

**Blind & Vision Rehabilitation
Services of Pittsburgh**

Consolidated Financial Statements
and Supplementary Information

Years Ended June 30, 2022 and 2021
with Independent Auditor's Report

MaherDuessel

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BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

YEARS ENDED JUNE 30, 2022 AND 2021

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Independent Auditor's Report

**Board of Directors
Blind & Vision Rehabilitation
Services of Pittsburgh**

Report on the Audit of the Consolidated Financial Statements

Opinion

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, 2022 and 2021, 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.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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, including omissions, 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Corporation'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation'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.

Supplementary Information

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.

Maker Duessel

Pittsburgh, Pennsylvania
December 2, 2022

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 500,628	\$ 67,408
Investments, at fair value	9,267,716	13,566,760
Third-party tuition, fees, and other receivables	431,982	489,000
Promises to give	11,750	13,500
Inventories	467,115	528,861
Other assets	98,598	75,929
Note receivable	-	7,835,300
Plant and equipment, net of accumulated depreciation	15,086,049	15,746,207
Total Assets	\$ 25,863,838	\$ 38,322,965
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 183,149	\$ 155,194
Accrued liabilities	122,916	178,113
Deferred revenue	119,500	143,400
Line of credit	-	2,044,411
Loans payable	4,348,341	15,667,222
Total Liabilities	4,773,906	18,188,340
Net Assets:		
Without donor restrictions:		
Undesignated	4,558,337	8,239,536
Invested in plant and equipment, net of related debt	10,737,708	4,701,207
Board-designated	1,603,980	1,974,708
Total without donor restrictions	16,900,025	14,915,451
With donor restrictions	4,189,907	5,219,174
Total Net Assets	21,089,932	20,134,625
Total Liabilities and Net Assets	\$ 25,863,838	\$ 38,322,965

See accompanying notes to consolidated financial statements.

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Net Assets Without Donor Restrictions:		
Support and revenues:		
Service income	\$ 1,892,313	\$ 1,510,586
Sales	2,051,105	1,626,270
Donations and grants	1,801,395	2,210,055
Investment income, net	174,760	210,061
Income from trusts	203,268	148,300
Realized/unrealized gains (losses)	(1,083,299)	1,753,992
Gain on unwinding of NMTC	3,201,485	-
Other revenues	102,696	44,891
Net assets released from restrictions	359,345	361,660
Total support and revenues	8,703,068	7,865,815
Expenses:		
Program services:		
Industries	2,152,236	1,840,940
Rehabilitation	1,243,763	1,382,669
Vocational services	773,516	895,717
Community and support	284,150	339,360
PBA Products and Services	713,299	577,260
Total program services	5,166,964	5,035,946
Management and general Development	1,140,028	912,782
	411,502	241,949
Total expenses	6,718,494	6,190,677
Change in Net Assets Without Donor Restrictions	1,984,574	1,675,138
Net Assets with Donor Restrictions:		
Donations and grants	32,792	125,094
Investment income, net	172,195	87,420
Realized/unrealized gains (losses)	(874,909)	1,036,473
Net assets released from restrictions	(359,345)	(361,660)
Change in Net Assets With Donor Restrictions	(1,029,267)	887,327
Change in Net Assets	955,307	2,562,465
Net Assets:		
Beginning of year	20,134,625	17,572,160
End of year	\$ 21,089,932	\$ 20,134,625

See accompanying notes to consolidated financial statements.

