

THE ALASKA CENTER FOR THE
BLIND AND VISUALLY IMPAIRED

Financial Statements and Additional Information

(With Independent Auditor's Report Thereon)

Years Ended June 30, 2014 and 2013

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Independent Auditor's Report

Members of the Board of Directors
The Alaska Center for the Blind and Visually Impaired
Anchorage, Alaska

Members of the Board:

We have audited the accompanying financial statements of The Alaska Center for the Blind and Visually Impaired (Center) (a nonprofit organization) which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Members of the Board of Directors
The Alaska Center for the Blind and Visually Impaired

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Alaska Center for the Blind and Visually Impaired as of June 30, 2014 and 2013, 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of support, revenues and expenses – budget and actual on pages 16 through 18 listed in the table of contents as additional information are presented for purposes of additional analysis and are not a required part of the basic 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of support, revenues and expenses – budget and actual are fairly stated in all material respects in relation to the financial statements as a whole.



Anchorage, Alaska
December 3, 2014

THE ALASKA CENTER FOR THE BLIND AND VISUALLY IMPAIRED

Statements of Financial Position

June 30, 2014 and 2013

ASSETS	<u>2014</u>	<u>2013</u>
Current assets:		
Cash and cash equivalents	\$ 606,942	457,537
Accounts receivable	40,804	38,407
Grants receivable	30,484	51,946
Pledges receivable, current portion	25,238	33,643
Inventory	851	1,267
Prepaid items	5,651	3,813
CURRENT ASSETS	<u>709,970</u>	<u>586,613</u>
Non-current assets:		
Property and equipment, net of depreciation	136,068	128,765
Pledges receivable, non-current portion	35,056	51,112
Beneficial interest in assets held by the Alaska Community Foundation	26,146	22,635
NON-CURRENT ASSETS	<u>197,270</u>	<u>202,512</u>
	<u>\$ 907,240</u>	<u>789,125</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	7,130	6,149
Accrued payroll and payroll liabilities	15,242	15,687
Accrued leave	19,697	21,249
TOTAL LIABILITIES	<u>42,069</u>	<u>43,085</u>
Net assets:		
Unrestricted:		
Designated for property and equipment	136,068	128,765
Undesignated	644,963	521,316
TOTAL UNRESTRICTED	<u>781,031</u>	<u>650,081</u>
Temporarily restricted	<u>57,994</u>	<u>73,324</u>
Permanently restricted, endowment fund	<u>26,146</u>	<u>22,635</u>
TOTAL NET ASSETS	<u>865,171</u>	<u>746,040</u>
	<u>\$ 907,240</u>	<u>789,125</u>

See accompanying notes to financial statements.

THE ALASKA CENTER FOR THE BLIND AND VISUALLY IMPAIRED

Statements of Activities

Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
UNRESTRICTED NET ASSETS		
Operating activities:		
Support:		
Individuals	\$ 68,070	40,811
Foundations	74,465	71,748
Corporations	91,844	40,275
Government	289,800	291,680
In-kind donations	530	2,339
Net assets released from restrictions	57,715	73,697
	<u>TOTAL SUPPORT</u>	<u>520,550</u>
Revenue:		
Fees and services	216,334	196,303
Aids and appliances	3,678	8,863
Gaming	39,677	50,225
Other	900	3,732
	<u>TOTAL REVENUE</u>	<u>259,123</u>
	<u>TOTAL SUPPORT AND REVENUE</u>	<u>779,673</u>
Expenses:		
Program services:		
Blind and visually impaired services	486,608	595,826
Support services:		
Management and general	137,449	122,194
Fundraising	79,362	107,077
	<u>216,811</u>	<u>229,271</u>
	<u>TOTAL EXPENSES</u>	<u>825,097</u>
Change in unrestricted net assets from operating activities	139,594	(45,424)
Non-operating activities:		
Gain (loss) on sale of assets	(10,961)	8,000
Investment income	2,317	2,142
Change in unrestricted net assets from non-operating activities	(8,644)	10,142
Total change in unrestricted net assets	<u>130,950</u>	<u>(35,282)</u>
TEMPORARILY RESTRICTED NET ASSETS		
Support:		
Individuals	38,980	22,340
Foundations	-	22,300
Corporations	3,405	12,890
Net assets released from restrictions	(57,715)	(73,697)
Change in temporarily restricted net assets	<u>(15,330)</u>	<u>(16,167)</u>
PERMANENTLY RESTRICTED NET ASSETS		
Restricted earnings on endowment, net	<u>3,511</u>	<u>2,073</u>
CHANGE IN NET ASSETS, as previously reported	119,131	(49,376)
NET ASSETS, Beginning of year	<u>746,040</u>	<u>808,748</u>
Prior period adjustment	-	(13,332)
NET ASSETS, beginning of year, as restated	<u>746,040</u>	<u>795,416</u>
NET ASSETS, End of year	<u>\$ 865,171</u>	<u>746,040</u>

See accompanying notes to financial statements.

