Blind & Vision Rehabilitation Services of Pittsburgh

Consolidated Financial Statements
and Supplementary Information

Years Ended June 30, 2019 and 2018
with Independent Auditor's Report

MaherDuessel

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

YEARS ENDED JUNE 30, 2019 AND 2018

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Independent Auditor's Report

Board of Directors
Blind & Vision Rehabilitation Services of Pittsburgh

We have audited the accompanying consolidated financial statements of Blind & Vision Rehabilitation Services of Pittsburgh (Corporation), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2019 and 2018, 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.

Emphasis of Matter

As described in Note 2 to the financial statements, the Corporation adopted ASU 2016-14, *"Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities."* Our opinion is not modified with respect to this matter.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Maher Duessel

Pittsburgh, Pennsylvania
January 10, 2020

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

	2019	2018
Assets		
Cash and cash equivalents	$ 149,329	$ 216,920
Cash restricted for capital campaign	-	5,732
Investments, at fair value	11,899,067	12,003,081
Grants receivable	680,896	354,032
Third-party tuition, fees, and other receivables	607,042	542,778
Promises to give	10,279	64,009
Inventories	549,405	466,141
Other assets	80,018	106,586
Note receivable	7,835,300	7,835,300
Plant and equipment, net of accumulated depreciation	16,641,649	16,953,224
Total Assets	$ 38,452,985	$ 38,547,803
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$ 147,583	$ 161,465
Accrued liabilities	333,994	175,569
Deferred revenue	86,550	142,760
Line of credit	2,913,000	2,141,534
Loans payable	16,333,889	16,800,555
Total Liabilities	19,815,016	19,421,883
Net Assets:		
Without donor restrictions:		
Undesignated	6,792,516	6,939,973
Invested in plant and equipment, net of related debt	5,596,649	5,908,224
Board-designated	1,756,896	1,753,797
Total without donor restrictions	14,146,061	14,601,994
With donor restrictions	4,491,908	4,523,926
Total Net Assets	18,637,969	19,125,920
Total Liabilities and Net Assets	$ 38,452,985	$ 38,547,803

See accompanying notes to consolidated financial statements.

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Net Assets Without Donor Restrictions:		
Support and revenues:		
Service income	$ 2,193,554	$ 2,036,272
Sales	2,049,770	2,221,886
Donations and grants	1,972,744	1,580,653
Investment income, net	191,646	276,084
Income from trusts	223,078	222,241
Realized/unrealized gains (losses)	112,259	241,148
Other revenues	41,098	139,210
Net assets released from restrictions	353,032	308,113
Total support and revenues	7,137,181	7,025,607
Expenses:		
Program services:		
Industries	1,888,893	1,948,674
Rehabilitation	1,384,125	1,261,356
Vocational services	1,194,352	1,032,386
Community and support	333,876	315,308
PBA Products and Services	596,112	397,800
Total program services	5,397,358	4,955,524
Management and general	1,753,601	1,874,786
Development	442,156	386,453
Total expenses	7,593,115	7,216,763
Change in Net Assets Without Donor Restrictions	(455,934)	(191,156)
Net Assets with Donor Restrictions:		
Donations and grants	148,001	196,197
Investment income, net	108,434	161,518
Realized/unrealized gains (losses)	64,580	130,073
Net assets released from restriction	(353,032)	(308,113)
Change in Net Assets With Donor Restrictions	(32,017)	179,675
Change in Net Assets	(487,951)	(11,481)
Net Assets:		
Beginning of year	19,125,920	19,137,401
End of year	$ 18,637,969	$ 19,125,920

See accompanying notes to consolidated financial statements.

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

		Program Services						
	Total	Industries	Rehabilitation	Vocational Services	Community and Support	PBA Products and Services	Management and General	Development
Salaries and benefits	$ 4,076,642	$ 523,656	$ 847,919	$ 903,340	$ 191,270	$ 456,218	$ 930,941	$ 223,298
Materials and supplies	1,386,031	950,474	232,314	22,661	7,542	64,030	102,237	6,773
Special event costs	127,892	-	-	-	7,189	-	-	120,703
Service fees	251,413	27,707	38,839	22,191	23,120	30,016	99,701	9,839
Occupancy	265,659	17,517	19,722	20,724	13,996	13,139	179,458	1,103
Meeting and travel	150,393	9,160	6,008	41,328	38,398	12,193	42,874	432
Depreciation	685,161	174,329	144,551	102,494	28,894	12,790	184,736	37,367
Postage and shipping	76,769	68,326	765	497	833	477	3,336	2,535
Equipment rental	123,801	12,170	16,980	16,918	1,039	1,110	58,374	17,210
Insurance	53,799	898	-	1,819	4,528	2,698	43,856	-
Interest expense	373,007	103,017	73,593	62,335	17,067	-	94,249	22,746
Miscellaneous	22,548	1,639	3,434	45	-	3,441	13,839	150
Total	$ 7,593,115	$ 1,888,893	$ 1,384,125	$ 1,194,352	$ 333,876	$ 596,112	$ 1,753,601	$ 442,156

See accompanying notes to consolidated financial statements.