**BLIND & VISION REHABILITATION
SERVICES OF PITTSBURGH**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	Total	Program Services				Management and General	Development	
		Industries	Rehabilitation	Vocational Services	Community and Support			PBA Products and Services
Salaries and benefits	\$ 3,266,072	\$ 566,947	\$ 554,325	\$ 485,539	\$ 168,925	\$594,444	\$684,708	\$211,184
Materials and supplies	1,340,107	1,032,630	210,143	25,967	12,633	52,515	-	6,219
Special event costs	106,614	-	-	-	-	-	-	106,614
Service fees	377,919	66,530	141,953	49,650	3,920	34,242	74,685	6,939
Occupancy	251,619	61,758	59,431	43,879	15,988	14,047	56,509	7
Meeting and travel	78,643	15,613	13,456	18,917	24,206	5,858	-	593
Depreciation	666,488	207,055	134,126	75,747	36,596	9,064	165,622	38,278
Postage and shipping	82,330	73,602	4,388	1,855	477	-	-	2,008
Equipment rental	182,148	14,871	40,061	34,061	7,655	167	60,237	25,096
Insurance	45,169	745	-	1,508	3,755	2,697	36,464	-
Interest expense	222,752	75,371	44,390	27,661	9,995	-	50,926	14,409
Miscellaneous	98,633	37,114	41,490	8,732	-	265	10,877	155
Total	\$ 6,718,494	\$ 2,152,236	\$ 1,243,763	\$ 773,516	\$ 284,150	\$ 713,299	\$ 1,140,028	\$ 411,502

See accompanying notes to consolidated financial statements.

**BLIND & VISION REHABILITATION
SERVICES OF PITTSBURGH**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Total	Program Services				Management and General	Development
		Industries	Rehabilitation	Vocational Services	Community and Support		
Salaries and benefits	\$ 3,315,889	\$ 581,498	\$ 709,305	\$ 603,510	\$ 202,043	\$ 457,464	\$ 165,350
Materials and supplies	968,389	718,579	181,187	10,717	3,863	43,856	3,888
Special event costs	-	-	-	-	-	-	-
Service fees	295,589	54,111	110,772	24,476	19,454	33,822	9,163
Occupancy	234,614	67,177	56,579	46,544	16,705	11,046	-
Meeting and travel	64,067	5,404	6,275	13,153	28,534	9,441	183
Depreciation	704,538	207,975	164,926	100,939	38,177	12,659	25,570
Postage and shipping	68,482	64,334	2,185	511	278	-	500
Equipment rental	158,653	26,048	49,437	36,584	8,028	6,274	22,028
Insurance	55,686	17,828	14,824	9,151	5,434	2,698	-
Interest expense	284,065	95,578	70,793	45,551	16,844	-	11,935
Miscellaneous	40,705	2,408	16,386	4,581	-	-	3,332
Total	\$ 6,190,677	\$ 1,840,940	\$ 1,382,669	\$ 895,717	\$ 339,360	\$ 577,260	\$ 241,949

See accompanying notes to consolidated financial statements.

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Cash Flows From Operating Activities:		
Cash received from:		
Services to trainees	\$ 1,845,617	\$ 1,422,404
Sales	2,140,020	1,485,875
Donations and grants	1,810,287	2,358,508
Investment income	550,223	445,781
Other receipts	117,495	44,720
Cash paid to employees	(3,321,269)	(3,301,874)
Cash paid to suppliers	(2,494,400)	(1,876,689)
Interest paid	(222,752)	(284,065)
	425,221	294,660
Net cash provided by (used in) operating activities	425,221	294,660
Cash Flows From Investing Activities:		
Purchase of plant and equipment	(6,330)	(392,331)
Investment sales	2,340,836	2,777,115
Investment purchases	-	(2,306,415)
	2,334,506	78,369
Net cash provided by (used in) investing activities	2,334,506	78,369
Cash Flows From Financing Activities:		
Loan proceeds	-	150,000
Repayments on loans payable	(282,096)	(466,667)
Borrowings on line of credit	2,924,716	2,758,107
Repayments on line of credit	(4,969,127)	(2,781,226)
	(2,326,507)	(339,786)
Net cash provided by (used in) financing activities	(2,326,507)	(339,786)
Net Increase (Decrease) in Cash and Cash Equivalents	433,220	33,243
Cash and Cash Equivalents:		
Beginning of year	67,408	34,165
End of year	\$ 500,628	\$ 67,408

(Continued)

See accompanying notes to consolidated financial statements.

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021
(Continued)

	2022	2021
Reconciliation of Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Change in net assets	\$ 955,307	\$ 2,562,465
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	666,488	704,538
Realized/unrealized (gains) losses	1,958,208	(2,790,465)
Gain on unwinding of NMTC	(3,201,485)	-
Change in:		
Accounts receivable	57,018	(228,748)
Grants receivable	-	102,662
Promises to give	1,750	(3,375)
Inventory	61,746	(53,254)
Other assets	(22,669)	20,616
Accounts payable and accrued liabilities	(27,242)	56,149
Refundable advance	-	(181,745)
Deferred revenue	(23,900)	105,817
Total adjustments	(530,086)	(2,267,805)
Net cash provided by (used in) operating activities	\$ 425,221	\$ 294,660

(Concluded)

See accompanying notes to consolidated financial statements.

