Vista Center for the Blind and Visually Impaired

Financial Statements

June 30, 2019
(With Comparative Totals for 2018)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Vista Center for the Blind and Visually Impaired
Palo Alto, California

We have audited the accompanying financial statements of Vista Center for the Blind and Visually Impaired (a California nonprofit corporation) (the "Organization"), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vista Center for the Blind and Visually Impaired as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 2 to the financial statements, the Organization has adopted ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited Vista Center for the Blind and Visually Impaired's 2018 financial statements, and our report dated November 16, 2018 expressed an unmodified opinion on those audited financial statements. As part of our audit of the 2019 financial statements, we also audited the adjustments to the 2018 financial statements to apply the change in accounting principle discussed above. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, adjusted for the change in accounting principle discussed above, is consistent, in all material respects, with the audited financial statements from which it has been derived. Also, in our opinion, such adjustments are appropriate and have been properly applied.

Armanino LLP

Armanino LLP
San Jose, California

January 15, 2020

Vista Center for the Blind and Visually Impaired
Statement of Financial Position
June 30, 2019
(With Comparative Totals for 2018)

	2019	2018
ASSETS		
Cash and cash equivalents	$ 194,057	$ 122,761
Investments	2,125,571	2,768,619
Accounts receivable	55,158	70,019
Grants receivable	164,764	10,703
Pledges receivable	32,500	125,071
Inventory	58,758	44,597
Prepaid expenses	962,821	1,012,731
Beneficial interest in irrevocable charitable trust	41,746	-
Property, equipment and leasehold improvements, net	5,561,595	1,029,080
Endowment investments	2,655,951	2,645,951
Total assets	$ 11,852,921	$ 7,829,532
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	$ 201,759	$ 157,278
Deferred revenue	3,656	400
Deferred rent	67,916	40,145
Total liabilities	273,331	197,823
Net assets		
Without donor restrictions		
Undesignated	2,367,471	3,040,207
Investment in property, equipment and leasehold improvements	5,561,595	1,029,080
Total without donor restrictions	7,929,066	4,069,287
With donor restrictions		
Restricted to passage of time	56,746	30,000
Restricted for a specified purpose	173,050	161,786
Unappropriated earnings on endowment	764,777	724,685
Perpetual endowment	2,655,951	2,645,951
Total with donor restrictions	3,650,524	3,562,422
Total net assets	11,579,590	7,631,709
Total liabilities and net assets	$ 11,852,921	$ 7,829,532

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

Vista Center for the Blind and Visually Impaired
Statement of Activities
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
Support and revenue				
Contributions and grants	$ 925,022	$ 198,000	$ 1,123,022	$ 1,215,237
Program service fees	652,555	-	652,555	570,227
Government grants	348,776	-	348,776	289,962
Investment income, net	150,457	168,128	318,585	483,930
Fundraising events	71,199	-	71,199	56,598
Sales to public	115,967	-	115,967	104,330
Less: cost of sales to public	(76,698)	-	(76,698)	(78,888)
Individual fees and services	21,064	-	21,064	25,055
In-kind contributions	15,140	-	15,140	55,302
Miscellaneous income	1,656	-	1,656	466
Inherent contribution from acquisition (see Note 3)	4,805,138	43,508	4,848,646	-
Total support and revenue	7,030,276	409,636	7,439,912	2,722,219
Net assets released from restriction	321,534	(321,534)	-	-
Total support, revenue and net assets released from restriction	7,351,810	88,102	7,439,912	2,722,219
Functional expenses				
Program services	2,632,202	-	2,632,202	2,605,266
Support services				
Management and general	493,224	-	493,224	393,944
Fundraising	366,605	-	366,605	274,778
Total support services	859,829	-	859,829	668,722
Total functional expenses	3,492,031	-	3,492,031	3,273,988
Change in net assets	3,859,779	88,102	3,947,881	(551,769)
Net assets, beginning of year	4,069,287	3,562,422	7,631,709	8,183,478
Net assets, end of year	$ 7,929,066	$ 3,650,524	$ 11,579,590	$ 7,631,709

