

The Blind Children's Center, Inc.

Financial Statements

June 30, 2021
(With Comparative Totals for 2020)



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Blind Children's Center, Inc.
Los Angeles, California

We have audited the accompanying financial statements of The Blind Children's Center, Inc. (the "Center"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 The Blind Children's Center, Inc. as of June 30, 2021, 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.



An independent firm
associated with Moore
Gobel Network Limited

Report on Summarized Comparative Information

We have previously audited The Blind Children's Center, Inc.'s 2020 financial statements, and our report dated February 19, 2021 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 June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Armanino^{LLP}
Los Angeles, California

January 14, 2022

The Blind Children's Center, Inc.
Statement of Financial Position
June 30, 2021
(With Comparative Totals for 2020)

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,599,157	\$ 1,446,232
Investments	7,695,203	6,741,033
Accounts receivable	210	-
Pledges receivable	-	50,000
Inventory of publications	42,096	42,823
Prepaid expenses and other current assets	183,402	74,807
Total current assets	9,520,068	8,354,895
Property and equipment, net	1,206,533	1,256,236
Total assets	\$ 10,726,601	\$ 9,611,131
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 434,145	\$ 329,836
Note payable - Paycheck Protection Program	380,000	300,000
Total current liabilities	814,145	629,836
Commitments (Note 8)		
Net assets		
Without donor restrictions		
Investment in property and equipment	1,206,533	1,256,236
Research fund	87,622	125,000
General	7,494,647	6,486,726
Total without donor restrictions	8,788,802	7,867,962
With donor restrictions	1,123,654	1,113,333
Total net assets	9,912,456	8,981,295
Total liabilities and net assets	\$ 10,726,601	\$ 9,611,131

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

The Blind Children's Center, Inc.
Statement of Activities
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Revenues, gains and other support				
Contributions	\$ 561,254	\$ 440,480	\$ 1,001,734	\$ 1,368,019
Bequests	568,659	-	568,659	31,789
Government grants	325,000	-	325,000	-
Special events	108,166	-	108,166	60,004
Publications	6,904	-	6,904	1,177
Other income	2,602	-	2,602	12,603
Investment income, net	1,422,848	161,629	1,584,477	437,539
Net assets released from restrictions	<u>591,788</u>	<u>(591,788)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>3,587,221</u>	<u>10,321</u>	<u>3,597,542</u>	<u>1,911,131</u>
Functional expenses				
Program services	<u>1,988,503</u>	<u>-</u>	<u>1,988,503</u>	<u>2,039,937</u>
Support services				
Management and general	325,841	-	325,841	308,534
Fundraising	<u>352,037</u>	<u>-</u>	<u>352,037</u>	<u>265,771</u>
Total support services	<u>677,878</u>	<u>-</u>	<u>677,878</u>	<u>574,305</u>
Total functional expenses	<u>2,666,381</u>	<u>-</u>	<u>2,666,381</u>	<u>2,614,242</u>
Change in net assets	920,840	10,321	931,161	(703,111)
Net assets, beginning of year	<u>7,867,962</u>	<u>1,113,333</u>	<u>8,981,295</u>	<u>9,684,406</u>
Net assets, end of year	<u>\$ 8,788,802</u>	<u>\$ 1,123,654</u>	<u>\$ 9,912,456</u>	<u>\$ 8,981,295</u>