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

1. Corporation

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.

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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 corporation, governed by an elected and self-sustaining Board of Directors (Board) who volunteer their efforts. The Corporation has been determined to be a charitable corporation 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, 2022 and 2021, there was no financial activity for Med-Tec. See Note 17 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.

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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. As of June 30, 2022 and 2021, respectively, cash and investment balances of the Auxiliary were \$1,603,980 and \$1,974,708.

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.

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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, 2022 and 2021, the carrying amounts of the Corporation's deposits were \$500,628 and \$67,408, respectively, and the bank balances were \$540,740 and \$88,782, respectively. Of the bank balances for June 30, 2022 and 2021, \$249,001 and \$88,782, respectively, were insured by federal depository insurance. There were no amounts 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 consolidated 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, 2022 and 2021, management has determined that an allowance for uncollectible accounts is not necessary.

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

Contributions and Revenue Recognition

The Corporation recognizes unconditional promises to give in the year that the promise is received. Gifts of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-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. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as revenue and net assets without donor restrictions. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. There were no conditional grants at June 30, 2022 and 2021, other than those related to the United States Small Business Administration (SBA) loan through the Federal Government's Paycheck Protection Program (PPP) discussed below.

A portion of the Corporation's revenue is derived from cost-reimbursable federal and state governmental contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Corporation incurs expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. No amounts have been received in advance under these federal and state contracts and grants.

Fee-for-service governmental revenues are reported at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing services to consumers. These amounts are generally due from governmental payors. Generally, the organizations bill the third-party payors subsequent to the performance of services. Revenue is recognized as the performance obligations are satisfied when services are provided to consumers. The Corporation does not believe it is required to provide additional services related to revenue being recognized. The Corporation determines the transaction price based on a negotiated rate per unit of service, while other fee-based contracts are State set rates. The Corporation 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 Corporation is reimbursed based on units of service billed to the

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

County and DHS at established payment rates for eligible services. 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. Governmental grants and contracts are entered into annually and could be significantly changed based upon government spending patterns. Beginning of year June 30, 2022 and 2021 receivables, net of reserves, related to the governmental contracts discussed above were \$129,650 and \$96,850, respectively. End of year June 30, 2022 and 2021 receivables, net of reserves, related to the governmental contracts discussed above were \$140,763 and \$129,650, respectively. There was no deferred revenue related to the governmental contracts for the years ended June 30, 2022 and 2021.

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 and are recognized as revenue when the performance obligation of transferring the products is met. The largest customer of the Corporation's Industries Division includes Unique Source Products, formerly Pennsylvania Industries for the Blind and Handicapped, which represented approximately \$1,199,820 and \$1,026,507 of the annual sales for the years ended June 30, 2022 and 2021, respectively. Beginning of year June 30, 2022 and 2021 receivables, net of reserves, related to product sales were \$239,117 and \$95,627, respectively. End of year June 30, 2022 and 2021 receivables, net of reserves, related to product sales were \$150,202 and \$239,117, respectively.

There have been no changes in the significant judgements related to the amount or timing of revenue from these transactions, and there are no impairment losses to recognize.

Paycheck Protection Program

In April 2020, the Corporation received a \$797,800 United States Small Business Administration (SBA) loan through the Federal Government's Paycheck Protection Program (PPP) that resulted from the COVID-19 pandemic. The Corporation has elected to derecognize the PPP Loan liability, and record revenue on the consolidated statements of activities, as they meet the conditions of the loan. The Corporation received forgiveness for \$777,577 of the loan on August 25, 2021. During the application process, the Corporation

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

determined that \$20,223 was not eligible for forgiveness and, as such, repaid the amount during the year ended June 30, 2021.

