</b>				
Program Services	<u>1,433,785</u>	<u>-</u>	<u>-</u>	<u>1,433,785</u>
Supporting Services				
Management and general	166,396	-	-	166,396
Fundraising	112,297	-	-	112,297
Total supporting services	<u>278,693</u>	<u>-</u>	<u>-</u>	<u>278,693</u>
	<u>1,712,478</u>	<u>-</u>	<u>-</u>	<u>1,712,478</u>
Change in Net Assets	293,475	(221,501)	1,296	73,270
Net Assets				
Beginning of year	<u>8,458,425</u>	<u>482,143</u>	<u>22,644</u>	<u>8,963,212</u>
End of year	<u>\$ 8,751,900</u>	<u>\$ 260,642</u>	<u>\$ 23,940</u>	<u>\$ 9,036,482</u>

See accompanying notes and independent auditor's report.

SAN DIEGO CENTER FOR THE BLIND  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2018 AND 2017

	<b>2018</b>	<b>2017</b>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ (441,345)	\$ 73,270
Reconciliation to net cash provided by (used in) operating activities:		
Depreciation	136,743	146,503
(Increase) decrease in value of endowment assets held by third parties	(477)	(1,296)
Net unrealized loss (gain) on investments	277,619	(358,355)
(Increase) decrease in operating assets		
Receivables	30,984	11,104
Inventory	1,614	(676)
Prepaid expenses and other assets	1,111	(10,710)
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	(3,370)	(6,841)
Unearned revenue	-	(21,697)
Net cash provided by (used in) operating activities	<u>2,879</u>	<u>(168,698)</u>
<b>Cash Flows from Investing Activities</b>		
Purchases and sales of investments (net)	3,386	43,239
Purchases and Disposals of property and equipment (net)	<u>(8,405)</u>	<u>(141,481)</u>
Net cash provided by (used in) investing activities	<u>(5,019)</u>	<u>(98,242)</u>
 <b>Increase (Decrease) in Cash and Cash Equivalents</b>	 \$ (2,140)	 \$ (266,940)
 <b>Cash and Cash Equivalents</b>		
Beginning of year	<u>76,478</u>	<u>343,418</u>
End of year	<u>\$ 74,338</u>	<u>\$ 76,478</u>

See accompanying notes and independent auditor's report.

SAN DIEGO CENTER FOR THE BLIND  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2018

	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 946,582	\$ 100,326	\$ 76,828	\$ 1,123,736
Payroll taxes	70,285	7,449	5,705	83,439
Employee health and benefits	147,139	15,445	11,828	174,412
Total salaries and related expenses	<u>1,164,006</u>	<u>123,220</u>	<u>94,361</u>	<u>1,381,587</u>
Fundraising	-	-	14,669	14,669
Public Relations	58,155	-	-	58,155
Transportation Operating Costs	34,832	-	-	34,832
Employee Mileage Reimbursement	6,955	737	565	8,257
Program Supplies and Advertising	26,256	7,999	-	34,255
Occupancy Repairs and Maintenance	62,474	6,728	5,152	74,354
Office Supplies, Postage & Dues	27,006	2,862	2,192	32,060
Utilities	25,691	2,723	2,085	30,499
Telephone	9,912	1,051	805	11,768
Accounting, Legal & Other Fees	8,301	7,182	1,136	16,619
Professional Development & Conferences	3,270	347	266	3,883
Miscellaneous	6,462	724	554	7,740
Total expenses before depreciation	<u>1,433,320</u>	<u>153,573</u>	<u>121,785</u>	<u>1,708,678</u>
Depreciation	<u>115,186</u>	<u>12,208</u>	<u>9,349</u>	<u>136,743</u>
Total Expenses	<u><u>\$ 1,548,506</u></u>	<u><u>\$ 165,781</u></u>	<u><u>\$ 131,134</u></u>	<u><u>\$ 1,845,421</u></u>

See accompanying notes and independent auditor's report.

SAN DIEGO CENTER FOR THE BLIND  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2017

	Program	Management and General	Fundraising	Total
Salaries	\$ 883,905	\$ 105,031	\$ 73,513	\$ 1,062,449
Payroll taxes	65,866	7,827	5,478	79,171
Employee health and benefits	106,379	12,641	8,847	127,867
Total salaries and Related Benefits	<u>1,056,150</u>	<u>125,499</u>	<u>87,838</u>	<u>1,269,487</u>
Fundraising	-	-	3,852	3,852
Public Relations	50,346	-	-	50,346
Transportation operating costs	30,747	-	-	30,747
Program supplies	48,571	8,674	-	57,245
Employee mileage reimbursement	4,608	548	383	5,539
Facility maintenance and insurance	48,478	5,760	4,032	58,270
Office, supplies, postage, & dues	16,126	1,916	1,341	19,383
Utilities	28,459	3,382	2,367	34,208
Telephone	9,314	1,107	775	11,196
Accounting, Legal, & Other Fees	10,130	3,984	842	14,956
Professional development & conferences	4,353	517	362	5,232
Miscellaneous	4,620	526	368	5,514
Total expenses before depreciation	<u>1,311,902</u>	<u>151,913</u>	<u>102,160</u>	<u>1,565,975</u>
Depreciation	<u>121,883</u>	<u>14,483</u>	<u>10,137</u>	<u>146,503</u>
Total Expenses	<u>\$ 1,433,785</u>	<u>\$ 166,396</u>	<u>\$ 112,297</u>	<u>\$ 1,712,478</u>

See accompanying notes and independent auditor's report.