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

The Blind Children's Center, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2021 Total</u>	<u>2020 Total</u>
Salaries	\$ 1,270,423	\$ 203,813	\$ 186,639	\$ 1,660,875	\$ 1,687,049
Payroll taxes	102,809	17,797	14,806	135,412	125,970
Employee benefits	180,250	33,597	25,283	239,130	260,442
Professional and specialist's fees	139,489	23,017	58,412	220,918	181,884
Educational supplies	14,325	842	501	15,668	39,377
Office expense	10,932	2,060	1,645	14,637	15,606
Occupancy expenses	51,316	9,105	7,323	67,744	70,753
Depreciation and amortization	106,400	12,885	13,350	132,635	62,177
Research	35,737	-	-	35,737	-
Donor stewardship	-	244	912	1,156	411
Mileage	-	-	-	-	102
Postage	3,202	417	538	4,157	3,635
Printing	583	71	6,740	7,394	10,351
Professional development	2,895	1,608	144	4,647	9,008
Repairs and maintenance	24,168	11,099	2,485	37,752	36,008
Software maintenance	5,103	3,712	10,157	18,972	18,499
Special events expense	-	-	17,630	17,630	11,377
Telephone	31,492	3,874	4,021	39,387	38,184
Other expenses	9,379	1,700	1,451	12,530	43,409
	<u>\$ 1,988,503</u>	<u>\$ 325,841</u>	<u>\$ 352,037</u>	<u>\$ 2,666,381</u>	<u>\$ 2,614,242</u>

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

The Blind Children's Center, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 931,161	\$ (703,111)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	132,635	62,177
Net realized and unrealized gains on investments	(1,485,384)	(272,917)
Loss on disposal of property and equipment	-	2,050
Loan forgiveness	(300,000)	-
Changes in operating assets and liabilities		
Accounts receivable	(210)	-
Pledges receivable	50,000	258,524
Inventory of publications	727	3,767
Prepaid expenses and other current assets	(108,595)	(2,802)
Accounts payable and accrued expenses	104,309	(102,729)
Net cash used in operating activities	<u>(675,357)</u>	<u>(755,041)</u>
Cash flows from investing activities		
Purchases of investments	(1,473,749)	(2,702,320)
Proceeds from sale of investments	2,004,963	3,534,947
Purchases of property and equipment	(82,932)	(138,475)
Net cash provided by investing activities	<u>448,282</u>	<u>694,152</u>
Cash flows from financing activities		
Proceeds from note payable - Paycheck Protection Program	<u>380,000</u>	<u>300,000</u>
Net cash provided by financing activities	<u>380,000</u>	<u>300,000</u>
Net increase in cash	152,925	239,111
Cash, beginning of year	<u>1,446,232</u>	<u>1,207,121</u>
Cash, end of year	<u>\$ 1,599,157</u>	<u>\$ 1,446,232</u>

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

The Blind Children's Center, Inc.
Notes to Financial Statements
June 30, 2021

1. NATURE OF OPERATIONS

The mission of The Blind Children's Center, Inc. (the "Center") is to prepare children who are visually impaired to thrive in a sighted world through inclusive, family-focused early intervention and child development programs.

The Center is a 501 (c) (3) nonprofit organization founded in 1938 by the Delta Gamma Alumnae Association of Southern California. Each year the Center serves approximately 80 children who are blind or visually impaired and provides an array of support services for more than 300 family members. Our goal is to optimize each child's development and opportunities to lead a meaningful life through a comprehensive program beginning with early intervention, followed by an educational curriculum specifically adapted to the needs of each student. We are committed to a family-focused approach where parents, siblings, grandparents, and caregivers are included in the educational process every step of the way.

In keeping with best practices, our programs are fully inclusive with sighted children integrated in each class, providing unique opportunities for social interaction and acquisition of critical skills. Our multidisciplinary team of experts utilizes leading-edge technology and adaptive devices to help our students who are visually impaired keep pace in the sighted world. A model program, the Center impacts communities globally through presentations, conferences, and research grants, as well as a full suite of publications for families and professionals. In all, more than 750,000 copies of our publications have been distributed in 75 countries and translated into 17 languages.

Throughout our long history a dedicated community of friends and supporters has sustained our vital work. The Center's funding reflects the generosity of private donors and the trust of foundations and corporations, which allows us to provide these life-changing services at no cost to our students and families.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The financial statements of the Center have been prepared on the accrual basis of accounting and presented on the basis of net assets with or without donor restrictions, in accordance with accounting principles generally accepted in the United States of America ("GAAP").