In March 2021, the Corporation received a second draw SBA PPP loan in the amount of \$717,507. The Corporation has elected to derecognize the PPP Loan liability, and record revenue on the consolidated statement of activities, as the conditions of the loan are fully met. As of June 30, 2021, \$717,507 has been recognized and is included in donation and grant revenue on the consolidated statement of activities. The interest rate for any unforgiven portion is 1% and payable over a 60-month period. The Corporation received full forgiveness of the loan on November 30, 2021.

Expense Allocation

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, equipment rental, and depreciation, which are allocated on a square footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

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.

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

Liquidity and Availability of Resources

The following reflects the Corporation's financial assets (cash and cash equivalents; investments; accounts receivable and promises to give) as of June 30, 2022 and 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date:

	2022	2021
Financial assets	\$ 10,212,076	\$ 14,136,668
Less: those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Purpose and time restrictions	(130,085)	(201,606)
Perpetual in nature	(4,059,822)	(5,017,568)
	(4,189,907)	(5,219,174)
Board designations	(1,603,980)	(1,974,708)
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,418,189	\$ 6,942,786

As discussed in Notes 11 and 12, 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 12, the Corporation maintains a revolving line of credit to assist in meeting cash needs.

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

Adopted Accounting Standard

The provisions of this Standards Update have been adopted and incorporated into the consolidated financial statements:

ASU 2020-07, *“Not-For-Profit Entities (Subtopic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets.”* The amendments in this update expand upon the presentation and disclosure of contributed nonfinancial assets to provide the reader of the financial statements a clearer understanding of the types of nonfinancial assets received and how they are utilized and recognized by the not-for-profit organization.

Pending Accounting Standards Updates

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Updates (individually and collectively, ASU) that will become effective in future years as outlined below. Management has not yet determined the impact of this update on the consolidated financial statements.

ASU 2016-02, *“Leases (Topic 842),”* is effective, as delayed, for the financial statements for the year beginning after December 15, 2021. These amendments and related amendments 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.

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

3. Inventories

A summary of inventories is as follows:

	<u>2022</u>	<u>2021</u>
Workshop:		
Raw materials	\$ 392,191	\$ 469,006
Finished goods	<u>74,924</u>	<u>59,855</u>
	<u>\$ 467,115</u>	<u>\$ 528,861</u>

4. Net Assets

Net assets without donor restrictions which are board-designated at June 30, 2022 and 2021 are comprised of the following:

	<u>2022</u>	<u>2021</u>
Corporation Auxiliary	<u>\$ 1,603,980</u>	<u>\$ 1,974,708</u>

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 recommended by the Auxiliary and approved by 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.

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

	2022	2021
Somerset County	\$ 62,219	\$ 97,714
Low vision	33,054	79,336
Program expansion	16,770	15,304
Education	7,390	7,390
Other	10,652	1,862
Total net assets with purpose restrictions	\$ 130,085	\$ 201,606

Net assets with donor restrictions totaling \$4,059,822 and \$5,017,568 as of June 30, 2022 and 2021, 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:

	2022	2021
Somerset County	\$ 35,515	\$ -
Low vision	63,663	72,983
Program expansion	5,775	49,634
Other	23,886	-
Total restrictions released	\$ 128,839	\$ 122,617

During the years ended June 30, 2022 and 2021, net assets in the amount of \$230,506 and \$239,043, respectively, were released as endowment earnings appropriated for expenditure.

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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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 of June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Board-designated without donor restrictions	\$ 1,603,980	\$ 1,974,708
With donor restrictions	<u>4,059,822</u>	<u>5,017,568</u>
Total	<u>\$ 5,663,802</u>	<u>\$ 6,992,276</u>

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

Changes in endowment net assets for the fiscal year ended June 30, 2022:

	Board-Designated Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	\$ 1,974,708	\$ 5,017,568	\$ 6,992,276
Investment return:			
Investment income	80,981	172,195	253,176
Net depreciation (realized and unrealized)	(361,956)	(874,909)	(1,236,865)
Total investment return	(280,975)	(702,714)	(983,689)
Deductions:			
Withdrawals	(99,276)	(230,506)	(329,782)
Miscellaneous income (expense)	9,523	(24,526)	(15,003)
Total deductions	(89,753)	(255,032)	(344,785)
Endowment Net Assets, End of Year	\$ 1,603,980	\$ 4,059,822	\$ 5,663,802