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

		Program Services						
	Total	Industries	Rehabilitation	Vocational Services	Community and Support	PBA Products and Services	Management and General	Development
Salaries and benefits	$ 3,682,005	$ 464,771	$ 848,426	$ 739,727	$ 188,984	$ 289,975	$ 942,924	$ 207,198
Materials and supplies	1,394,675	1,092,051	143,969	23,805	8,028	46,370	73,545	6,907
Special event costs	101,289	-	-	-	6,633	-	-	94,656
Service fees	274,413	51,676	22,509	54,075	25,412	31,738	82,659	6,344
Occupancy	279,482	85,365	87,825	48,974	14,075	3,654	33,692	5,897
Meeting and travel	142,120	6,953	2,139	35,915	36,528	9,825	44,082	6,678
Depreciation	711,614	175,678	134,560	109,050	28,141	10,490	220,325	33,370
Postage and shipping	70,620	64,002	338	331	1,170	195	3,741	843
Equipment rental	97,258	7,337	16,131	15,276	1,468	2,245	40,612	14,189
Insurance	57,702	841	186	1,955	4,869	2,698	47,153	-
Interest expense	357,216	-	-	-	-	-	357,216	-
Miscellaneous	48,369	-	5,273	3,278	-	610	28,837	10,371
Total	$ 7,216,763	$ 1,948,674	$ 1,261,356	$ 1,032,386	$ 315,308	$ 397,800	$ 1,874,786	$ 386,453

See accompanying notes to consolidated financial statements.

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash Flows From Operating Activities:		
Cash received from:		
Services to trainees	$ 2,158,895	$ 1,964,837
Sales	2,027,512	2,180,680
Donations and grants	1,746,921	1,670,627
Investment income	523,158	718,800
Other receipts	33,751	143,000
Cash paid to employees	(3,918,217)	(3,685,069)
Cash paid to suppliers	(2,528,883)	(2,738,791)
Interest paid	(373,007)	(357,216)
Net cash provided by (used in) operating activities	(329,870)	(103,132)
Cash Flows From Investing Activities:		
Purchase of plant and equipment	(586,604)	(627,049)
Proceeds from disposal of building	213,018	-
Investment sales	3,222,085	10,464,610
Investment purchases	(2,941,232)	(10,198,409)
Net cash provided by (used in) investing activities	(92,733)	(360,848)
Cash Flows From Financing Activities:		
Repayments on loans payable	(466,666)	(383,334)
Borrowings on line of credit	2,395,380	2,215,248
Repayments on line of credit	(1,623,914)	(1,812,124)
Collections of contributions for long-term purposes	44,480	67,172
Net cash provided by (used in) financing activities	349,280	86,962
Net Increase (Decrease) in Cash and Cash Equivalents	(73,323)	(377,018)
Cash and Cash Equivalents:		
Beginning of year	222,652	599,670
End of year	$ 149,329	$ 222,652

(Continued)

See accompanying notes to consolidated financial statements.

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2019 AND 2018
(Continued)

	2019	2018
Reconciliation of Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Change in net assets	$ (487,951)	$ (11,481)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	685,161	711,614
Realized/unrealized (gains) losses	(176,839)	(371,221)
Change in:		
Accounts receivable	(64,264)	(108,851)
Grants receivable	(326,864)	(83,900)
Promises to give	9,250	13,650
Inventory	(83,264)	85,459
Other assets	26,568	(21,555)
Accounts payable and accrued liabilities	144,543	(280,874)
Deferred revenue	(56,210)	(35,973)
Total adjustments	158,081	(91,651)
Net cash provided by (used in) operating activities	$ (329,870)	$ (103,132)

(Concluded)

See accompanying notes to consolidated financial statements.

1. Organization

Blind & Vision Rehabilitation Services of Pittsburgh (Corporation), formerly known as Pittsburgh Vision Services, was incorporated on July 1, 1997 as a result of the consolidation of the Greater Pittsburgh Guild for the Blind (Guild) and Pittsburgh Blind Association (PBA). The Corporation changes the lives of persons with vision loss and other disabilities by fostering independence and individual choice.

The mission of the Corporation is accomplished through a variety of programs:

Rehabilitation Program

- Residential and community-based personal adjustment services that enable people to learn how to use their other senses along with specialized equipment and procedures to perform the usual activities of daily living.
- Comprehensive, interdisciplinary low vision services that enable people with vision impairments to learn how to effectively use their vision in their daily activities.
- Providing access to technology services.

Vocational Services/Industries Programs

- Vocational assessment, training, placement, and employment support, which permit people with vision impairments to work successfully in the community or in specialized work programs within the facility.

Community and Support Program

- Coordinated and comprehensive information and referral and case management services which enable people to identify, consider, and select services which they feel will be of greatest assistance to them.
- Information and screening services designed to prevent loss of vision.

PBA Industries/PBA Products and Services

- Provide employment opportunities to those with a broad spectrum of disabilities.

Management and General

- Administrative support to all programmatic services as well as a vehicle for community education activities designed to improve the attitudes toward and expectations for people with visual impairments.

Development

- Fundraising and other activities designed to provide additional support for all the Corporation's programs.

The Corporation is a private, not-for-profit organization, governed by an elected and self-sustaining Board of Directors (Board) who volunteer their efforts. The Corporation has been determined to be a charitable organization exempt from federal taxes in accordance with Internal Revenue Code Section 501(c)(3).

During fiscal year 2009, the Board of the Corporation formed PBA Products and Services, Inc. (PBA), a non-profit entity, and Med-Tec Textiles, Inc. (Med-Tec), a for-profit entity. In August of 2014, the Corporation formed 1816 Locust, LLC (Locust), a not-for-profit entity which is treated as a disregarded entity for federal tax purposes. The financial activity for PBA and Locust is reported as part of these consolidated financial statements. As of June 30, 2019 and 2018, there was no financial activity for Med-Tec. See Note 19 for further discussion of PBA, Med-Tec, and Locust.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Corporation's consolidated financial statements are prepared using the accrual basis of accounting. Expenses are recognized in the period incurred. Revenues are recognized in the period in which they are earned.

The Corporation recognizes promises to give in the year that the promise is received.

The Corporation 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same fiscal year are reported as unrestricted support.

Basis of Presentation

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

Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

With Donor Restrictions - Net assets whose use is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of the Corporation pursuant to those stipulations. Also included in this category are net assets subject to donor-imposed stipulations to be maintained in perpetuity by the Corporation.

