BLIND CHILDREN'S CENTER

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THE BLIND CHILDREN'S CENTER, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

VASIN, HEYN & COMPANY

ABOVE THE BRIGHT LINE

AN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

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(A California Non-Profit Corporation)
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Blind Children's Center, Inc.
(A California Non-Profit Corporation)
Los Angeles, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Blind Children's Center, Inc. (A California Non-Profit Corporation) which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Blind Children's Center, Inc. as of June 30, 2025, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Blind Children's Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Blind Children's Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We previously audited The Blind Children's Center, Inc.'s 2024 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated November 14, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The summary financial statements do not contain all the disclosures required by accounting principles generally accepted in the United States of America. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of The Blind Children's Center, Inc.

Vavrinek, Hayn + Co.

Calabasas, California
December 1, 2025

THE BLIND CHILDREN'S CENTER
(A California Non-Profit Corporation)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025	2024
ASSETS		
Cash and cash equivalents	$ 1,678,625	$ 670,331
Contracts receivable	214,969	1,410,845
Accounts receivable	420	246
Promises to give	57,578	175,000
Investments	7,044,800	7,009,340
Deposits and prepaid expenses	54,159	139,771
Inventory	40,289	40,390
Unemployment reserve	10,726	8,570
Other assets	(1,702)	3,216
Construction in progress	-	6,606,140
Property and equipment, net	7,895,770	968,772
Total assets	$ 16,995,634	$ 17,032,621
LIABILITIES		
Accounts payable and accrued expenses	$ 488,211	$ 1,059,824
Accrued payroll and related liabilities	274,315	258,646
Total liabilities	762,526	1,318,470
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Without donor restrictions:		
Undesignated	7,062,636	13,419,792
Investment in property and equipment	7,895,770	968,772
Board designated, research fund	125,000	25,122
Total without donor restrictions	15,083,406	14,413,686
With donor restrictions	1,149,702	1,300,465
Total net assets	16,233,108	15,714,151
Total liabilities and net assets	$ 16,995,634	$ 17,032,621

See accompanying auditors' report and notes to financial statements.

THE BLIND CHILDREN'S CENTER
(A California Non-Profit Corporation)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE, SUPPORT AND RESTRICTIONS RELEASED				
Governmental service contracts	$ 2,710,061	$ -	$ 2,710,061	$ 6,833,096
Contributions and grants	712,822	820,000	1,532,822	1,904,051
In-kind contributions	480	-	480	-
Fees for services	1,208	-	1,208	2,173
Interest and dividends income, net of expenses	87,215	-	87,215	127,828
Realized and unrealized gain (loss) on investments	612,572	54,737	667,309	687,928
Other income	4,116	-	4,116	1,670
Rental income	3,000	-	3,000	3,300
Restrictions released	1,025,500	(1,025,500)	-	-
Total revenue, support and restrictions released	5,156,974	(150,763)	5,006,211	9,560,046
Expenses				
Program services	3,447,837	-	3,447,837	3,182,578
Management and general	568,087	-	568,087	526,472
Fundraising	471,330	-	471,330	368,032
Total expenses	4,487,254	-	4,487,254	4,077,082
CHANGE IN NET ASSETS	669,720	(150,763)	518,957	5,482,964
NET ASSETS - beginning of year	14,413,686	1,300,465	15,714,151	10,231,187
NET ASSETS - end of year	$ 15,083,406	$ 1,149,702	$ 16,233,108	$ 15,714,151

See accompanying auditors' report and notes to financial statements.