THE ALASKA CENTER FOR THE BLIND AND VISUALLY IMPAIRED

Statements of Functional Expenses

Years Ended June 30, 2014 and 2013

EXPENSES	2014					2013				
	Program Services	Support Services		Total Support Services	Total Program and Support Services	Program Services	Support Services		Total Support Services	Total Program and Support Services
	Blind and Visually Impaired Services	Management and General	Fundraising			Blind and Visually Impaired Services	Management and General	Fundraising		
Salaries and benefits	\$ 321,559	103,299	53,155	156,454	478,013	408,000	91,747	72,242	163,989	571,989
Office supplies	2,206	709	365	1,074	3,280	2,288	515	405	920	3,208
Program supplies	5,494	-	-	-	5,494	6,808	-	-	-	6,808
Postage	354	114	58	172	526	428	96	76	172	600
Travel	21,274	713	48	761	22,035	22,480	123	504	627	23,107
Equipment maintenance	3,499	1,124	578	1,702	5,201	3,344	731	576	1,307	4,651
Equipment	34,546	-	-	-	34,546	35,902	-	-	-	35,902
Aides and appliances	2,306	-	-	-	2,306	7,137	-	-	-	7,137
Low vision aids	19,221	-	-	-	19,221	15,572	-	-	-	15,572
Facility rent	-	442	-	442	442	-	482	-	482	482
Facility maintenance	6,781	2,179	1,121	3,300	10,081	8,522	1,916	1,509	3,425	11,947
Staff recruitment and training	3,809	-	-	-	3,809	1,323	525	-	525	1,848
Board meetings	-	1,549	-	1,549	1,549	-	1,485	-	1,485	1,485
Marketing	17,860	-	-	-	17,860	15,912	-	-	-	15,912
Gaming permit	-	489	-	489	489	-	521	-	521	521
Events / projects	-	-	18,609	18,609	18,609	-	-	24,276	24,276	24,276
Professional fees	11,560	9,727	-	9,727	21,287	20,922	7,794	-	7,794	28,716
Membership fees	827	750	-	750	1,577	252	1,350	-	1,350	1,602
Insurance	8,785	5,652	1,367	7,019	15,804	11,329	4,862	1,631	6,493	17,822
Taxes	-	486	-	486	486	-	215	-	215	215
Telephone	6,034	1,938	997	2,935	8,969	6,571	1,478	1,163	2,641	9,212
Utilities	6565	2,109	1,085	3,194	9,759	8,372	1,883	1,482	3,365	11,737
Investment Expenses - ACF	-	248	-	248	248	-	-	-	-	-
Interest and bank charges	-	2,076	-	2,076	2,076	-	2,391	-	2,391	2,391
Bad debt	1,959	-	-	-	1,959	1,325	-	-	-	1,325
Depreciation	11,969	3,845	1,979	5,824	17,793	18,144	4,080	3,213	7,293	25,437
Other	-	-	-	-	-	1,195	-	-	-	1,195
TOTAL EXPENSES	\$ 486,608	137,449	79,362	216,811	703,419	595,826	122,194	107,077	229,271	825,097

See accompanying notes to financial statements.

THE ALASKA CENTER FOR THE BLIND AND VISUALLY IMPAIRED

Statements of Cash Flows

Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 119,131	(49,376)
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation	17,793	25,437
Bad debt expense	1,959	1,325
Loss (gain) on sale of equipment	10,961	(8,000)
(Gain) loss on investments	(3,511)	(2,073)
(Increase) decrease in net assets:		
Accounts receivable	(4,356)	13,955
Grants receivable	21,462	(24,658)
Pledges receivable:		
Current	8,405	2,645
Non-current	16,056	14,844
Inventory	416	(443)
Prepaid items	(1,838)	1,062
Increase (decrease) in liabilities:		
Accounts payable	981	(4,377)
Accrued payroll and payroll liabilities	(445)	80
Accrued leave	(1,552)	(10,482)
Net cash provided (used) by operations	<u>185,462</u>	<u>(40,061)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(36,057)	(25,189)
Proceeds from sale of asset	-	8,000
Net cash provided (used) by investing activities	<u>(36,057)</u>	<u>(17,189)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	149,405	(57,250)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>457,537</u>	<u>514,787</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 606,942</u>	<u>457,537</u>

See accompanying notes to financial statements.