- *Net assets without donor restrictions* - represent resources available to the Center's operations which are not otherwise limited by donor restrictions and restricted resources that have become available for use by the Center in accordance with the intentions of the donors.
- *Net assets without donor restriction, investment in property and equipment* - represents the net book value of property and equipment, at cost.
- *Net assets without donor restriction, Research fund* - represents board designated funds set aside for future research grants.

The Blind Children's Center, Inc.
Notes to Financial Statements
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

- *Net assets with donor restrictions* - consists of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Center may spend the funds. This class also includes contributed funds subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund operations as designated by donors.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from these estimates.

Income tax status

The Center is a nonprofit organization under section 501(c)(3) of the Internal Revenue Code and similar provisions for the state of California and, therefore, is exempt from federal and state income taxes.

The Center follows ASC 740, *Accounting for Income Taxes* ("ASC 740") which provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an organization's financial statements. Specifically, ASC 740-10-25 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Center and recognize a tax liability (or asset) if the Center has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Center and has concluded that as of June 30, 2021, there were no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Center is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax period in progress. Management believes it is no longer subject to federal income tax examinations for years prior to 2018 and 2017 for the state of California.

Cash and cash equivalents

Cash and cash equivalents include all cash balances, money market funds, and highly liquid investments with an original maturity of three months or less.

The Blind Children's Center, Inc.
Notes to Financial Statements
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Bequest receivable

Individual bequests are recorded as revenue at the time the Center becomes entitled to the assets, the probate court has issued the order permitting the executor to distribute the assets, the amount to be received is assured or can be reasonably determined, and the distributions are anticipated within a reasonable period, generally twelve months. The Center has been designated as a beneficiary of several bequests, which have not been recorded in the accompanying financial statements at June 30, 2021, as they do not meet the foregoing criteria.

Pledges receivables

When a donor has unconditionally promised to contribute funds in future periods, the Center recognizes the fair value of the pledge receivable. Pledges expected to be collected in future years are recorded as a donation and a receivable at the present value of the expected future cash flows.

Investments

The Center accounts for investments in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 958-320 *Not-for-Profit Entities: Investments - Debt and Equity Securities* ("ASC 958-320"). ASC 958-320 requires that investments in debt and equity securities with readily determinable fair values to be reported at fair market value in the statement of financial position.

Sales and purchases of securities are recorded on the trade date, which results in receivables and payables on trades that have not yet been settled at the financial statement date. Interest income is recorded as earned on an accrual basis, and dividend income is recorded based upon the ex-dividend date. Realized gains and losses are calculated based upon the underlying cost of securities traded. Unrealized gains and losses are included in the statement of activities and represent the difference between the cost and market quotations of investments held at the end of the fiscal year.

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 long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Investments are made according to the investment policies, guidelines, and objectives adopted by the Center's Board of Directors. These guidelines provide for investments in equities, fixed income, and other securities with performance measured against appropriate indices. Market values of such investments are routinely reviewed by the Board of Directors.

The Blind Children's Center, Inc.
Notes to Financial Statements
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements

The Center has adopted Accounting Standards Codification No. 820-10, *Fair Value Measurements and Disclosures* ("ASC 820-10") which 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 inputs that may be used to measure fair value under ASC 820-10 are described below:

- *Level 1* - Quoted prices in active market for identical assets or liabilities,
- *Level 2* - Observable inputs based on quoted on prices in non-active markets or in active markets for similar assets and liabilities. Inputs other than quoted prices that are observable or inputs that are not directly observable, but are corroborated by observable market data,
- *Level 3* - Unobservable inputs that are supported by little or no market activity and that are significant to the measurements of the assets or liabilities. The Center did not have any investments that are categorized as Level 3 as of June 30, 2021.

The asset's 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 maximum the use of observable inputs and minimize the use of unobservable inputs.

The fair value of fixed income and equity securities are based on quoted market prices.