Auxiliary

The activity of the Auxiliary has been reflected in the consolidated financial statements of the Corporation, as it has been determined that the Auxiliary is legally a part of the Corporation. The majority of the activity relates to unrestricted bequests and contributions received by the Auxiliary on behalf of the Corporation. Such amounts were $20,965 and $23,386 during the years ended June 30, 2019 and 2018, respectively. As of June 30, 2019 and 2018, respectively, cash and investment balances of the Auxiliary were $1,756,896 and $1,753,797.

Inventories

Inventories are stated at the lower of cost or net realizable value.

Use of Estimates in the Preparation of Financial Statements

The preparation of consolidated 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 disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Plant and Equipment

Plant and equipment purchases are recorded at cost for assets greater than $1,000. Donations of plant and equipment are capitalized at fair value. Depreciation is provided on the straight-line method over each asset's estimated useful life, which ranges from three to forty years.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include all highly liquid instruments with maturities of three months or less when purchased. All amounts included in the consolidated statements of financial position captions of cash and cash equivalents meet these criteria.

Uninsured Cash Balances

Cash and cash equivalents are deposited at local banks. At June 30, 2019 and 2018, the carrying amounts of the Corporation’s deposits were $149,329 and $222,652, respectively, and the bank balances were $170,144 and $331,122, respectively. Of the bank balances for June 30, 2019 and 2018, $170,144 and $305,502, respectively, was insured by federal depository insurance, and $0 and $25,620, respectively, was uninsured and uncollateralized. The solvency of the financial institutions is not a concern of management at this time.

Investments

Investments are recorded at fair value. Interest and dividends are reflected as investment income on the statements of activities.

Accounts Receivable

Trade receivables are shown net of uncollectible accounts. Management determines the allowance for doubtful accounts based on specific identification of accounts. When it has been determined that amounts are not collectible, they are charged off. At June 30, 2019 and 2018, management has determined that an allowance for uncollectible accounts is not necessary.

Grants Receivable

Grants receivable represent amounts due to the Corporation under a Redevelopment Assistance Capital Program (RACP) grant for costs incurred related to construction of a roof-top garden. Management has determined that no allowance was considered necessary at June 30, 2019 and 2018. All grants receivable are expected to be collected within one year.

Note Receivable

The note receivable represents a leverage loan that was made as part of the New Markets Tax Credit (NMTC) transaction discussed in Note 11. The note matures on September 30, 2043 and has a fixed interest rate of 1.00%. Quarterly interest-only payments are due until March 20, 2022, at which time quarterly principal and interest payments begin. The note is secured by a security interest in the membership interests of the qualified Community Development Entities (CDEs) discussed in Note 11. The note is stated at the amount of unpaid principal. Management has determined that no allowance is considered necessary.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and in the consolidated statements of functional expenses. Salaries and benefits are charged based on time spent on programs. Other costs are allocated based on square footage and utilization of telephone and network equipment.

Reclassifications

Certain reclassifications have been made to the financial statements for the year ended June 30, 2018 to conform to the current year’s presentation.

Income Taxes

As mentioned in Note 1, the Corporation is a tax-exempt charitable organization under Section 501(c)(3) of the Internal Revenue Code. In addition, the Corporation qualifies for the charitable contribution deduction under section 170(b)(1)(A) and has been classified as an organization other than a private foundation. Further, the Corporation annually files a Form 990.

Liquidity and Availability of Resources

The following reflects the Corporation's financial assets (cash and cash equivalents; investments; accounts receivable; grants receivable and promises to give) as of June 30, 2019 and 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of final position date:

	2019	2018
Financial assets	$ 13,346,613	$ 13,186,552
Less: those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Purpose and time restrictions	(160,791)	(159,775)
Perpetual in nature	(4,331,117)	(4,364,151)
	(4,491,908)	(4,523,926)
Board designations	(1,756,896)	(1,753,797)
Financial assets available to meet cash needs for general expenditures within one year	$ 7,097,809	$ 6,908,829

As discussed in Notes 12 and 13, the Corporation's loans payable and lines of credit are secured by the Corporation's investments and other business assets

The Corporation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Corporation prepares detailed budgets, has been very active in cutting costs, and anticipates collecting sufficient revenue to cover general expenditures.

As discussed in Note 13, the Corporation maintains a revolving line of credit to assist in meeting cash needs.

Adopted Accounting Standard

For the year ended June 30, 2019, the Corporation adopted ASU 2016-14, *"Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities,"* which aims to improve how a nonprofit organization classifies its net assets and provides information in its financial statements and notes about its financial performance, cash flow, and liquidity. The implementation of this standard was applied retrospectively to the comparative amounts presented for the year ended June 30, 2018.

Beginning net assets for 2019 and 2018 that were previously reported as unrestricted have been reflected as net assets without donor restrictions. Beginning net assets for 2019 and 2018 that were previously reported as temporarily restricted and permanently restricted have been reflected as net assets with donor restrictions.

Pending Accounting Standards Updates

The Financial Accounting Standards Board (FASB) has issued standards to the FASB Accounting Standards Codification that will become effective in future years as shown below. Management has not yet determined the impact of these standards on the Corporation's financial statements:

ASU 2014-09, *"Revenue from Contracts with Customers (Topic 606),"* is effective for the Corporation's financial statements for the year ending June 30, 2020. This standard provides a single, comprehensive revenue recognition model for all contracts with customers, and contains principles to determine the measurement of revenue and timing of when it is recognized.

ASU 2018-08, "*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*," is effective for the financial statements for the year ending June 30, 2020. This standard provides guidance for characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions.