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

Vista Center for the Blind and Visually Impaired
Statement of Functional Expenses
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

		Support Services			
	Program Services	Management and General	Fundraising	2019 Total	2018 Total
Salaries and related expenses					
Salaries and wages	$ 1,490,634	$ 244,349	$ 223,196	$ 1,958,179	$ 1,692,633
Employee benefits	186,729	8,964	8,185	203,878	298,473
Payroll taxes	110,420	16,913	17,087	144,420	129,564
Total salaries and related expenses	1,787,783	270,226	248,468	2,306,477	2,120,670
Facilities expense	300,925	25,266	18,636	344,827	378,081
Professional services	208,097	100,230	22,072	330,399	288,958
Office expenses and supplies	146,524	28,596	41,603	216,723	190,571
Depreciation and amortization	75,660	44,926	4,971	125,557	95,621
Employee related expenses	56,965	11,701	2,312	70,978	65,046
Scholarship aids and exams	35,252	-	-	35,252	80,663
Marketing and promotion	561	709	22,161	23,431	19,564
Meals, meetings and conferences	5,646	7,746	93	13,485	12,773
Other	8,697	-	4,045	12,742	6,388
Miscellaneous	5,204	3,607	2,166	10,977	5,773
Vehicle costs	888	217	78	1,183	3,605
Bad debts	-	-	-	-	6,275
	$ 2,632,202	$ 493,224	$ 366,605	$ 3,492,031	$ 3,273,988
Percentage of total	75 %	15 %	10 %	100 %	

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

Vista Center for the Blind and Visually Impaired
Statement of Cash Flows
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	2019	2018
Cash flows from operating activities		
Change in net assets	$ 3,947,881	$ (551,769)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	125,557	95,621
Net realized gains on investments	(327,260)	(283,770)
Net unrealized (gains) losses on investments	98,072	(87,029)
Contributions restricted for investment in permanent endowment	(10,000)	(25,000)
Inherent contribution from acquisition (see Note 3)	(4,848,646)	-
Changes in operating assets and liabilities		
Accounts receivable	26,098	32,178
Grants receivable	(154,061)	(7,387)
Pledges receivable	92,571	(60,235)
Inventory	(14,161)	(3,306)
Prepaid expenses	61,225	65,737
Accounts payable and accrued liabilities	(77,658)	1,241
Deferred revenue	3,256	(18,590)
Deferred rent	27,770	40,146
Net cash used in operating activities	(1,049,356)	(802,163)
Cash flows from investing activities		
Proceeds and purchases of investments, net	863,998	788,419
Acquisition of property, equipment and leasehold improvements	(54,822)	(50,507)
Proceeds from disposal of property, equipment and leasehold improvements	-	2,879
Cash acquired from acquisition (see Note 3)	301,476	-
Net cash provided by investing activities	1,110,652	740,791
Cash flows from financing activities		
Proceeds from contributions restricted for investment in permanent endowment	10,000	25,000
Net cash provided by financing activities	10,000	25,000
Net increase (decrease) in cash and cash equivalents	71,296	(36,372)
Cash and cash equivalents, beginning of year	122,761	159,133
Cash and cash equivalents, end of year	$ 194,057	$ 122,761

Supplemental schedule of noncash investing and financing activities

	2019	2018
Fair value of non-cash assets acquired	$ 4,669,310	$ -
Cash acquired from acquisition	301,476	-
Liabilities assumed	(122,140)	-
Inherent contribution from acquisition	$ 4,848,646	$ -

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

Vista Center for the Blind and Visually Impaired
Notes to Financial Statements
June 30, 2019
(With Comparative Totals for 2018)

1. NATURE OF OPERATIONS

Vista Center for the Blind and Visually Impaired ("Vista Center" or the "Organization") is a California nonprofit corporation chartered on February 21, 1945. Its purpose is to provide vision loss rehabilitation programs for clients in Santa Clara, San Mateo, San Benito and Santa Cruz counties with severe vision loss, including evaluation, counseling, education and training. The Organization's primary source of support and revenue is from contributions and program service fees. In the year ended June 30, 2019, Vista Center served more than 3,300 clients and their families throughout four counties in Northern California.