Inventory of publications

Inventory of publications consists of educational booklets written by professionals at or associated with the Center. The Center publishes these booklets to be distributed to parents, educators and specialists throughout the world for a nominal fee. Inventory is stated at cost, computed on a first-in, first-out basis.

Property and equipment

Purchases of property and equipment are recorded at cost. Donated items are recorded at fair value when received. Depreciation and amortization on both purchased and donated items are computed using the straight-line method over the following estimated useful lives:

Buildings	33 years
Land improvements	1-33 years
Furniture and equipment	3-10 years

The Blind Children's Center, Inc.
Notes to Financial Statements
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

Normal repairs and maintenance are expensed as incurred, whereas significant charges that materially increase values or extend useful lives are capitalized and depreciated over the estimated useful lives of the related assets.

Contributions

The Center recognizes the full amount of contributions received in the period that they were made as with or without donor restrictions depending on the existence and/or nature of any donor restrictions or barriers and rights of return.

Functional expenses

Expenses that can be identified with specific program or supporting services are charged directly to the related program or supporting service. Expenses that are associated with more than one program or supporting service are allocated based on evaluation by management. Expenses not related to a specific program are categorized by management as general and administrative expenses.

Subsequent events

The Center has evaluated events subsequent through January 14, 2022, the date the financial statements were available to be issued except as disclosed in Note 5. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

3. INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, the Center's assets at fair value as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Government securities	\$ -	\$ 335,323	\$ -	\$ 335,323
Corporate bonds	169,748	-	-	169,748
Equities	2,567,755	-	-	2,567,755
Mutual funds	<u>4,622,377</u>	<u>-</u>	<u>-</u>	<u>4,622,377</u>
	<u>\$ 7,359,880</u>	<u>\$ 335,323</u>	<u>\$ -</u>	<u>\$ 7,695,203</u>

The Blind Children's Center, Inc.
Notes to Financial Statements
June 30, 2021

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Land	\$ 106,493
Buildings	278,893
Land improvements	1,879,746
Furniture and equipment	<u>617,524</u>
	2,882,656
Accumulated depreciation	<u>(1,676,123)</u>
	<u><u>\$ 1,206,533</u></u>

Depreciation expense for the year ended June 30, 2021 was \$132,635.

5. NOTE PAYABLE - PAYCHECK PROTECTION PROGRAM

On May 4, 2020, the Center received loan proceeds in the amount of \$300,000 under the Paycheck Protection Program ("PPP"). Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the Center's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (8 or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period.

On February 4, 2021, the Center was granted forgiveness for the outstanding balance of the loan. Additionally, on April 1, 2021, the Center received a COVID-19 relief grant from the California Office of Small Business Advocate in the amount of \$25,000. The loan forgiveness and COVID-19 relief grants have been recognized as government grants in the accompanying Statement of Activities.

On February 10, 2021, the Center received a second PPP loan ("PPP 2") in the amount of \$380,000 to help keep its workforce employed during the COVID-19 crisis under similar terms as the first PPP loan. The loan has a maturity of five years and an interest rate of 1% per annum. The Center received forgiveness for PPP 2 on October 25, 2021 for the outstanding balance of the loan.

The Blind Children's Center, Inc.
Notes to Financial Statements
June 30, 2021

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

Infant program	\$	45,000
Literacy program		100,000
Medical support program		35,000
Accumulated investment gains on donor-restricted endowments		517,725
Classroom furniture program		27,209
Weingart Foundation		200,200
Estate-Jetta Goudal Grieve		157,020
Archer-Johnson Foundation		1,500
Estate-Walter & Holly Thomson		25,000
Estate-Margaret Bundy Scott		<u>15,000</u>
	<u>\$</u>	<u>1,123,654</u>

7. ENDOWMENT

A portion of net assets with donor restrictions consist of endowments that are restricted by the donor for investment in perpetuity. The grant agreements for a portion of the net assets with donor restrictions allows the Center to use the interest and dividend income from the endowment for education purposes and allows the adjustment annually for realized and unrealized gains and losses. The Center's endowment consists of several individual funds established for education and general operations. Its endowment includes only donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Center's Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment included within net assets with donor restrictions, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the 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 is classified as without donor restrictions once the amounts are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund

The Blind Children's Center, Inc.
Notes to Financial Statements
June 30, 2021

7. ENDOWMENT (continued)

Interpretation of relevant law (continued)

- (2) The purposes of the Center and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Center
- (7) The investment policies of the Center

Endowment

The Center's endowment includes all net assets with donor restrictions.