ASU 2016-02, *"Leases (Topic 842),"* is effective for the Corporation's financial statements for the year ending June 30, 2022. This standard will require lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the consolidated financial statements were available to be issued.

3. Inventories

A summary of inventories is as follows:

	2019	2018
Workshop:		
Raw materials	$ 412,659	$ 362,222
Finished goods	136,746	103,919
	$ 549,405	$ 466,141

4. Net Assets

Net assets without donor restrictions which are board-designated at June 30, 2019 and 2018 are comprised of the following:

	2019	2018
Corporation Auxiliary	$ 1,756,896	$ 1,753,797

The Auxiliary amounts noted above and discussed in Note 2 will be disbursed from the Auxiliary to the Corporation at such time and for such purposes as determined by the Auxiliary with approval from the Board. The Auxiliary functions as a board-designated endowment, with the dividends and interest accruing thereon to be expended at the Corporation's discretion. Capital gains and losses are designated by the Board for future use. The endowment is further discussed in Note 6.

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

	2019	2018
Low vision	$ 87,491	$ 56,899
Program expansion	64,220	93,368
Education	8,890	8,890
Other	190	618
Total net assets with purpose restrictions	$ 160,791	$ 159,775

Net assets with donor restrictions totaling $4,331,117 and $4,364,151 as of June 30, 2019 and 2018, respectively, bear a donor restriction that the donated amount be held in perpetuity, while interest and dividends thereon can be expended at the Corporation's discretion. Realized and unrealized gains have remained with the principal as net assets with donor restrictions to be held in perpetuity.

5. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the following restrictions:

	2019	2018
General support - time restriction met	$ 426	$ 440
Low vision	56,900	37,008
Program expansion	89,658	25,144
New building/capital campaign	-	60,055
Total restrictions released	$ 146,984	$ 122,647

During the years ended June 30, 2019 and 2018, net assets in the amount of $206,048 and $185,466, respectively, were released as endowment earnings appropriated for expenditure.

6. Endowment

The Corporation's endowments were established for a variety of purposes including support for programs and for operating purposes without donor restrictions. Its endowments include both donor-restricted funds and funds without donor restrictions designated by the Board to function as endowments. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Corporation has interpreted Pennsylvania State Act 141 of 1998 (Act) 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 Corporation classifies as net assets with donor restrictions held in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) net investment return including realized and unrealized appreciation and depreciation of investments and investment income, less withdrawals.

Endowment net asset composition by type of fund as June 30, 2019 and 2018 are as follows:

	2019	2018
Board-designated without donor restrictions	$ 1,756,896	$ 1,753,797
With donor restrictions	4,331,117	4,364,151
Total	$ 6,088,013	$ 6,117,948

Changes in endowment net assets for the fiscal year ended June 30, 2019:

	Board-Designated Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	$ 1,753,797	$ 4,364,151	$ 6,117,948
Investment return:			
Investment income	52,933	129,757	182,690
Net appreciation (realized and unrealized)	28,623	64,580	93,203
Total investment return	81,556	194,337	275,893
Deductions:			
Withdrawals	(86,669)	(206,048)	(292,717)
Miscellaneous income (expense)	8,212	(21,323)	(13,111)
Total deductions	(78,457)	(227,371)	(305,828)
Endowment Net Assets, End of Year	$ 1,756,896	$ 4,331,117	$ 6,088,013

Changes in endowment net assets for the fiscal year ended June 30, 2018:

	Board-Designated With Donor Restrictions	Without Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	$ 1,764,393	$ 4,258,025	$ 6,022,418
Investment return:			
Investment income	76,019	182,838	258,857
Net appreciation (realized and unrealized)	58,644	130,074	188,718
Total investment return	134,663	312,912	447,575
Deductions:			
Withdrawals	(133,979)	(185,466)	(319,445)
Miscellaneous income (expense)	(11,280)	(21,320)	(32,600)
Total deductions	(145,259)	(206,786)	(352,045)
Endowment Net Assets, End of Year	$ 1,753,797	$ 4,364,151	$ 6,117,948

Return Objectives and Risk Parameters

Endowment assets include those assets of donor-restricted funds that the Corporation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. The Corporation has adopted policies and guidelines for endowment and restricted funds.

To satisfy its long-term rate-of-return objectives, the Corporation relies on returns in excess of the rate of inflation. For the majority of the endowment funds, the Corporation targets a diversified asset allocation portfolio with equity based and fixed income investments to achieve its long-term return objectives within prudent risk constraints.

The Corporation has a policy of appropriating for distribution each year, up to 5% of the average market value of the endowment fund balance at the end of the 12 calendar quarters that proceed the budget year. The presumption is that over the course of multiple years, the average investment returns will equal or exceed 5% per annum and that the endowment will meet the objective of providing ongoing financial support to the Corporation.

7. Support and Revenues

Service Income

To the extent that the Corporation charges for services, third-party payors are typically responsible rather than the personal resources of trainees. The Commonwealth of Pennsylvania's Bureau of Blindness and Visual Services (Bureau) is the most significant third-party payor for the Corporation's services. The Bureau reimburses based on a rate negotiated between the Commonwealth of Pennsylvania and the Corporation. Trainees are also sponsored by other states or have charges covered by private insurance. Trainees without state support or insurance coverage are supported by donations, income from endowments, or are self-pay.

The Corporation also receives funding for several of their programs from the Allegheny County MH/IDD Program (County), Commonwealth of Pennsylvania's Department of Human Services (DHS), and other various government agencies on a contractual basis. The County revenues are primarily earned on a cost reimbursement basis as the result of the Corporation billing the applicable agency on a periodic basis.

The DHS revenues are primarily earned on a fee-for-service basis as the result of the Corporation billing the authorized units at DHS-approved rates.