THE BLIND CHILDREN'S CENTER
(A California Non-Profit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025				
	Program	Management and General	Fundraising	2025 Totals	2024 Totals
Salaries and related expenses					
Salaries and wages	$ 1,991,808	$ 221,312	$ 245,902	$ 2,459,022	$ 2,321,795
Employee benefits	232,352	25,817	28,685	286,854	265,209
Payroll taxes	146,016	16,224	18,027	180,267	167,629
	2,370,176	263,353	292,614	2,926,143	2,754,633
Other expenses					
Advertising	89,946	5,452	4,019	99,417	29,472
Auto expenses	-	9,615	-	9,615	12,507
Computer expenses	36,557	4,062	4,513	45,132	33,621
Depreciation expense	298,824	33,202	36,892	368,918	84,405
Dues and subscriptions	4,890	-	-	4,890	4,823
Education and training	-	17,933	-	17,933	22,193
Equipment rental and maintenance	7,307	4,564	511	12,382	8,500
Family education and activity	-	3,860	-	3,860	129
Insurance	92,420	10,269	11,410	114,099	109,552
Investment expenses	-	44,010	-	44,010	51,328
Legal	-	(675)	-	(675)	1,919
Occupancy	78,099	8,678	9,642	96,419	109,870
Office expenses	-	8,722	-	8,722	14,100
Other expenses	20,210	2,246	2,495	24,951	21,131
Permits and licenses	-	4,506	-	4,506	2,593
Printing and mailing	-	3,915	43,417	47,332	18,047
Professional fees	212,662	126,810	41,258	380,730	397,481
Program supplies	112,675	-	-	112,675	67,985
Property taxes	-	2,173	-	2,173	4,411
Public relations	-	5,123	13,288	18,411	9,138
Repairs and maintenance	28,254	3,139	3,488	34,881	32,358
Research expenses	25,000	-	-	25,000	12,500
Small equipment	-	-	-	-	220,186
Special events miscellaneous expenses	-	-	-	-	3,050
Supplies, office	18,890	2,099	2,332	23,321	11,237
Travel	8,272	181	61	8,514	231
Utilities	43,655	4,850	5,390	53,895	39,682
Total Functional Expenses	$ 3,447,837	$ 568,087	$ 471,330	$ 4,487,254	$ 4,077,082

See accompanying auditors' report and notes to financial statements.

THE BLIND CHILDREN'S CENTER
(A California Non-Profit Corporation)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 518,957	$ 5,482,964
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities		
Rounding adjustment	-	1
Transfer of construction in progress to property and equipment	(6,908,624)	-
Depreciation expense	368,918	84,405
Realized and unrealized (gain) loss on investments	(667,309)	(687,928)
(Increase) decrease in:		
Contracts receivable	1,195,876	(989,224)
Accounts receivable	(174)	289
Promises to give	117,422	(75,000)
Deposits and prepaid expenses	85,612	(60,185)
Inventory	101	1,522
Unemployment reserve	(2,156)	(6,924)
Other assets	4,918	-
Construction in progress	6,606,140	(6,401,238)
Increase (decrease) in:		
Accounts payable and accrued expenses	(571,613)	888,904
Accrued payroll and related liabilities	15,669	37,852
Total adjustments	244,780	(7,207,526)
Net Cash Provided (Used) by Operating Activities	763,737	(1,724,562)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments activity, net	631,849	469,374
Purchases of property and equipment	(387,292)	(25,149)
Net Cash Provided (Used) by Investing Activities	244,557	444,225
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,008,294	(1,280,337)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	670,331	1,950,668
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,678,625	$ 670,331
Non-Cash Supplementary Disclosures:		
In-kind contributions	$ 480	$ -
Supplementary Disclosures:		
Interest expense	$ 527	$ 39

See accompanying auditors' report and notes to financial statements.

THE BLIND CHILDREN'S CENTER
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

1. DESCRIPTION OF ORGANIZATION

The mission of The Blind Children's Center, Inc. (the Center) is to prepare infants, toddlers, and preschoolers of all abilities to thrive through inclusive, family-focused early childhood education, with a specialized focus on children who are blind or visually impaired.

The Center is a 501 (c) (3) nonprofit organization founded in 1938 by the Delta Gamma Alumna Association of Southern California. The Center provides free high-quality early childhood education programs for children from birth through 5 years-old (Head Start, Early Head Start, CA State Preschool). The Center's 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 classrooms are fully inclusive, allowing children who are blind, visually impaired, or have other disabilities to learn alongside their typically developing peers.. This inclusive model provides unique opportunities for social interaction and the 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. The Center also impacts communities globally through presentations, conferences, and research grants, as well as publications for families and professionals. Nearly 800,000 copies of our publications have been distributed in 75 countries and translated into 17 languages.

As a delegate of Los Angeles County Office of Education (LACOE), our programs are funded in part by the Administration for Children and Families, Department of Health and Human Services, and the California Department of Education. Additionally, throughout our long history, a dedicated community of friends, Delta Gammas, and supporters has sustained our vital work. The Center's private funding reflects the generosity of individual donors and the trust of foundations and corporations, which allows us to provide life-changing services at no cost to our students and families..