On November 19, 2018, the Santa Clara Valley Blind Center, Inc. (see Note 3) merged into Vista Center for the Blind and Visually Impaired to operate under one organization to better provide services to those with vision loss in the San Jose Metropolitan Area.

Program services are as follows:

- ***Safe and Healthy Living*** **- Without sight the most routine tasks can seem insurmountable. The Safe and Healthy Living program assesses the individual needs of a client and develops a customized plan of action for teaching the skills that enable independence.**

  Social Services - Participants receive an overall assessment of their current situation and needs. Vista Center's social workers help individuals develop a rehabilitation plan, provide case management and keep the individual informed about programs, services and resources to support that person's independence.

  Orientation and Mobility - Vista Center's teachers work with clients on mastering activities such as cane use, crossing streets, using public transportation, walking with a guide dog and navigating everyday environments.

  Daily Living Skills - Training helps clients live safely and become more independent by learning safe cooking techniques, independent medication and health management, housekeeping, personal hygiene, money and paperwork management and adapting to everyday environments so clients can negotiate daily tasks.

  Counseling and Support Groups - Includes individual and/or group professional counseling. Sessions help clients adjust to living with a disability.

  The Health Library - An affiliate of The Stanford Health Library, offers a variety of scientifically-based medical information on vision loss and rehabilitation. Skilled volunteers can research medical topics for any blind or visually impaired person who requests assistance.

  Support for Vocational Services - Vista Center staff support visually impaired people who are working or returning to work with orientation to the job site, organizational skills, technology training and by linking them to community resources that provide job support.

  The Store at Vista Center - Is stocked with a variety of products that can help people who are blind or visually impaired enjoy and lead more independent lives.

1. NATURE OF OPERATIONS (continued)

Volunteers - Vista Center's enthusiastic volunteers work directly with its clients filling a variety of needs. They also work in The Store at Vista Center, The Health Library or assist visually impaired staff members.

- ***Low Vision Services*** **- When someone is slowly losing sight, losing faith in one's ability to function independently becomes a real fear. By conducting evaluations, which result in recommendations and education to enhance the use of remaining vision, Vista Center's specially trained low vision optometrists provide devices, services and support that alleviate fear and restore hope.**

Low Vision Clinic - The individual's functional vision will be evaluated by Vista Center's low vision optometrist who will recommend adaptive equipment to assist in daily life activities. These adaptive aids can assist with reading, writing, watching television, seeing street signs and many other daily activities.

Lighting Evaluations and Contrast Training - Vista Center's occupational therapist will provide an evaluation to determine the best lighting for its clients' home environments and for completing a task. The use of contrast in client homes will also be demonstrated to make daily tasks easier.

Low Vision Aids and Devices Training - Appropriate magnifying devices and electronic equipment are demonstrated and recommended to allow the client to maximize the use of remaining vision.

Low Vision Expo - Event provides speakers from the ophthalmology community, the technology field and a variety of vendors demonstrating the latest in assistive technology and community resources.

- ***School and Youth Services*** **- Blind and visually impaired young people are no different from their sighted peers in their desire for opportunities to engage with others and make a difference in the world. The School and Youth Services Program provides them with the tools, strategies, confidence and courage to build the future that they dream of and that is possible.**

Family and Youth Activities - Planned events are scheduled throughout the year for a family day of fun! They enjoy amusement parks, visiting the zoo, going fishing, kayaking, ice skating and a whole lot more!

When I Grow Up - Offers the opportunity for blind or visually impaired youth to "see" their future possibilities by getting to know blind and visually impaired adults who have succeeded in a sighted world.