Sales

The Industries Division of the Corporation provides employment opportunities for people with visual impairments by producing a variety of products that are sold externally. These sales are recorded as such on the consolidated statements of activities. The largest customer of the Corporation's Industries Division includes Unique Source Products, formerly Pennsylvania Industries for the Blind and Handicapped, which represented approximately $1,489,426 and $1,433,814 of the annual sales for the years ended June 30, 2019 and 2018, respectively.

8. Investments

Investments are carried at fair value. The fair values are based on price quotations or published mutual fund fair values per unit as reported on related trust statements.

Fair values of assets measured on a recurring basis at June 30, 2019 and 2018 are as follows:

Description	June 30, 2019	June 30, 2018
Mutual funds:		
Equity	$ 3,603,592	$ 3,174,780
Fixed income	3,121,444	3,037,502
Alternative	921,917	935,758
Total mutual funds	7,646,953	7,148,040
Exchange traded funds:		
Equity	2,890,366	2,837,025
Total exchange traded funds	2,890,366	2,837,025
Common stock:		
Industrial	109,006	194,673
Consumer discretionary	76,993	231,927
Consumer staples	100,535	117,681
Energy	39,029	165,201
Financial	199,489	310,765
Materials	59,593	95,828
Information technology	181,973	420,310
Real estate	17,447	31,832
Utilities	36,802	31,553
Health care	116,176	204,826
Telecommunication services	45,332	20,102
Unclassified	9,670	-
Total common stock	992,045	1,824,698
Corporate bonds	-	25,030
Money market funds	369,703	168,288
Totals	$ 11,899,067	$ 12,003,081

Fair values for Level 1 financial instruments are determined by quoted prices in the active market for identical financial instruments. Fair values for Level 2 financial instruments are determined by other significant observable inputs (quoted prices for similar financial instruments, interest rates, prepayment speeds, credit risk, etc.). Fair values for Level 3 financial instruments are determined by significant unobservable inputs, including the Corporation's own assumptions in determining the fair value of financial instruments. All of the Corporation's investments have been classified as Level 1.

Financial instruments, which potentially expose the Corporation to concentrations of credit risk, include investments in marketable securities. Concentration of credit risk for investments in marketable securities is mitigated by the overall diversification of managed investment portfolios. Investment securities are also exposed to various other risks such as interest rate and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near-term and that such changes could materially affect the amount reported on the consolidated statements of financial position.

9. Promises to Give

Unconditional promises to give at June 30, 2019 and 2018 are summarized as follows:

	2019	2018
Receivable in less than one year	$ 3,279	$ 52,634
Receivable in one to five years	7,000	11,375
Receivable after five years	-	-
	$ 10,279	$ 64,009

As of June 30, 2019 and 2018, management has determined that no allowance is necessary and that any discount of expected future cash flows from promises that are due in more than one year is immaterial. As such, no additional fair value disclosure regarding these promises has been made.

10. Plant and Equipment

Plant and equipment balances at June 30, 2019 and 2018 are as follows:

	2019	2018
Buildings and improvements	$ 17,423,195	$ 17,816,715
Equipment and furniture	1,131,672	1,063,840
Total fixed assets	18,554,867	18,880,555
Less accumulated depreciation	1,913,218	1,927,331
Net Fixed Assets	$ 16,641,649	$ 16,953,224

In March 2014, the Corporation purchased a building with the intention to renovate the building and move operations once the necessary renovations had been made. The cost of the building, including renovations, is being financed through a combination of New Market Tax Credits (further discussed in Note 11), new borrowings, a capital campaign, and current operating funds. The Corporation relocated to its new headquarters location during August of 2016.

During fiscal year 2017, the Corporation entered into a contract for renovations and construction of a roof-top garden at the Corporation's new facility. Total costs of this project are anticipated to amount to approximately $1.1 million and be financed through a combination of grants and capital pledges. As of June 30, 2019, approximately $300,000 is committed under the contract related to these activities.

In January 2019, the Corporation sold its former operating facility for approximately $200,000. Net proceeds from the transaction approximated the book value of the property at time of sale.

11. New Markets Tax Credit

In October 2014, PNC New Markets Investment Partners, LLC (PNC), a subsidiary of The PNC Financial Services Group, made a New Markets Tax Credit (NMTC) investment to facilitate the financing of renovation costs for the Corporation's new headquarters facility. The NMTC program provides tax incentives for lending institutions with federal tax liabilities by investing in a qualified Community Development Entity (CDE). The funds invested in the CDE are then lent to qualified businesses.

In order to meet the leveraged structure for purposes of generating the NMTCs, the Corporation borrowed $6,500,000 from PNC Commercial Lending and provided $1,335,300 from investment funds to meet the $7,835,300 leverage loan requirements of the project. These funds were loaned to the BVRS Investment Fund, LLC (Fund), which is wholly owned by PNC.

The Corporation created Locust to be the qualified active low-income community business (QALICB) for this project and sold the new headquarters facility to Locust for $1, which is leasing the property back to the Corporation.

The NMTC requires a seven-year compliance period, at the end of which PNC will have the right for six months to put its interest in the Fund to the Corporation, or its assignee, ("Put Option Purchaser") for a payment equal to $1,000 plus costs (if any). The Corporation (or its assignee) shall have a call option at fair market value for six months in the event that the put option is not exercised.

12. Loans Payable

In connection with the NMTC, the Corporation entered into a loan with PNC Bank for the amount of $6,500,000 to finance the required leverage loan. This loan matures on October 15, 2030. The loan has a variable interest rate of 30 day LIBOR plus 1.00%. Monthly interest-only payments were due until November 15, 2015, at which time principal payments began. The loan is secured by the Corporation's investments and other business assets. The loan requires the Corporation to maintain a debt service coverage ratio of not less than 1.00 to 1.00 and a ratio of expendable resources to direct debt of not less than 0.85 to 1.00. The Corporation was not in compliance with these covenants as of June 30, 2019, and June 30, 2018, but was granted a waiver of the covenant requirements by the lender.