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Center prepares its financial statements in accordance with generally accepted accounting principles (GAAP) promulgated in the United States of America. The significant accounting and reporting policies used by the Center are described below to enhance the usefulness and understandability of the financial statements

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

- *Net assets without donor restrictions.* Net assets without donor restrictions are resources available to support operations. The only limits on the use of net assets without donor restrictions are the broad limits resulting for the nature of the Center, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

- *Net assets with donor restrictions.* Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Center's unspent contributions are classified in this class if the donor limited their use. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Center, unless the donor provides more specific directions about the period of its use.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the use of the related resources is subject to donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less. At year-end, and throughout the year, the Center's cash balances, deposited in one bank, exceeded federally insured limits. Management believes the Center is not exposed to any significant credit risk on cash and cash equivalents.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contracts and Accounts Receivable

Receivables consist of contracts and accounts receivables and are stated at the amount management expects to collect from outstanding balances. Receivables are primarily unsecured amounts due on cost reimbursement or performance contracts. The Center uses the allowance method of accounting for receivables determined to be potentially uncollectable. In management's opinion, all receivables were collectible at year-end. No allowance for credit losses for contracts other receivables is considered necessary at June 30, 2025. No allowance for doubtful accounts for receivables is considered necessary at June 30, 2025.

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, 2025, as they do not meet the foregoing criteria.

Promises to Give

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. Pledges receivable at June 30, 2025 are expected to be collected within one year.

Investments and Investment Income

The Center carries its investments in marketable securities at fair value in the Statement of Financial Position.

Realized and unrealized gains and losses are included in the accompanying Statement of Activities in the appropriate class of net assets. Investment income and gains or losses restricted by donors are reported as changes in net assets without donor restrictions. Nevertheless, any appreciation in the value of these restricted assets continues to be treated as restricted, consistent with the original restriction of the funds to be used only for the construction of the new building.

The fair values of investments are based on quoted market prices as of June 30, 2025; therefore, they have been classified as Level 1 investments in the valuation hierarchy.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deposits and Prepaid Expenses

Prepaid deposits and other costs are expensed ratably over their respective terms of agreement.

Inventory

Inventory consists of publications 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 the lessor of net realizable value or cost, computed on a first-in, first-out basis. As of June 30, 2025 the total inventory balance was $40,289.

Unemployment Reserve

The Center uses a third party to assist with the self-insured unemployment policy that is in place. The Trust is recognized as a deposit in the amount of $10,726 at June 30, 2025.

Construction in Progress

In the previous years The Center began a major renovation project and incurred a total of $6,908,624 construction in progress expenditures for the year ended June 30, 2025. The project was completed during the June 30, 2025 fiscal year. The expenditures were transferred to property and equipment at year end.

Property and Equipment, Net

Property and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All land, buildings, and property are capitalized. Equipment is capitalized if it has a cost of $5,000 or more and a useful life when acquired of more than 1 year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Automobiles	10 years
Buildings, acquisitions and major renovations	30 years
Capital and building improvements	15 years
Furniture and equipment	5 years
Kitchen improvements	10 years
Playground equipment	20 years

Property and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Vacation Policy

Accrued vacation benefits are recorded as liabilities on the books of the Center. The Center's policy is to record operating expenses in the period sick leave or holiday pay is taken. Total accrued vacation at June 30, 2025, was $163,793.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as donor restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with donor restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Contributed Goods and Services

Contributions of goods received that are measurable are recorded as revenue at their estimated fair value when received. Contributions of services are recognized if the services received meet any of these criteria: (1) if they create or enhance nonfinancial assets and (2) if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Professional in-kind contributions in the amount of $480 in professional in-kind contributions were recorded at fair market value for the year ended June 30, 2025.

In-Kind Services - Contributed services recognized comprise of professional services. Such services are valued and reported at the estimated fair value in the financial statements based on current rates for similar services.

Donor Restrictions - No in-kind contributions received during the year ended June 30, 2025 contained donor restrictions.

Monetization of In-Kind Contributions – The Center does not sell donated in-kind contributions and only distributes goods or uses the services for program use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition

Revenues from government agencies, program service fees, and other third-party payors for services provided under such contracts are recognized when earned by the Center. All gifts, bequests, and other public support are included in unrestricted net assets unless specifically restricted by the donor or the terms of the gift or grant instrument. Amounts received in excess of balances earned are recognized as liabilities in Contract Advance.

Government Revenue

Government revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Government revenue from federal agencies is subject to independent audit under the Uniform Guidance and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, the Center's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the Center.

Functional Allocation of Expenses

The Center allocates its expenses on a functional basis for program and support services. Expenses that can be identified as a program or support service are allocated directly according to their expenditure classification. Costs that are not directly associated with providing specific services have been allocated based upon the relative time spent by employees of the Center providing those services. Management reviews annually the estimated allocated costs for each expense category.