Teens Together Plus - Is a monthly support group for Vista Center's blind and visually impaired youth who are between the ages of 15 and 22 years old. It is an excellent opportunity to connect with peers, build social skills, receive emotional support and share information about technology and other areas of interest related to blindness.

1. NATURE OF OPERATIONS (continued)

Braille Challenge - Is a celebration of Braille literacy in the form of a contest among blind school children. The contestants are public and private school students in grades one through twelve. Winners participate in the National Braille Challenge sponsored by the Braille Institute.

Instruction in Schools - Teachers of the visually impaired are directly involved in the education and rehabilitation of blind children. The Organization contracts with numerous school districts to provide their blind education and rehabilitation services. The Organization's services include Orientation and Mobility, Technology for Youth, Teachers of the Visually Impaired and Assessment Services.

- ***Technology Program*** **- Vista Center's Technology Program, part of Safe and Healthy Living, is leading the way in bringing technology that was once only available to the sighted community to those who are blind or visually impaired. Vista Center's access technology specialists provide basic to advanced customized training to enrich, simplify, transform and open up new worlds to Vista Center's clients.**

Technology Lab Days - The Tech Lab is a free one-on-one session designed to demonstrate a variety of devices and help with selecting the best option in a supportive setting.

Technology User Group - These free meetings are scheduled once a month in Vista Center's Palo Alto and Santa Cruz offices. Learn from speakers from assistive technology companies and be in the know about what is new.

Assistive Technology Training - This is a one-on-one training session at Vista Center's Palo Alto office with Vista Center's technology specialist to learn exactly what you need to know. Topics include using a personal computer with the latest assistive software including ZoomText, Magic, JAWS, MS Office with Assistive Technology and Internet Explorer with Assistive Technology. Individual instruction on the latest Apple IOS and Android devices is also available.

Concierge Training in Your Home - Vista Center offers individualized instruction in client homes, including a personalized assessment of client training needs and equipment, one-on-one instruction on client personal computers using assistive technology software and teaching clients how to use other devices effectively. Vista Center will help clients to select applications that suit their needs and offer training on them. Follow-up services are offered to verify that clients have mastered the skills they need.

Technology for Youth - Offering opportunities for youth to learn the latest assistive technology and applications, especially those being used in the classroom.

VIPTUC (Visually Impaired Persons Technology Users Conference) is for those interested in learning about cutting edge technologies being incorporated in a variety of products, especially the latest smart phones and how that technology is being made accessible to those who are blind or visually impaired.

1. NATURE OF OPERATIONS (continued)

- ***Community Services*** **- Vista Center is committed to communicating the Organization's mission and how it can help all individuals in its service area who are experiencing vision loss, through a comprehensive community outreach program.**

  Community Outreach - Includes presentations and educational events targeted to specific groups including:

  Medical referral sources, including MDs, ODs and medical groups

  Community centers and civic organizations

  Health fairs

  Senior residences

  Vista Center open house events and Low Vision Expos

  Corporate employee presentations

  Classroom Outreach and Education - Vista Center's teachers provide education and outreach at K-12 schools to educate students about what vision loss is, how they can help someone who has vision loss and what they should do to take care of their own eye health. Students are offered the opportunity to become volunteers to help someone who is blind.

  Paratransit, Public Transit and Intersection Consulting - Municipal traffic departments and public transportation agencies contract with Vista Center to formally analyze street intersections for pedestrian safety and to make suggestions as to how they can be modified. Vista Center also analyzes bus and train embarkation points and advises on how they may be improved.

  Vista Center's Orientation and Mobility staff participates on county paratransit agency advisory boards to monitor trends and suggest service improvements.