Also, in connection with the NMTC, Locust received four loans from Qualified Community Development Entities (CDEs) totaling $11,045,000 for the construction and development of the Corporation's new operating headquarters. The loans mature on September 30, 2043 and have a fixed interest rate of 1.24818%. Quarterly interest-only payments are due until

December 10, 2021, at which time quarterly principal payments begin. The loan is secured by an open-ended mortgage and other loan documents.

Beginning on March 20, 2022, future debt principal payments will be offset by principal payments received from the note receivable discussed in Note 2. Future debt and note receivable principal payments are as follows:

	Debt Principal	Note Receivable	Net
2020	$ 466,667	$ -	$ 466,667
2021	466,667	-	466,667
2022	795,474	239,737	555,737
2023	909,884	322,456	587,428
2024	915,442	325,693	589,749
2025-2029	4,663,050	1,678,163	2,984,887
2030-2034	3,101,725	1,764,094	1,337,631
Thereafter	5,014,980	3,505,157	1,509,823
Total	$ 16,333,889	$ 7,835,300	$ 8,498,589

Interest Rate Swap

During 2014, the Corporation entered into a pay fixed receive variable interest rate swap agreement to mitigate the risk of changes in interest rates associated with the variable interest rate on the note issued in relation to the leverage loan. Under the arrangement, the Corporation would make interest payments at a fixed rate of 3.69% and receive the variable rate payments based on US LIBOR plus 1.00%. The intention of the interest rate swap is to effectively change the Corporation's variable interest rate on the note to a synthetic fixed rate of 3.69%.

The interest payments on the interest rate swap are calculated based on the notional amount, which reduces monthly by $18,056 beginning November 15, 2015, so that the notional amount on the interest rate swap approximates the principal outstanding on the note. The interest rate swap expires October 15, 2030. The notional amount under the interest rate swap agreement totaled $5,288,889 and $5,755,555 at June 30, 2019 and 2018, respectively. At the transaction's effective date, October 15, 2014, interest payments will be exchanged monthly and continue through the transaction's termination date, October 15, 2030. The fair value of the interest rate swap agreement was $(37,293) and $134,278 as of

June 30, 2019 and 2018, respectively. The fair value is an estimation of the expected net cash flows calculated based on the assumption of no unusual market conditions or forced liquidation. The fair value of the swap is not significant and has not been recorded on the financial statements.

The Corporation and the local financial institution are parties to an International Swap Dealers Association, Inc. (ISDA) master agreement that sets forth the general terms and conditions applicable to the loan and interest rate swap. Through the use of derivative instruments such as this interest rate swap, the Corporation is exposed to a variety of risks, including credit risk, interest rate risk, termination risk, basis risk, and rollover risk.

13. Line of Credit

The Corporation maintains a $2,500,000 revolving line of credit with a local financial institution. At June 30, 2019 and 2018, the outstanding balances were $1,330,000 and $845,000, respectively. The line matures on March 31, 2020 and is secured by the Corporation’s investments at that financial institution. The line bore interest at the daily LIBOR rate plus 1.25% through April 30, 2019. As of May 1, 2019, the line bears interest at the daily LIBOR rate plus 1.00%. The interest rate as of June 30, 2019 and 2018, respectively, was 3.39% and 3.34%. Interest expense was $37,960 and $26,635 for the years ended June 30, 2019 and 2018, respectively. The Corporation made draws of $1,908,457 and $1,823,233 against the line of credit to cover working capital needs during the years ended June 30, 2019 and 2018, respectively. The Corporation also made repayments on the line of $1,423,457 and $1,478,233 during the years ended June 30, 2019 and 2018, respectively.

In conjunction with the $6,500,000 loan discussed in Note 12, the Corporation entered into a non-revolving $4,000,000 construction line-of-credit agreement for the purpose of renovating the new headquarters facility. In February 2018, the maximum borrowings available on the line of credit was reduced to $3,000,000 and further reduced to $1,750,000 in December 2018. At June 30, 2019 and 2018, the outstanding balance on the line of credit was $1,583,000 and $1,296,534, respectively. The line matures on March 31, 2020 and is secured by the Corporation’s investment accounts, other business assets, and an open-ended mortgage agreement. The line bears interest at the 30-day LIBOR rate plus 1.00%, resulting in an interest rate of 3.39% and 2.98% as of June 30, 2019 and 2018, respectively. The Corporation made draws against the line of $486,923 and $392,015 during fiscal years 2019 and 2018, respectively, and made repayments of $200,457 and $333,891 on the line during the years ended June 30, 2019 and 2018 respectively.

14. Retirement Plans

The Corporation offers to all qualified employees a defined contribution retirement plan (plan) under the applicable provisions of the Internal Revenue Code. Eligible employees are permitted to make salary deferrals to the plan upon hire and those who have completed 1,000 hours of service within one calendar year at the Corporation are eligible to receive a profit-sharing contribution. Effective January 1, 2014, the Plan was amended to include all employees of the Company except for those who are Highly Compensated Employees. Employees of PBA Products & Services, Inc. and vocational rehabilitation department client participants of the Company are excluded from receiving employer contributions under the new amendment. The plan was further amended, effective July 1, 2015, to include all employees of Somerset County Blind Association. The Corporation's contribution percentage was 4% for the years ended June 30, 2019 and 2018. Total contributions by the Corporation into the plan for the years ended June 30, 2019 and 2018 amounted to approximately $72,000 and $74,000, respectively.

On January 1, 2014, the Corporation established a 403(b) tax-deferred annuity plan for employees who are not eligible to participate in the defined contribution retirement plan. This plan does not provide for employer contributions.