THE ALASKA CENTER FOR THE BLIND AND VISUALLY IMPAIRED

Notes to Financial Statements

June 30, 2014 and 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

The Alaska Center for the Blind and Visually Impaired (Center) is a nonprofit organization located in Anchorage, Alaska. The Center is a training and resource center that equips Alaskans with sustained vision loss for success in life and work.

Basis of Accounting and Presentation

The Alaska Center for the Blind and Visually Impaired's financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when they are earned. Liabilities and expenses are recorded when incurred.

The Center's financial statements segregate net assets into three categories according to externally (donor) imposed restrictions. All unconditional promises to give (pledges) are recorded as receivables and revenues and contributions are recorded for each net assets category in accordance with donor imposed restrictions. A description of the three net asset categories follows:

Unrestricted net assets represent that portion of net assets of the Center that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net asset represents that portion of net assets of the Center whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled by actions of the Center. When the stipulated time restriction ends or action is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets represents that portion of net assets from contributions whose use by the Center is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Center.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Center considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents. Because of the highly liquid nature of certificates of deposits, they are also included in cash and cash equivalents regardless of original maturities.

THE ALASKA CENTER FOR THE BLIND AND VISUALLY IMPAIRED

Notes to Financial Statements, Continued

Accounts Receivable

A majority of accounts receivable consist of receivables from fees for services. Management believes that all receivables are fully collectable; therefore, no allowance for doubtful accounts has been recognized. Management writes off receivables after all collection efforts have been exhausted.

Inventory

Inventory consists of aids and appliances for the blind. Inventory is valued at the lower of cost (first-in, first-out) or market.

Prepaid Items

Payments made to vendors for services which benefit periods beyond the June 30 year end, are recorded as prepaid items and deposits.

Property and Equipment

Purchased assets are recorded at cost or estimated cost when original cost is not available. Contributed assets are recorded at fair value at the date of receipt. Furniture and equipment purchases are recorded as expenses at the time of purchase for reimbursement from granting agencies. All assets over \$1,000 are capitalized. All capitalized assets are depreciated over their useful lives using the straight-line method. Useful lives of assets vary from 3-5 years for equipment to 20 years for buildings and building improvements.

Accrued Leave

Annual leave is accrued as earned and recorded as an expense in the period earned. The maximum hours allowed to carry over is 120 on a calendar year basis.

Contributions

Unconditional promises to give cash and other assets to the Center are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at the fair value at the date the gift is received. The promises to give are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

THE ALASKA CENTER FOR THE BLIND AND VISUALLY IMPAIRED

Notes to Financial Statements, Continued

Revenue Recognition

Grant revenue – Cost reimbursable grant revenues are recorded as earned when related expenses are incurred.

Client Fees – Client fees are recognized as revenue when earned.

Donated Services and Materials

Donated services are recognized as contributions in accordance with FASB ASC 958, Accounting for Contributions Received and Contributions Made, if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center. In-kind contributions for space, supplies, and professional services are recorded in the statement of activities at market value and recognized as revenue and expenses in the period they are received, except for donated equipment, which is recorded as revenue in the period received and the asset is depreciated over its estimated useful life.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated between the programs and supporting services benefited.

Management Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires the Center's 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Center is a nonprofit corporation exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code.

Although the organization is exempt from federal income taxes, any income derived from unrelated business activities is subject to the requirement of filing Federal Income Tax Form 990—T and a tax liability may be determined on these activities. The organization had no income derived from unrelated business activities as of June 30, 2014 or 2013.