  Professional Staff In-Services - are offered to cover a variety of topics including An Insight into Vision Loss, The Sighted Guide Experience, Essential Communication Strategies and Strategies for Coping with Significant Vision Loss. If an entity's staff works with or assists individuals who are blind or visually impaired, the Organization can provide the training that is needed to promote a safe and respectful environment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting. Net assets and changes therein are classified as follows:

- *Net assets without donor restrictions* - are available for the various programs and the administration of the Organization. Net assets without donor restrictions include net assets invested in property, equipment and leasehold improvements. Board designated funds, when established by the Board of Directors, represent funds without donor restrictions which are to be used for future needs of the Organization. Net investment in property, equipment and leasehold improvements represents the carrying value of the property, equipment and leasehold improvements used in the operations of the Organization, net of amounts borrowed, if any.

- *Net assets with donor restrictions* - consist of donor restricted contributions. Amounts restricted by the donor, grantor or other outside party for a particular purpose or time period are reported as support and revenue when received and as net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. Net assets with donor restrictions also include those assets which are subject to non-expiring donor restrictions, such as endowments.

Change in accounting principle

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 makes certain improvements to current reporting requirements, including:

1. Reducing the classes of net assets from three (unrestricted, temporarily restricted and permanently restricted) to two (with donor restrictions and without donor restrictions).

2. Enhancing disclosures about:

    a. Amounts and purposes of governing board designations, appropriations and similar actions that result in self-imposed limits on the use of resources without donor-imposed restrictions.

    b. Composition of net assets with donor restrictions and how the restrictions affect the use of resources.

    c. Qualitative information about management of liquid resources and quantitative information about the availability of liquid resources to meet cash needs for general expenditures within one year of the statement of financial position date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in accounting principle (continued)

d. Amounts of expenses by both their natural classification and their functional classification in one location as a separate statement or in the notes to the financial statements.

e. Methods used to allocate costs among program and support functions.

f. Underwater endowment funds.

3. Reporting investment return net of external and direct internal investment expenses.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments and investments with a maturity of three months or less. The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

Investments

Investments are stated at fair value in the statement of financial position based on quoted market prices provided by investment managers. Dividends and interest are accrued as earned and recorded as revenue without donor restrictions unless income is restricted by the donor. The unrealized gain or loss for the current period is reported as investment income or loss.

Accounts, grants and pledges receivable

Accounts, grants and pledges receivable represent amounts due from contractors, grantors and donors. The Organization is on the allowance method. An allowance for uncollectible accounts, grants and pledges receivable is provided based upon management's judgment of the amount receivable. The determination includes such factors as prior collection and type of receivable.

Prepaid expenses

Prepaid expenses include $1,000,000 of advance lease payments. See Note 10 for additional details.

Inventory

Inventory consists of low vision aids and appliances used in the Organization's programs as well as held for sale to the public. These items are stated at the lower of cost or fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, equipment and leasehold improvements

Property, equipment and leasehold improvements are recorded at cost or, if contributed, at the estimated fair value when donated. It is the Organization's policy to capitalize items costing more than $500. Depreciation and amortization is computed using the straight-line method over estimated useful lives, which range from five to fifteen years. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the property. Depreciation and amortization is recorded as a decrease in net assets without donor restrictions and the expense is charged to the activity benefiting from the use of the property, equipment or leasehold improvements.

Deferred rent

The Organization recognizes rent expense on a straight-line basis over the lease term and, accordingly, the difference between cash rent payments and the recognition of rent expense is reported as deferred rent.

Revenue recognition

The Organization recognizes support and revenue on the accrual basis of accounting. Contract revenue and program fees are recognized as revenue in the period in which the service is provided.

Contributions

Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as with or without donor restrictions depending on the nature of donor restrictions. Contributions with donor restrictions are reported as increases in net assets with donor restrictions. When the restriction is met the amount is shown as a reclassification of net assets with donor restrictions to net assets without donor restrictions.

Government grants

The Organization's programs are supported by grants and contracts from federal, state and local governments requiring services to be rendered to eligible individuals. These grants are recorded as an increase in revenue without donor restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In-kind contributions

Contributed materials and equipment are reflected as contributions in the accompanying financial statements at their estimated fair value at date of receipt. Contributed services are reflected in the financial statements at the fair value of the services received. Contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Organization recognized in-kind contributions for goods and services during the years ended June 30, 2019 and 2018, of $15,140 and $55,302, respectively.