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

	Board-Designated Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	\$ 1,676,184	\$ 4,132,718	\$ 5,808,902
Investment return:			
Investment income	45,297	110,998	156,295
Net depreciation (realized and unrealized)	399,541	1,036,473	1,436,014
Total investment return	444,838	1,147,471	1,592,309
Deductions:			
Withdrawals	(111,379)	(239,043)	(350,422)
Miscellaneous income (expense)	(34,935)	(23,578)	(58,513)
Total deductions	(146,314)	(262,621)	(408,935)
Endowment Net Assets, End of Year	\$ 1,974,708	\$ 5,017,568	\$ 6,992,276

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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. During the year ended June 30, 2021, the policy was revised to allow for a distribution of up to 7%. The presumption is that over the course of multiple years, the average investment returns will equal or exceed 7% per annum and that the endowment will meet the objective of providing ongoing financial support to the Corporation.

7. 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

Fair values of assets measured on a recurring basis at June 30, 2022 and 2021 are as follows:

Description	2022	2021
Mutual funds:		
Equity	\$ 2,144,874	\$ 3,299,881
Fixed income	2,711,327	3,504,333
Alternative	343,542	475,840
Total mutual funds	5,199,743	7,280,054
Exchange traded funds:		
Equity	3,307,745	5,191,111
Total exchange traded funds	3,307,745	5,191,111
Common stock:		
Industrial	71,960	126,762
Consumer discretionary	19,722	39,946
Consumer staples	76,251	126,206
Energy	9,920	19,629
Financial	82,840	153,202
Materials	29,314	52,579
Information technology	75,572	175,357
Real estate	15,719	22,654
Utilities	16,289	35,759
Health care	111,009	179,675
Telecommunication services	11,894	28,076
Total common stock	520,490	959,845
Money market funds	239,738	135,750
Totals	\$ 9,267,716	\$ 13,566,760

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.

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

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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.

8. Promises to Give

Unconditional promises to give at June 30, 2022 and 2021 are summarized as follows:

	2022	2021
Receivable in less than one year	\$ 2,250	\$ 4,000
Receivable in one to five years	9,500	9,500
Receivable after five years	-	-
	<u>\$ 11,750</u>	<u>\$ 13,500</u>

As of June 30, 2022 and 2021, 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.

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

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YEARS ENDED JUNE 30, 2022 AND 2021

9. Plant and Equipment

Plant and equipment balances at June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Buildings and improvements	\$ 17,838,130	\$ 17,838,130
Equipment and furniture	<u>1,213,826</u>	<u>1,213,826</u>
Total fixed assets	19,051,956	19,051,956
Less accumulated depreciation	<u>3,965,907</u>	<u>3,305,749</u>
Net Fixed Assets	<u>\$ 15,086,049</u>	<u>\$ 15,746,207</u>

10. 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. The Corporation created Locust to be the qualified active low-income community business (QALICB) for this project.

As part of the NMTC transaction, a leverage loan was made and is reflected as a note receivable on the statements of financial position. 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. Also, in connection with the NMTC, Locust received four qualified low-income community investment (QLICI) loans from the CDEs totaling \$11,045,000 for the construction and development of the Corporation's new operating headquarters.

The NMTC required a seven-year compliance period, at the end of which PNC had the right 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). On October 26, 2021, PNC exercised this option,

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resulting in an unwinding of the NMTC. As a result of the unwinding, the QLICI notes of \$11,045,000 were transferred to the Corporation and the leverage loan debt of \$7,835,300 was satisfied. The Corporation recognized a net gain of approximately \$3.2 million as a result of the NMTC unwinding transaction.

11. 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. In December 2021, the Corporation refinanced the loan for the amount of \$4,316,666. The loan has a variable interest rate of LIBOR plus 1.20%.