THE ALASKA CENTER FOR THE BLIND AND VISUALLY IMPAIRED

Notes to Financial Statements, Continued

The Center classifies all interest and penalties related to tax contingencies as income tax expense. As of June 30, 2014 and 2013, there are no accrued interest or penalties related to tax contingencies or uncertain tax positions. As of June 30, 2014 and 2013 there were no uncertain tax positions or unrecognized tax benefits for which management believes it is reasonably possible that the total amounts of tax contingencies will significantly increase or decrease within 12 months of the reporting date. The Center files tax returns in the U.S. Federal Jurisdiction and the State of Alaska. As of 2014, the tax years that remain subject to examination begins with 2011.

Fair Value of Financial Instruments

The fair value of an asset is the amount at which the asset could be bought or sold in a current transaction between willing parties, that is, other than in forced or liquidation sale. The fair value of a liability is the amount at which that liability could be incurred or settled in a current transaction between willing parties, that is, other than in a forced or liquidation sale. Fair values are based on quoted market prices when available.

The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) receivables, net (3) certain other current assets, (4) accounts payable and (5) other current liabilities. The carrying amounts reported in the statements of financial position for the above financial instruments closely approximate their fair value due to the short-term nature of these assets and liabilities.

II. CASH AND CASH EQUIVALENTS

The carrying amount of cash and cash equivalents at June 30, 2014 and 2013, consists of the following:

	<u>2014</u>	<u>2013</u>
Petty cash	\$ 275	275
Demand deposits	273,970	126,581
Money market accounts	94,881	94,863
Certificates of deposit	<u>237,816</u>	<u>235,818</u>
Total	\$ <u>606,942</u>	<u>457,537</u>

The Center maintains cash balances at several financial institutions located in Anchorage, Alaska. Accounts at the institutions are insured by either the Federal Deposit Insurance Corporation or the National Credit Union Association up to \$250,000 for interest-bearing accounts and fully insured for non-interest bearing accounts. All deposits were fully insured at June 30, 2014 and 2013.

THE ALASKA CENTER FOR THE BLIND AND VISUALLY IMPAIRED

Notes to Financial Statements, Continued

III. CERTIFICATES OF DEPOSIT

Certificates of deposit totaling \$237,816 at June 30, 2014 and \$235,818 at June 30, 2013 are included in cash and cash equivalents in the accompanying financial statements. The certificates bear interest ranging of 0.695% to 0.945% at June 30, 2014 and ranging from 0.695% to 1.090% at June 30, 2013 and have maturities ranging from twelve to twenty-four months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

IV. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment for the years ended June 30:

	<u>2014</u>	<u>2013</u>
Equipment	\$ 158,075	166,775
Building	603,684	603,684
Building improvements	<u>212,305</u>	<u>208,579</u>
Total property and equipment	974,064	979,038
Less accumulated depreciation	<u>(837,996)</u>	<u>(850,273)</u>
	\$ <u>136,068</u>	<u>128,765</u>

Depreciation expense for the fiscal years ended June 30, 2014 and 2013 was \$17,793 and \$25,437, respectively.

V. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for program related activities and are comprised of donations restricted for specific purposes and the long-term portion of pledges receivable as follows:

	<u>2014</u>	<u>2013</u>
Donor restricted contributions	\$ 22,938	22,212
Promises to give – non-current	<u>35,056</u>	<u>51,112</u>
	\$ <u>57,994</u>	<u>73,324</u>

The change in temporarily restricted net assets as of June 30 was as follows:

	<u>2014</u>	<u>2013</u>
Beginning balance	\$ 73,324	89,491
Donations	42,385	57,530
Net assets released from restrictions	<u>(57,715)</u>	<u>(73,697)</u>
Ending balance	\$ <u>57,994</u>	<u>73,324</u>

THE ALASKA CENTER FOR THE BLIND AND VISUALLY IMPAIRED

Notes to Financial Statements, Continued

VI. SUPPORT

Detail of contributions including those released from restrictions for the years ended June 30, 2014 and 2013 are as follows:

	2014						
	Temporarily Restricted Grants and Support			Unrestricted Grants and Support			
	Balance 7/1/2013	Received	Released to Unrestricted	Balance 6/30/2014	Temporarily Restricted Released	Unrestricted Received	Total
Individuals	\$ 51,612	38,980	(36,531)	54,061	36,531	68,070	104,601
Foundations	16,620	-	(16,500)	120	16,500	74,465	90,965
Corporations	5,092	3,405	(4,684)	3,813	4,684	91,844	96,528
Government	-	-	-	-	-	289,800	289,800
In-kind	-	-	-	-	-	530	530
\$	73,324	42,385	(57,715)	57,994	57,715	524,709	582,424