15. Specialized Services

Specialized Services, which are operated by the Corporation under a contract with the Pennsylvania Association for the Blind (PAB), maintains a separate cost center in the Corporation's accounting records. Contract funds are passed through PAB to the Corporation, from the Commonwealth of Pennsylvania, Department of labor and Industry, Office of Vocational Rehabilitation, Bureau of Blindness, and Visual Services. The contract with PAB was for reimbursement of eligible program services costs up to a maximum of $168,729 and $164,095, for the fiscal years ended June 30, 2019 and 2018.

Following is a schedule of the activity under this grant for the year ended June 30, 2019:

Specialized Services	Approved Budget	Total Program Costs	OVR Funding	Corporation's Subsidy
Personnel	$ 66,481	$ 102,060	$ 66,481	$ 35,579
Benefits	12,164	24,514	12,164	12,350
Other expenses:				
Program supplies	-	2,073	-	2,073
Professional services	-	1,210	-	1,210
Occupancy	7,250	14,996	7,250	7,746
Communications	600	3,633	600	3,033
Postage/printing	-	430	-	430
Conference	375	375	375	-
Travel	11,071	25,815	11,071	14,744
Administrative	4,976	26,674	4,976	21,698
Total	$ 102,917	$ 201,780	$ 102,917	$ 98,863

Prevention of Blindness	Approved Budget	Total Program Costs	OVR Funding	Corporation's Subsidy
Personnel	$ 44,740	$ 57,828	$ 44,740	$ 13,088
Benefits	8,783	6,866	8,783	(1,917)
Other expenses:				
Program supplies	100	4,554	100	4,454
Professional services	-	-	-	-
Occupancy	1,050	900	1,050	(150)
Communications	-	1,417	-	1,417
Postage/printing	475	1,980	475	1,505
Travel	7,538	11,038	7,538	3,500
Administrative	2,676	14,308	2,676	11,632
Conferences and training	450	450	450	-
Total	$ 65,812	$ 99,341	$ 65,812	$ 33,529

At June 30, 2019, the Corporation has a receivable from PAB for the Specialized Services Grant in the amount of $11,519.

Following is a schedule of the activity under this grant for the year ended June 30, 2018:

Specialized Services	Approved Budget	Total Program Costs	OVR Funding	Corporation's Subsidy
Personnel	$ 63,060	$ 97,934	$ 63,060	$ 34,874
Benefits	12,164	30,199	12,164	18,035
Other expenses:				
Program supplies	-	1,640	-	1,640
Professional services	-	1,435	-	1,435
Occupancy	7,250	14,075	7,250	6,825
Communications	600	4,224	600	3,624
Postage/printing	-	1,068	-	1,068
Conference	375	845	375	470
Travel	453	1,016	453	563
Administrative	14,379	52,583	14,379	38,204
Total	$ 98,281	$ 205,019	$ 98,281	$ 106,738

Prevention of Blindness	Approved Budget	Total Program Costs	OVR Funding	Corporation's Subsidy
Personnel	$ 44,740	$ 51,898	$ 44,740	$ 7,158
Benefits	8,783	8,953	8,783	170
Other expenses:				
Program supplies	100	1,056	100	956
Professional services	-	-	-	-
Occupancy	1,050	1,278	1,050	228
Communications	-	2,768	-	2,768
Postage/printing	475	4,615	475	4,140
Travel	7,538	7,645	7,538	107
Administrative	2,676	5,696	2,676	3,020
Conferences and training	450	450	450	-
Total	$ 65,812	$ 84,359	$ 65,812	$ 18,547

At June 30, 2018, the Corporation has a receivable from PAB for the Specialized Services Grant in the amount of $1,010.

16. Capital Campaign

In May 2014, the Corporation launched a seventeen-month capital campaign. Of the $2,700,000 to be raised, $2,500,000 is to be used for renovation of the new operations building and the remaining $200,000 is to be used for transitional operating support. During fiscal year 2016, the Corporation made the decision to extend the campaign to raise additional funds of $1,100,000 for the purpose of constructing a roof-top garden and other capital related costs. As of June 30, 2019, $3,990,068 of funds have been pledged and $3,989,914 has been collected.

17. Risk Management

The Corporation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

The Corporation does not carry unemployment compensation insurance. Liabilities or current claims outstanding were not significant to the financial statements at June 30, 2019 or 2018.

18. Economic Dependency

A significant portion of the Corporation’s grants and contributions are from organizations and individuals within the Allegheny County area. In addition, its employees, volunteers, clients, and vendors primarily reside in the Allegheny County area and, therefore, economic and demographic influences on this area impact the Corporation’s operations.

19. Subsidiaries

Med-Tec was formed as a corporation on September 19, 2008 and is a separate legal entity from the Corporation. The Corporation is the sole shareholder of Med-Tec. The formation of Med-Tec was established to allow the Corporation to expand its preparation of textiles and related activities. Med-Tec is on the accrual method of accounting with a June 30 fiscal year.

As of June 30, 2019 and 2018, there was no financial activity for Med-Tec. Financial transactions for Med-Tec are not expected for fiscal year 2020.

PBA Products and Services, Inc. was formed as a nonprofit corporation on December 1, 2008 and is a separate legal entity from the Corporation. The formation of PBA Products and Services, Inc. was established to provide employment opportunities to those with a broad spectrum of disabilities. PBA Products and Services, Inc. is on the accrual method of accounting with a June 30 fiscal year. PBA Products and Services, Inc. files a separate Form 990 for federal income tax purposes.

In August of 2014, 1816 Locust, LLC (Locust) was formed as a limited liability company. The Corporation is the sole member of Locust, which is treated as a disregarded entity for federal tax purposes. Locust was established to serve as a real estate qualified active low-income community business (QALICB) under the NMTC investment discussed in Note 11. Locust is on the accrual method of accounting with a June 30 fiscal year.