Future debt principal payments are as follows as of June 30, 2022:

2023	\$	215,833
2024		215,833
2025		215,833
2026		215,833
2027		215,833
Thereafter		<u>3,111,599</u>
Total	\$	<u>4,190,764</u>

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In December 2020, a \$150,000 SBA loan was received through the SBA's Economic Injury Disaster Loan (EIDL) program. This is a 30-year loan, with a 2.75% interest rate. Payment begins one year after the loan origination date, and the interest is accrued during the deferment period. The loan is a working capital loan to pay fixed debts, payroll, accounts payable, and other bills. Future payments related to the EIDL loan are as follows:

Year Ending June 30,	
2023	\$ 13,343
2024	3,773
2025	3,878
2026	3,986
2027-2031	21,658
2032-2036	21,846
2037-2041	28,504
2042-2046	32,701
2047-2050	24,888
	<u>\$ 154,577</u>

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 agreement was amended on March 16, 2020 and the fixed rate was adjusted to 2.972%.

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 November 15, 2041. The notional amount under the interest rate swap agreement totaled \$4,190,764 and \$4,472,222 at June 30, 2022 and 2021, respectively. At the transaction's effective date, October 15, 2014, interest payments will be

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exchanged monthly and continue through the transaction's termination date, October 15, 2030. The fair value of the interest rate swap agreement was \$427,500 and \$(4,061) as of June 30, 2022 and 2021, 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 consolidated 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.

12. Lines of Credit

The Corporation maintains a \$2,500,000 revolving line of credit with a local financial institution. At June 30, 2022 and 2021, the outstanding balances were \$0 and \$1,188,522, respectively. The line matures on January 31, 2023 and is secured by the Corporation's investments at that financial institution. The line bears interest at the daily LIBOR rate plus 1.00%. The interest rate as of June 30, 2022 and 2021, respectively, was 1.10% and 1.10%. The Corporation made draws of \$2,924,716 and \$2,758,107 against the line of credit to cover working capital needs during the years ended June 30, 2022 and 2021, respectively. The Corporation also made repayments on the line of \$4,113,238 and \$2,632,349 during the years ended June 30, 2022 and 2021, respectively.

In conjunction with the \$6,500,000 loan discussed in Note 11, 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, 2022 and 2021, the outstanding balance on the line of credit was \$0 and \$855,889, respectively. The line matured on October 31, 2021 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 1.10% and 1.08% as of June 30, 2022 and 2021, respectively. The Corporation did not draw against the line during fiscal years 2022 and 2021, and made repayments of

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

\$855,889 and \$147,877 on the line during the years ended June 30, 2022 and 2021, respectively. The line of credit was paid off in August 2021 and was not renewed.

13. 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% from July 1, 2019 through April 30, 2020. Effective May 1, 2020, the Plan was amended to change the profit-sharing contribution to a discretionary contribution. In accordance with this amendment, as of May 1, 2020, the Company elected to temporarily discontinue the discretionary employer contribution. Total contributions by the Corporation into the plan for the years ended June 30, 2022 and 2021 amounted to approximately \$15,428 and \$0, 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.

14. 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 Human Services, 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 \$202,506 for the fiscal years ended June 30, 2022 and 2021.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Following is a schedule of the activity under this grant for the year ended June 30, 2022:

Specialized Services	Approved Budget	Total Program Costs	OVR Funding	Corporation's Subsidy
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Personnel	\$ 73,989	\$ 78,762	\$ 73,989	\$ 4,773
Benefits	13,538	19,762	13,538	6,224
Other expenses:				
Program supplies	-	3,039	-	3,039
Professional services	-	-	-	-
Occupancy	8,069	13,452	8,069	5,383
Communications	668	5,197	668	4,529
Postage/printing	-	116	-	116
Conference	417	961	417	544
Travel	11,817	21,114	11,817	9,297
Administrative	5,538	11,485	5,538	5,947
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 114,036</u>	<u>\$ 153,888</u>	<u>\$ 114,036</u>	<u>\$ 39,852</u>
Prevention of Blindness	Approved Budget	Total Program Costs	OVR Funding	Corporation's Subsidy
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Personnel	\$ 59,801	\$ 37,596	\$ 59,801	\$ (22,205)
Benefits	11,740	4,237	11,740	(7,503)
Other expenses:				
Program supplies	134	2,874	134	2,740
Professional services	-	-	-	-
Occupancy	1,403	900	1,403	(503)
Communications	-	2,623	-	2,623
Postage/printing	635	5,279	635	4,644
Professional services	-	-	-	-
Travel	10,075	7,336	10,075	(2,739)
Administrative	3,577	21,909	3,577	18,332
Conferences and training	601	75	601	(526)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 87,966</u>	<u>\$ 82,829</u>	<u>\$ 87,966</u>	<u>\$ (5,137)</u>

There were no receivables due from PAB for the Specialized Services Grant at June 30, 2022.