	2013						
	Temporarily Restricted Grants and Support			Unrestricted Grants and Support			
	Balance 7/1/2012	Received	Released to Unrestricted	Balance 6/30/2013	Temporarily Restricted Released	Unrestricted Received	Total
Individuals	\$ 69,310	22,340	(40,038)	51,612	40,038	40,811	80,849
Foundations	19,681	22,300	(25,361)	16,620	25,361	71,748	97,109
Corporations	500	12,890	(8,298)	5,092	8,298	40,275	48,573
Government	-	-	-	-	-	291,680	291,680
In-kind	-	-	-	-	-	2,339	2,339
\$	89,491	57,530	(73,697)	73,324	73,697	446,853	520,550

VII. IN-KIND CONTRIBUTIONS

During the year ended June 30, 2014, the Center received in-kind contributions in the form of goods and services in the amount of \$530. During the year ended June 30, 2013 the Center received in-kind contributions in the form of services in the amount of \$2,339.

VIII. RECLASSIFICATIONS

Certain amounts presented in the prior year have been reclassified to in order to conform to the current year's presentation.

THE ALASKA CENTER FOR THE BLIND AND VISUALLY IMPAIRED

Notes to Financial Statements, Continued

IX. PROMISES TO GIVE / PLEDGES RECEIVABLE

Unconditional promises to give at June 30 are as follows:

	<u>2014</u>	<u>2013</u>
Receivable in less than one year	\$ 25,238	33,643
Receivable in one to five years	40,367	56,423
Receivable in more than five years	<u>-</u>	<u>-</u>
Total unconditional promises to give	65,605	90,066
Less discounts to net present value	<u>(5,311)</u>	<u>(5,311)</u>
Net unconditional promises to give	\$ <u>60,214</u>	<u>84,755</u>

Discount rates used on long-term promises to give ranged from 3.0% to 4.5%. The promises to give are deemed collectible; therefore, no allowance was established.

X. CONCENTRATION OF SUPPORT

The Alaska Center for the Blind and Visually Impaired received 26% of its support and revenue from fees for services and 35% from federal and State of Alaska grants for the fiscal year ending June 30, 2014. The Center received 24% of its support and revenue from fees for services and 39% from federal and State of Alaska grants for the fiscal year ending June 30, 2013. A significant reduction in the level of government support and service fee revenues, if this were to occur, would have a significant impact on the Center's programs and activities.

XI. ENDOWMENT FUND AND PERMANENTLY RESTRICTED NET ASSETS

The Alaska Community Foundation (Foundation) holds and administers monies as a permanent endowment fund in which the Center retains the right to recommend grants to the extent allowable by the spending policy. These monies are shown as a beneficial interest in assets held by the Foundation and as permanently restricted net assets. Changes in permanently restricted net assets are the result of earnings and losses on the fund.

The Board of Directors of the Alaska Community Foundation has the power to modify any restriction or condition on the distribution of funds for any specified purposes or to a specified organization if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served.

The Center's investment objective for the endowment fund is the preservation of capital and continued growth through reinvestment of earnings.

THE ALASKA CENTER FOR THE BLIND AND VISUALLY IMPAIRED

Notes to Financial Statements, Continued

XII. CONTINGENCIES

Amounts received or receivable from the State of Alaska and the federal government are subject to audit and adjustment. Any disallowed claims, including amounts already collected, would become a liability of the Center.

XIII. GRANTS

A summary of government grant revenue for the years ended June 30, 2014 and 2013 follows:

Federal:	<u>2014</u>	<u>2013</u>
U.S. Department of Education:		
Passed through State of Alaska	\$ <u>-</u>	<u>159,441</u>
State of Alaska:		
Department of Labor and Workforce Development	<u>289,800</u>	<u>132,239</u>
Total government support	\$ <u>289,800</u>	<u>291,680</u>

XIV. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Center's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by generally accepted accounting principles. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3).