SUPPLEMENTARY INFORMATION

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2019

	Blind and Vision Rehabilitation Services	PBA Products and Services	1816 Locust, LLC	Subtotal	Eliminations	Total
Assets						
Cash and cash equivalents	$ 103,256	$ 46,070	$ 3	$ 149,329	$ -	$ 149,329
Cash restricted for capital campaign	-	-	-	-	-	-
Investments	18,166,231	-	-	18,166,231	(6,267,164)	11,899,067
Grants receivable	680,896	-	-	680,896	-	680,896
Third-party tuition, fees, and other receivables	522,475	84,567	-	607,042	-	607,042
Intercompany receivable	7,835,300	-	55,227	7,890,527	(7,890,527)	-
Promises to give	10,279	-	-	10,279	-	10,279
Inventories	549,405	-	-	549,405	-	549,405
Other assets	79,006	1,012	-	80,018	-	80,018
Note receivable	-	7,835,300	-	7,835,300	-	7,835,300
Plant and equipment, net of accumulated depreciation	382,622	26,443	16,232,584	16,641,649	-	16,641,649
Total Assets	$ 28,329,470	$ 7,993,392	$ 16,287,814	$ 52,610,676	$ (14,157,691)	$ 38,452,985
Liabilities and Net Assets						
Liabilities:						
Accounts payable	$ 139,345	$ 8,238	$ -	$ 147,583	$ -	$ 147,583
Accrued liabilities	286,609	47,385	-	333,994	-	333,994
Intercompany payable	55,227	7,835,300	-	7,890,527	(7,890,527)	-
Deferred revenue	86,550	-	-	86,550	-	86,550
Line of credit	2,913,000	-	-	2,913,000	-	2,913,000
Loans payable	5,288,889	-	11,045,000	16,333,889	-	16,333,889
Total Liabilities	8,769,620	7,890,923	11,045,000	27,705,543	(7,890,527)	19,815,016
Net Assets:						
Without donor restrictions:						
Undesignated	12,928,424	76,026	55,230	13,059,680	(6,267,164)	6,792,516
Invested in plant and equipment, net of related debt	382,622	26,443	5,187,584	5,596,649	-	5,596,649
Board-designated	1,756,896	-	-	1,756,896	-	1,756,896
Total net assets without donor restrictions	15,067,942	102,469	5,242,814	20,413,225	(6,267,164)	14,146,061
Net assets with donor restrictions	4,491,908	-	-	4,491,908	-	4,491,908
Total Net Assets	19,559,850	102,469	5,242,814	24,905,133	(6,267,164)	18,637,969
Total Liabilities and Net Assets	$ 28,329,470	$ 7,993,392	$ 16,287,814	$ 52,610,676	$ (14,157,691)	$ 38,452,985

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

CONSOLIDATING SCHEDULE OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	Blind and Vision Rehabilitation Services	PBA Products and Services	1816 Locust, LLC	Subtotal	Eliminations	Total
Net Assets Without Donor Restrictions:						
Support and revenues:						
Service income	$ 1,541,555	$ 651,999	$ -	$ 2,193,554	$ -	$ 2,193,554
Sales	2,049,770	-	-	2,049,770	-	2,049,770
Donations and grants	2,002,744	-	-	2,002,744	(30,000)	1,972,744
Investment income, net	191,646	78,353	-	269,999	(78,353)	191,646
Income from trusts	223,078	-	-	223,078	-	223,078
Realized/unrealized gains (losses)	112,259	-	-	112,259	-	112,259
Rental income	-	-	200,000	200,000	(200,000)	-
Other revenues	65,098	-	-	65,098	(24,000)	41,098
Net assets released from restrictions	353,032	-	-	353,032	-	353,032
Total support and revenues	6,539,182	730,352	200,000	7,469,534	(332,353)	7,137,181
Expenses:						
Program services:						
Industries	1,751,927	-	196,388	1,948,315	(59,422)	1,888,893
Rehabilitation	1,303,663	-	140,295	1,443,958	(59,833)	1,384,125
Vocational services	1,104,220	-	118,832	1,223,052	(28,700)	1,194,352
Community and support	302,339	-	32,537	334,876	(1,000)	333,876
PBA Products and Services	-	728,465	-	728,465	(132,353)	596,112
Total program services	4,462,149	728,465	488,052	5,678,666	(281,308)	5,397,358
Management and general	1,610,849	-	189,669	1,800,518	(46,917)	1,753,601
Development and capital campaign	402,923	-	43,361	446,284	(4,128)	442,156
Total expenses	6,475,921	728,465	721,082	7,925,468	(332,353)	7,593,115
Change in Net Assets Without Donor Restrictions	63,261	1,887	(521,082)	(455,934)	-	(455,934)
Net Assets With Donor Restrictions:						
Donations and grants	148,001	-	-	148,001	-	148,001
Realized/unrealized gains (losses)	64,580	-	-	64,580	-	64,580
Investment income, net	108,434	-	-	108,434	-	108,434
Net assets released from restriction	(353,032)	-	-	(353,032)	-	(353,032)
Change in Net Assets With Donor Restrictions	(32,017)	-	-	(32,017)	-	(32,017)
Change in Net Assets	31,244	1,887	(521,082)	(487,951)	-	(487,951)
Net Assets:						
Beginning of year	19,528,606	100,582	5,310,761	24,939,949	(5,814,029)	19,125,920
1816 Locust LLC - additional capital	-	-	453,135	453,135	(453,135)	-
End of year	$ 19,559,850	$ 102,469	$ 5,242,814	$ 24,905,133	$ (6,267,164)	$ 18,637,969