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

Following is a schedule of the activity under this grant for the year ended June 30, 2021:

Specialized Services	Approved Budget	Total Program Costs	OVR Funding	Corporation's Subsidy
Personnel	\$ 73,989	\$ 83,073	\$ 73,989	\$ 9,084
Benefits	13,538	21,741	13,538	8,203
Other expenses:				
Program supplies	-	1,786	-	1,786
Professional services	-	-	-	-
Occupancy	8,069	13,908	8,069	5,839
Communications	668	3,228	668	2,560
Postage/printing	-	114	-	114
Conference	417	5,792	417	5,375
Travel	12,321	25,755	12,321	13,434
Administrative	5,538	24,835	5,538	19,297
Total	\$ 114,540	\$ 180,232	\$ 114,540	\$ 65,692
Prevention of Blindness	Approved Budget	Total Program Costs	OVR Funding	Corporation's Subsidy
Personnel	\$ 59,801	\$ 61,188	\$ 59,801	\$ 1,387
Benefits	11,740	13,922	11,740	2,182
Other expenses:				
Program supplies	134	502	134	368
Professional services	-	-	-	-
Occupancy	1,403	-	1,403	(1,403)
Communications	-	2,461	-	2,461
Postage/printing	635	112	635	(523)
Professional services	-	-	-	-
Travel	10,075	6,248	10,075	(3,827)
Administrative	3,577	15,777	3,577	12,200
Conferences and training	601	6,481	601	5,880
Total	\$ 87,966	\$ 106,691	\$ 87,966	\$ 18,725

There were no receivables due from PAB for the Specialized Services Grant at June 30, 2021.

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

15. 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 consolidated financial statements at June 30, 2022 or 2021.

16. 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.

17. 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, 2022 and 2021, there was no financial activity for Med-Tec. Financial transactions for Med-Tec are not expected for fiscal year 2023.

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.

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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In August 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 10. Locust is on the accrual method of accounting with a June 30 fiscal year. Locust was merged in the Corporation during the year ended June 30, 2022.

SUPPLEMENTARY INFORMATION

**BLIND & VISION REHABILITATION
SERVICES OF PITTSBURGH**

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2022

	Blind and Vision Rehabilitation Services	PBA Products and Services	1816 Locust, LLC	Subtotal	Eliminations	Total
Assets						
Cash and cash equivalents	\$ 462,269	\$ 38,359	\$ -	\$ 500,628	\$ -	\$ 500,628
Investments	9,267,716	-	-	9,267,716	-	9,267,716
Third-party tuition, fees, and other receivables	290,965	141,017	-	431,982	-	431,982
Intercompany receivable	10,419	67	-	10,486	(10,486)	-
Promises to give	11,750	-	-	11,750	-	11,750
Inventories	467,115	-	-	467,115	-	467,115
Other assets	90,273	8,325	-	98,598	-	98,598
Note receivable	-	-	-	-	-	-
Plant and equipment, net of accumulated depreciation	15,078,640	7,409	-	15,086,049	-	15,086,049
Total Assets	\$ 25,679,147	\$ 195,177	\$ -	\$ 25,874,324	\$ (10,486)	\$ 25,863,838
Liabilities and Net Assets						
Liabilities:						
Accounts payable	\$ 174,992	\$ 18,643	\$ -	\$ 193,635	\$ (10,486)	\$ 183,149
Accrued liabilities	85,912	37,004	-	122,916	-	122,916
Deferred revenue	119,500	-	-	119,500	-	119,500
Line of credit	-	-	-	-	-	-
Loans payable	4,348,341	-	-	4,348,341	-	4,348,341
Total Liabilities	4,728,745	55,647	-	4,784,392	(10,486)	4,773,906
Net Assets:						
Without donor restrictions:						
Undesignated	4,426,216	132,121	-	4,558,337	-	4,558,337
Invested in plant and equipment, net of related debt	10,730,299	7,409	-	10,737,708	-	10,737,708
Board-designated	1,603,980	-	-	1,603,980	-	1,603,980
Total net assets without donor restrictions	16,760,495	139,530	-	16,900,025	-	16,900,025
Net assets with donor restrictions	4,189,907	-	-	4,189,907	-	4,189,907
Total Net Assets	20,950,402	139,530	-	21,089,932	-	21,089,932
Total Liabilities and Net Assets	\$ 25,679,147	\$ 195,177	\$ -	\$ 25,874,324	\$ (10,486)	\$ 25,863,838