Return objectives and risk parameters

The Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Center must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the Center diversifies its investments, subject to practicality constraints, among a variety of asset classes so as to provide a balance that will enhance total real return while avoiding undue risk concentration in any single asset class or investment category. Actual returns in any given year may vary from their respective benchmarks.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Center relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Center targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy

The Center has a formal policy of appropriating 3.6% of the trailing 12 quarter average of its permanently restricted endowment's total asset value ending each fiscal year.

The Blind Children's Center, Inc.
Notes to Financial Statements
June 30, 2021

7. ENDOWMENT (continued)

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Center to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2021.

Endowment composition

Endowment net asset composition by type of fund as of June 30, 2021 is as follows:

Endowments restricted by donors in perpetuity	\$ 398,720
Accumulated investment gains on donor-restricted endowments	<u>517,725</u>
	<u>\$ 916,445</u>

Changes in endowment net assets for the fiscal year ended June 30, 2021 is as follows:

	<u>With Donor Restrictions</u>
Balance, June 30, 2020	\$ 780,611
Investment income	161,629
Endowment appropriations	<u>(25,795)</u>
Balance, June 30, 2021	<u>\$ 916,445</u>

8. COMMITMENTS

The Center leases office equipment for periods through October 2024. Rental expense was \$10,850 for the year ended June 30, 2021.

The scheduled minimum lease payments under the lease terms are as follows:

<u>Year ending June 30,</u>	
2022	\$ 10,354
2023	8,194
2024	8,194
2025	<u>4,036</u>
	<u>\$ 30,778</u>

The Blind Children's Center, Inc.
Notes to Financial Statements
June 30, 2021

9. RETIREMENT PLAN

The Center sponsors the Blind Children's Center 401(k) Profit Sharing Plan ("the Plan"). All employees 21 years old or older completing 1,000 hours of service to the Center are eligible to participate. Under the Plan, employees of the Center adopt salary reduction agreements and may contribute their reduced compensation to the Plan. The Center will match a portion of the participant's contribution to the Plan. The amount may vary from year to year based upon the budget approved by the Center's Board of Directors. During the year ended June 30, 2021, the Center contributed \$38,312 to the Plan.

10. LIQUIDITY AND FUNDS AVAILABLE

The Center regularly monitors liquidity required to meet its operating needs and other contractual commitments while also striving to maximize the investment of its available funds. As part of the Center's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To meet liquidity needs, the Center has cash and investments available.

The following is a quantitative disclosure which describes assets that are available within one year of June 30, 2021 to fund general expenditures and other obligations when they become due.

Liquidity and funds available is as follows:

Financial assets	
Cash and cash equivalents	\$ 1,599,157
Investments	7,695,203
Accounts receivable	<u>210</u>
	<u>9,294,570</u>
Less: amounts unavailable for general expenditure within one year	
Net assets with donor restrictions	(1,123,654)
Board designated net assets allocated to research	<u>(87,622)</u>
	<u>(1,211,276)</u>
	<u>\$ 8,083,294</u>

11. RISKS AND UNCERTAINTIES

In December 2019, an outbreak of a novel strain of coronavirus ("COVID-19") originated in Wuhan, China, and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. California, among other states in the U.S., has declared a state of emergency. Future potential impacts may include continued disruptions or restrictions on our employees' ability to work and impairment of our ability to obtain contributions. The future effects of these issues are unknown.