Expense Recognition and Allocation

The cost of providing the Center's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Center.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Center generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

The Center is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California income taxes under section 23701(d) of the California Revenue and Taxation Code. The IRS classified the Center as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in section(s) 509(a)(1) and 170(b)(1)(A)(vi). The Center has adopted Financial Accounting Standards Board Accounting Standards Codification (ASC) Section 740-10, which clarifies the accounting for uncertainty in income taxes. ASC Section 740-10 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. ASC Section 740-10 requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. As of and for the year ended June 30, 2025, the Center had no material unrecognized tax benefits, tax penalties or interest.

The Center's Forms 990, *Return of Organization Exempt from Income Tax*, for each of the tax years ended June 30; 2024, 2023, and 2022, are subject to examination by the IRS, generally for 3 years after they were filed.

The Center's Forms 199, *California Exempt Organization Return*, for each of the tax years ended June 30; 2024, 2023, 2022, and 2021 are subject to examination by the Franchise Tax Board, generally for 4 years after they were filed.

Reclassifications

Certain amounts in the 2024 comparative totals have been reclassified to conform with the 2025 reporting format.

Comparative Totals

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Center's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Center's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Leases

The Center recognizes and measures its leases in accordance with FASB ASC 842, *Leases.* The Center determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Center recognizes a lease liability and a right of use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise the Center uses its incremental borrowing rate if applicable or relative treasury bill rate. Since the Center does not have any borrowing debt and therefore, does not have any incremental borrowing rate, as such, the relative treasury bill rate is used for all leases. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term. The Center has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Center is reasonable certain to exercise. The Center recognizes lease cost associated with our short-term leases on a straight-line basis over the lease term. There were no leases subject to ASC 842 at June 30, 2025.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value Measurements

The Center reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure 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 in the principal or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- *Level 1* - Quoted prices for identical assets or liabilities in active markets to which the Center has access at the measurement date.
- *Level 2* - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets in markets that are not active;
  - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
  - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- *Level 3* - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

The carrying amounts of cash and cash equivalents, receivables and investments approximate fair value because of the terms and relatively short maturity of these financial instruments. The alternative investments, cash, equities, fixed income and money market funds are quoted market prices, which represent the net asset value of shares held by the Center at year end.

The carrying amounts of liabilities, approximate fair value because of the relatively short maturity of these financial instruments.

When available, the Center measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

3. INVESTMENTS

The Center measures fair value in accordance with FASB ASC 820-10. FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels; Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs, other than the quoted prices in active markets, are observable either directly or indirectly, and Level 3 unobservable inputs in which there is little or no market data, which requires the Center to develop its own assumptions. The Center uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Center measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. All assets reported at fair value at June 30, 2025, are Level 1 inputs.

	Level 1	Fair Value
Alternative investments	$ 271,578	$ 271,578
Cash and money market funds	62,654	62,654
Equities	4,232,725	4,232,725
Fixed income	2,477,843	2,477,843
	$ 7,004,800	$ 7,004,800

At June 30, 2025, the Center did not have any investments measured using Level 2 and Level 3 inputs. The composition of the investment return reported in the statement of activities as follows:

	Amount
Interest and dividends income, net of expenses	$ 87,215
Realized and unrealized gain (loss) on investments, net	667,309
Total investment return	$ 754,524

4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following at June 30, 2025:

	Amount
Buildings	$ 7,187,517
Furniture and equipment	320,141
Improvements	1,349,537
Land	106,493
	8,963,688
Less accumulated depreciation	(1,067,918)
Property and equipment, net	$ 7,895,700

Total depreciation expense for the year ended June 30, 2025 was $368,918.

5. LOAN MANAGEMENT ACCOUNT

The Center has a secured, loan management account, for $2,000,000 with no maturity date with Merrill Lynch for general liquidity purposes. The loan management account interest rate currently varies with the bank's index rate. The loan management account is collateralized by pledged investment accounts. During the year the loan management account was not used nor was any interest expense charged to any programs. At June 30, 2025, there was no balance due on the loan management account.