**BLIND & VISION REHABILITATION
SERVICES OF PITTSBURGH**

CONSOLIDATING SCHEDULE OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	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	\$ 987,971	\$ 904,342	\$ -	\$ 1,892,313	\$ -	\$ 1,892,313
Sales	2,051,105	-	-	2,051,105	-	2,051,105
Donations and grants	2,129,791	-	-	2,129,791	(328,396)	1,801,395
Investment income, net	174,760	-	-	174,760	-	174,760
Income from trusts	203,268	-	-	203,268	-	203,268
Realized/unrealized gains (losses)	(1,083,299)	-	-	(1,083,299)	-	(1,083,299)
Rental income	-	-	500,000	500,000	(500,000)	-
Other revenues	127,196	5,500	-	132,696	(30,000)	102,696
Gain (loss) on unwinding of NMTC	(7,843,515)	-	11,045,000	3,201,485	-	3,201,485
Net assets released from restrictions	359,345	-	-	359,345	-	359,345
Total support and revenues	<u>(2,893,378)</u>	<u>909,842</u>	<u>11,545,000</u>	<u>9,561,464</u>	<u>(858,396)</u>	<u>8,703,068</u>
Expenses:						
Program services:						
Industries	1,933,794	-	218,442	2,152,236	-	2,152,236
Rehabilitation	1,115,978	-	127,785	1,243,763	-	1,243,763
Vocational services	694,541	-	78,975	773,516	-	773,516
Community and support	255,628	-	28,522	284,150	-	284,150
PBA Products and Services	-	1,071,695	-	1,071,695	(358,396)	713,299
Total program services	<u>3,999,941</u>	<u>1,071,695</u>	<u>453,724</u>	<u>5,525,360</u>	<u>(358,396)</u>	<u>5,166,964</u>
Management and general	1,488,899	-	151,129	1,640,028	(500,000)	1,140,028
Development and capital campaign	371,583	-	39,919	411,502	-	411,502
Total expenses	<u>5,860,423</u>	<u>1,071,695</u>	<u>644,772</u>	<u>7,576,890</u>	<u>(858,396)</u>	<u>6,718,494</u>
Change in Net Assets Without Donor Restrictions	<u>(8,753,801)</u>	<u>(161,853)</u>	<u>10,900,228</u>	<u>1,984,574</u>	<u>-</u>	<u>1,984,574</u>
Net Assets With Donor Restrictions:						
Donations and grants	32,792	-	-	32,792	-	32,792
Realized/unrealized gains (losses)	(874,909)	-	-	(874,909)	-	(874,909)
Investment income, net	172,195	-	-	172,195	-	172,195
Net assets released from restriction	(359,345)	-	-	(359,345)	-	(359,345)
Change in Net Assets With Donor Restrictions	<u>(1,029,267)</u>	<u>-</u>	<u>-</u>	<u>(1,029,267)</u>	<u>-</u>	<u>(1,029,267)</u>
Change in Net Assets	<u>(9,783,068)</u>	<u>(161,853)</u>	<u>10,900,228</u>	<u>955,307</u>	<u>-</u>	<u>955,307</u>
Net Assets:						
Beginning of year	21,946,951	301,383	4,568,389	26,816,723	(6,682,098)	20,134,625
1816 Locust LLC - transfer of net assets	8,786,519	-	(15,468,617)	(6,682,098)	6,682,098	-
End of year	<u>\$ 20,950,402</u>	<u>\$ 139,530</u>	<u>\$ -</u>	<u>\$ 21,089,932</u>	<u>\$ -</u>	<u>\$ 21,089,932</u>