Fair value measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value (Level 1, Level 2 and Level 3). Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the Organization's own assumptions about what market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data.

The following methods and assumptions were used to estimate the fair value of financial assets and liabilities:

(a) Investments (Level 1). Investment securities traded on security exchanges are valued at closing market prices on the date closest to June 30.

(b) Investments (Level 3). Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category include a privately held investment in a partnership interest.

Valuation techniques utilized during the reporting period in the fair value measurement of assets and liabilities presented on the Organization's statement of financial position were not changed from previous practice.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax status

The Organization is a qualified organization exempt from federal and California income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC) and 23701(d) of the State of California Revenue and Taxation Code. As such, the Organization qualifies for the maximum charitable contribution deduction by donors.

The Organization has evaluated its current tax positions and has concluded that as of June 30, 2019, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

Advertising

The Organization expenses all advertising costs, including direct response advertising costs, as they are incurred. Advertising costs for the years ended June 30, 2019 and 2018, totaled $23,431 and $19,564, respectively.

Functional expense allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and support services benefited. Indirect salary expense allocation is based in individual employee estimated time spent by function. Other indirect cost allocations are based on salary expense or square footage.

Use of estimates

The preparation of 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 financial statements, and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

Uses of estimates include, but are not limited to, accounting for the acquired land and building, allowance for doubtful receivables, depreciation and amortization and the allocation of functional expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Comparative financial information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense categories. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Reclassifications

Certain amounts in the prior year have been reclassified in order to be consistent with the current year presentation.

Subsequent events

Subsequent events have been evaluated through January 15, 2020, which is the date the financial statements were available to be issued. No subsequent events have occurred that would have a material impact on the presentation of the Organization's financial statements.

3. ACQUISITION

On November 19, 2018, the Organization acquired Santa Clara Valley Blind Center, Inc. The acquired entity became part of Vista Center for the Blind and Visually Impaired to operate as one entity that expands the services to the visually impaired in the City of San Jose. As a combined entity, Vista Center for the Blind and Visually Impaired gained new and unique programs serving the visually impaired and space for capacity building.

The following table summarizes the fair values of identifiable assets acquired and liabilities assumed at the acquisition date, November 19, 2018:

Cash	$ 301,476
Accounts receivable	11,237
Prepaid expenses	11,316
Property and equipment, net	4,603,249
Beneficial interest in irrevocable charitable trust	43,508
Accounts payable	(118,231)
Accrued vacation	(3,909)
	$ 4,848,646

3. ACQUISITION (continued)

On the statement of activities, the inherent contribution received was recognized as an increase to net assets as follows:

Without donor restrictions	$ 4,805,138
With donor restrictions	43,508
	$ 4,848,646

4. PLEDGES RECEIVABLE

Pledges receivable consisted of the following:

	2019	2018
Receivable in less than one year	$ 32,500	$ 110,071
Receivable in one to five years	-	15,000
	$ 32,500	$ 125,071

Management has determined that the present value calculation and the related discount is not material to the financial statements and as such is not reflected in these financial statements.

5. INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2019:

	Level 1	Level 2	Level 3	Fair Value
Dodge and Cox Balanced Fund	$ 2,698,891	$ -	$ -	$ 2,698,891
Harbor Capital Appreciation Fund	1,287,738	-	-	1,287,738
Harbor Bond Fund	756,579	-	-	756,579
Partnership interest	-	-	28,375	28,375
Dodge and Cox International Equity Fund	9,939	-	-	9,939
	$ 4,753,147	$ -	$ 28,375	$ 4,781,522

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2018:

	Level 1	Level 2	Level 3	Fair Value
Dodge and Cox Balanced Fund	$ 3,039,385	$ -	$ -	$ 3,039,385
Harbor Capital Appreciation Fund	1,482,750	-	-	1,482,750
Harbor Bond Fund	852,640	-	-	852,640
Partnership interest	-	-	29,825	29,825
Dodge and Cox International Equity Fund	9,970	-	-	9,970
	$ 5,384,745	$ -	$ 29,825	$ 5,414,570