The levels of the fair value hierarchy are as follows:

- Level 1 – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
- Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.
- Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Center's estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

THE ALASKA CENTER FOR THE BLIND AND VISUALLY IMPAIRED

Notes to Financial Statements, Continued

The following table provides information as of June 30 about the Alaska Center for the Blind and Visually Impaired's financial assets measured at fair value. Endowment funds have been valued at original cost plus or minus the allocated earnings or losses incurred. Earnings (losses) on these investments are based on the activity of the underlying investments held by Alaska Community Foundation.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2014</u>				
Endowment Fund	\$ <u>-</u>	<u>26,146</u>	<u>-</u>	<u>26,146</u>
<u>2013</u>				
Endowment Fund	\$ <u>-</u>	<u>22,635</u>	<u>-</u>	<u>22,635</u>

XV. PRIOR PERIOD ADJUSTMENTS

During the year it was determined that payroll liabilities were not accrued during previous years. As a result of this error payroll liabilities and unrestricted net assets were understated by \$13,332.

XVI. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 3, 2014, the date which the financial statements were available for issue. No events were identified that would require disclosure according to generally accepted accounting principles.

THE ALASKA CENTER FOR THE BLIND AND VISUALLY IMPAIRED

Alaska Department of Labor and Workforce Development - Division of Vocational Rehabilitation

Braille in the Schools

Grant # RSA 12.15

Schedule of Support, Revenue and Expenses - Budget and Actual

Year Ended June 30, 2014

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Support and revenue:			
State of Alaska	\$ <u>95,000</u>	<u>95,000</u>	<u>-</u>
Expenses:			
Salaries and wages	44,717	44,717	-
Employee benefits	<u>8,891</u>	<u>8,891</u>	<u>-</u>
Total salaries and benefits	53,608	53,608	-
Office supplies	560	560	-
Postage	100	100	-
Equipment	29,032	29,032	-
Equipment maintenance	1,200	1,200	-
Facilities maintenance	1,900	1,900	-
Professional fees	2,300	2,300	-
Telephone	1,850	1,850	-
Utilities	2,250	2,250	-
Insurance	<u>2,200</u>	<u>2,200</u>	<u>-</u>
Total expenses	<u>95,000</u>	<u>95,000</u>	<u>-</u>
Excess of support and revenue over expenses	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

THE ALASKA CENTER FOR THE BLIND AND VISUALLY IMPAIRED

Alaska Department of Labor and Workforce Development - Division of Vocational Rehabilitation

Visa Grant

Grant # OB 12.05

Schedule of Support, Revenue and Expenses - Budget and Actual

Year Ended June 30, 2014

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Support and revenue:			
State of Alaska	\$ <u>69,800</u>	<u>69,800</u>	<u>-</u>
Expenses:			
Salaries and wages	53,618	53,618	-
Employee benefits	<u>5,935</u>	<u>5,935</u>	<u>-</u>
Total salaries and benefits	59,553	59,553	-
Office supplies	400	400	-
Program supplies	516	516	-
Postage	75	75	-
Travel	282	282	-
Equipment maintenance	1,000	1,000	-
Facilities maintenance	1,500	1,500	-
Staff recruit/training	375	375	-
Professional fees	1,599	1,599	-
Telephone	1,250	1,250	-
Utilities	1,500	1,500	-
Insurance	<u>1,750</u>	<u>1,750</u>	<u>-</u>
Total expenses	<u>69,800</u>	<u>69,800</u>	<u>-</u>
Excess of support and revenue over expenses	\$ <u>-</u>	<u>-</u>	<u>-</u>

THE ALASKA CENTER FOR THE BLIND AND VISUALLY IMPAIRED

Alaska Department of Labor and Workforce Development - Division of Vocational Rehabilitation

Rural Outreach Grant

Grant # GF 12.12

Schedule of Support, Revenue and Expenses - Budget and Actual

Year Ended June 30, 2014

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Support and revenue :			
State of Alaska	\$ <u>125,000</u>	<u>125,000</u>	<u>-</u>
Expenses:			
Salaries and wages	63,523	63,523	-
Employee benefits	<u>11,138</u>	<u>11,138</u>	<u>-</u>
Total salaries and benefits	74,661	74,661	-
Program supplies	765	765	-
Office supplies	600	600	-
Postage	160	160	-
Travel	15,393	15,393	-
Equipment maintenance	1,640	1,640	-
Aids and appliances	12,976	12,976	-
Staff recruit / training	3,225	3,225	-
Facilities maintenance	2,750	2,750	-
Professional fees	2,750	2,750	-
Telephone	2,750	2,750	-
Utilities	3,000	3,000	-
Insurance	2,600	2,600	-
Marketing	<u>1,730</u>	<u>1,730</u>	<u>-</u>
Total expenses	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Excess of support and revenue over expenses	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>