SAN DIEGO CENTER FOR THE BLIND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 and 2017

NOTE 1. NATURE OF ORGANIZATION

San Diego Center for the Blind (the Organization) is a voluntary health agency and a California not-for-profit corporation. Incorporated on June 12, 1976, the Organization's exempt purpose is to provide orientation and mobility, training, counseling, and teaching of daily living skills for sight-impaired individuals of San Diego County. The Organization's primary location is in San Diego, California and also has a branch located in Vista, California.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with the recommendations of the American Institute of Certified Public Accountants in its industry guide, *Audits of Voluntary Health and Welfare Organizations*. The significant accounting policies are described below:

Accounting Method

The Organization utilizes the accrual method of accounting for financial statement presentation, in accordance with accounting principles generally accepted in the United States of America.

Grant and Contract Support

Services are rendered to clients referred to San Diego Center for the Blind by the California State Department of Rehabilitation on a fee basis and are billed and paid monthly. The Organization recognizes government service contract fees in the period in which the related expenses are incurred. Department of Rehabilitation revenues are recognized and recorded in the same month as services are rendered.

Other Revenue Recognition

Revenue from donations, bequests, fund raisers, etc. are available for general use unless specifically restricted by the donor. Other than promises to give, revenue from donations and bequests are not recognized until received.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization uses the allowance method to determine uncollectible promises receivable. The allowance, if applicable, is based on prior years' experience and management's analysis of specific promises made.

Donated Services

Donated services have not been reflected in the accompanying financial statements since no objective basis is available to measure the value of such services.

Inventory

Inventory, which consists of canes and other aids for the vision-impaired, is stated at lower of cost or market value.

Basis of Presentation

Financial Statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, restricted, and permanently restricted net assets.

SAN DIEGO CENTER FOR THE BLIND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 and 2017

Use of 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 assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Restricted Support and Net Assets

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are satisfied within the same reporting period, are reported as unrestricted support in the period.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Property and Equipment

Land, buildings and improvements, transportation vehicles, and office furniture and equipment have been recorded at cost if purchased or at fair market value at the time of donation. Depreciation is provided over the estimated useful lives of the respective depreciable assets on a straight-line basis. It is the Organization's policy to capitalize fixed assets which exceed \$1,000 in cost or donated value.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with initial maturity of three months or less to be cash equivalents.

Investments

The Organization records all investments in debt and equity securities at fair market value. Donated investments are initially recorded at their fair value at the date of the donation. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investments in land and building are recorded at estimated fair value at the date of the gift.

Income Tax Status

San Diego Center for the Blind is an organization formed under Internal Revenue Code Section 501 (c)(3) and Section 23701(a) of the California code. The Organization had no unrelated business income during the year and is therefore not liable for any income tax. Accordingly, no provision for Federal and California income taxes has been made in these financial statements.

SAN DIEGO CENTER FOR THE BLIND  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018 and 2017

The Organization recognized the financial statement benefit of tax positions, such as its income tax exempt filing status, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California purposes is generally three and four years, respectively.

Allocation of Functional Expenses

The costs of providing the various programs have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Concentration of Cash and Cash Equivalents Held in Banks

The Organization maintains its cash and cash equivalents in bank deposit accounts which, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 3. INVESTMENTS

Investments consist of (1) premium investment grade mutual funds, savings bonds, treasury bonds, and equity securities from corporations throughout the United States and are carried at market value and (2) rental real estate carried at fair market value at the time of the donation:

	<u>2018</u>	<u>2017</u>
<u>Unrestricted</u>		
Corporate stocks and bonds	\$6,989,630	\$7,270,634
	<u>\$6,989,630</u>	<u>\$7,270,634</u>
<u>Permanently Restricted</u>		
Endowment funds held by a third party	24,416	23,940
	\$ <u>24,416</u>	\$ <u>23,940</u>

NOTE 4. PROPERTY AND EQUIPMENT

Property and Equipment are summarized as follows:

	<u>2018</u>	<u>2017</u>
Land, buildings, and improvements	\$2,468,063	\$2,468,064
Office furniture, equipment, and computers	170,514	192,028
Transportation vehicles	<u>475,625</u>	<u>445,705</u>
	<u>\$3,114,202</u>	<u>3,105,797</u>
Less accumulated depreciation	<u>(1,722,391)</u>	<u>(1,585,647)</u>
	<u>\$1,391,811</u>	<u>\$ 1,520,150</u>

Depreciation expense incurred was \$136,743 for the year ended June 30, 2018 and \$146,503 for the year ended June 30, 2017.

The City of San Diego assisted in making improvements to one building with \$118,000 of Community Development Block Grant funds. If the Organization disposes of the building prior to June 19, 2020, the funds are required to be returned to the City of San Diego.

SAN DIEGO CENTER FOR THE BLIND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 and 2017

NOTE 5. CONTINGENCY

The Organization has grants and contracts with government agencies which are subject to audit. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined. Management believes that any liability, which may result from these audits, is not material.

NOTE 6. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets of \$24,417 (\$23,940 for the year ended June 30, 2017) are restricted to investment in perpetuity, the income from which is available to support activities of the Organization.

NOTE 7. INVESTMENT INCOME

	<u>2018</u>	<u>2017</u>
Interest Income	\$ 2,920	\$ 1,371
Dividend Income	252,725	210,748
Realized Gain/(Loss)		
On Sale of Investments	--	17,048
Unrealized Gain/(Loss)		
On Investments	<u>277,619</u>	<u>358,355</u>
Total	533,264	587,522
Less Investment Expenses	( <u>25,656</u> )	( <u>23,681</u> )
Net Investment Gain (Loss)	<u>\$ 507,608</u>	<u>\$ 563,841</u>

NOTE 8. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 16, 2019, the date that the financial statements were available to be issued.