6. BOARD DESIGNATED NET ASSETS

The Center's Board of Directors has designated a portion of net assets without donor restrictions to serve as research grants. The balance for board designated net assets at June 30, 2025 was $125,000.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2025, consist of amounts restricted by donor-imposed stipulations, and are available for the following purposes:

	Amount
Subject to expenditure for specified purpose:	
Educational programs	$ 87,500
Infant program	101,500
Literacy program	15,000
Accumulated investment gains on donor-restricted endowments	546,982
	750,982
Donor-restricted endowment funds:	
Archer-Johnson Foundation	1,500
Estate-Jetta Goudal Grieve	157,020
Estate-Walter & Holly Thomson	25,000
Estate-Margaret Bundy Scott	15,000
Weingart Foundation	200,200
	398,720
Total	$ 1,149,702

8. 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
(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.

8. ENDOWMENT - Continued

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 donor-restricted endowment's total asset value ending each fiscal year.

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, 2025.

Endowment composition

Endowment net asset composition by type of fund as of June 30, 2025 is as follows:

	Amount
Endowments restricted by donors in perpetuity	$ 398,720
Accumulated investment gain on donor-restricted endowments	546,982
Total	$ 945,702

Changes in endowment net assets for the fiscal year ended June 30, 2025 is as follows:

	With Donor Restrictions
Balance at June 30, 2024	$ 890,965
Investment gain (loss)	54,737
Balance at June 30, 2025	$ 945,702

9. RELATED PARTY TRANSACTIONS

During the year the Center engaged a firm where a Board member is an employee. Total payments made during the year ended June 30, 2025 were $47,647.

10. PENSION 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, 2025, the Center contributed $46,630 to the Plan.

11. COMMITMENTS AND OBLIGATIONS UNDER OPERATING LEASES

The Center leased office equipment through June 2025. Total equipment rent expense for the year ended June 30, 2025 was $7,431. The lese did not qualify under ASC 845.

12. NON-FEDERAL MATCH

Natural classifications of non-federal match not recorded are as follows:

	Amount
Donated renovation costs	$ 1,548
Donated rent	678,793
Total	$ 680,341

Per the U.S. Department of Health and Human Services Head Start CFDA 93.600 and the Los Angeles County Office of Education (LACOE), the Center has to contribute at least 20% of total costs of Head Start Program through non-federal match expenses in accordance with 45 CFR 1301.20 Matching Requirements.

13. CONTINGENCIES

Contracts and Grants

From time to time, the Center may have certain contingent liabilities that arise in the ordinary course of its business activities. The Center accrues contingent liabilities when it is probable that future expenditures will be made and such expenditures can be reasonably estimated. In the opinion of management there are no pending claims of which the outcome is expected to result in a material adverse effect on the financial position, results of operations or cash flows of the Center.

The Center has received local, state, and federal funds for specific purposes that are subject to review and audit by the contracting agencies. Although such audits could generate expenditure disallowances under terms of the grants or contracts, it is management's opinion that any required reimbursements will not be material.

14. CONCENTRATION RISK

Amounts held in financial institutions occasionally are in excess of the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits. The Center deposits its cash with high quality financial institutions, and management believes the Center is not exposed to significant credit risk on those amounts.

The majority of the Center's contributions and grants are received from corporations, foundations, and individuals and from California and federal governmental entities. As such, the Center's ability to generate resources via contributions and grants is dependent upon the economic health of that area and of the state of California. An economic downturn could cause a decrease in contributions and grants that coincides with an increase in demand for the Center's services.

The Center's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to the Center's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

15. LIQUIDITY AND FUNDS AVAILABLE

The total financial assets held by the Center at June 30, 2025 and the amount of those financial assets that could be made available for general expenditure within one year of the date of the statement of financial position are summarized in the following table:

	June 30, 2025
Financial assets:	
Cash and cash equivalents	$ 1,678,625
Contracts receivable	214,969
Accounts receivable	420
Promises to give	57,578
Investments	7,044,800
Total financial assets	8,996,392
Less donor-imposed restrictions:	
Net assets with donor restrictions	(1,149,702)
Board designated net assets allocated to research	(125,000)
Total donor-imposed restrictions	(1,274,702)
Net financial assets after donor-imposed restrictions	7,721,690
Financial assets available to meet cash needs for general expenditures within one year	$ 7,721,690

The Center's goal is generally to maintain financial assets to meet 60 days of operating expenses (approximately $750,000). As part of its liquidity plan, the Center bills government-funded contracts in accordance with funding terms and conditions or receives periodic advances from funders, generally monthly. Amounts available for expenditure over the period of the next twelve months are dependent on governmental funder's payment cycles which vary from 30 to 90 days. The Center has a line of credit available to meet cash flow needs.

16. SUBSEQUENT EVENTS

The Center has evaluated events subsequent to June 30, 2025, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through December 1, 2025, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. Based upon this evaluation, it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.