Investment earnings (losses) consisted of the following:

	2019	2018
Interest and dividends	$ 89,397	$ 113,131
Net realized gains	327,260	283,770
Net unrealized gains (losses)	(98,072)	87,029
	$ 318,585	$ 483,930

6. BENEFICIAL INTEREST IN IRREVOCABLE CHARITABLE TRUST

The Organization assumed a beneficial interest in an irrevocable charitable trust through the merger with the Santa Clara Valley Blind Center, Inc. (see Note 3). The Organization is a co-beneficiary of an irrevocable charitable trust. Under the trust agreement, the Organization is entitled to 50% of the trust assets which are paid in fixed sum annual distributions adjusted for an annual inflation rate of 5%. The Organization's pro-rata interest in the trust is recorded at the fair value of the assets contributed to the trust and is donor restricted. The trust holdings include investments in stocks, bonds and mutual funds. The Organization's interest in the trust is valued at $41,476 as of June 30, 2019 and is classified as a Level 3 asset (see Note 2). The beneficial interest in irrevocable charitable trust is valued at the proportional share of interest at the closing price reported on the active or observable market on which the trusts' underlying individual securities are traded as reported to the Organization by the trustees.

The changes in the fair value of the Organization's Level 3 assets for the year were as follows:

Balance, November 19, 2018 (date of acquisition)	$ 43,508
Change in fair value of beneficial interest in irrevocable charitable trust	(1,762)
Balance, end of year	$ 41,746

7. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Property, equipment and leasehold improvements consisted of the following:

	2019	2018
Land	$ 4,100,000	$ -
Building	450,000	-
Leasehold improvements	1,035,414	1,020,014
Computer equipment	96,164	84,971
Office equipment	81,479	-
Furniture and fixtures	95,089	95,089
Automobiles	20,499	20,499
	5,878,645	1,220,573
Accumulated depreciation	(317,050)	(191,493)
	$ 5,561,595	$ 1,029,080

Depreciation and amortization expense was $125,557 and $95,621 for the years ended June 30, 2019 and 2018, respectively.

7. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS (continued)

The Organization acquired a building through the merger with Santa Clara Valley Blind Center, Inc. (see Note 3). The Organization's San Jose office operates from a building which, along with the land on which the building is located, was conditionally deeded to it in 1953. Under the terms of the conditional deed, the Organization may retain possession of the property so long as it is used primarily for the benefit of the visually and physically handicapped and in the event that the property is not so used, title to the land and building would revert to the donor. The Organization may not sell the property.

8. CONTRIBUTIONS

Included in contributions are amounts received from two nonprofit organizations that perform fundraising events in order to provide the Organization with operating support.

Contributions received consisted of the following:

	2019	2018
Vista Center Foundation	$ 285,500	$ 300,000
Menlo Charity Horse Show	207,160	279,121
	$ 492,660	$ 579,121

9. COMMITMENTS AND CONTINGENCIES

Forgivable loans

On November 19, 2018, the Organization acquired Santa Clara Valley Blind Center, Inc. (see Note 3). As a result of the acquisition, the Organization assumed multiple forgivable loans that were originally entered into by Santa Clara Valley Blind Center, Inc.

On January 1, 2008 Santa Clara Valley Blind Center, Inc. entered into a loan agreement with the City of Mountain View in the amount of $65,000. On July 30, 2004 and September 19, 2008 Santa Clara Valley Blind Center, Inc. entered into loan agreements in the amounts of $226,100 and $471,550, respectively, with the City of San Jose. Santa Clara Valley Blind Center, Inc. was awarded loans for the completion of the renovation of its building and property. The loans each include a provision that the balance be forgiven after a period of time, subject to Santa Clara Valley Blind Center, Inc.'s completion of the remodel and compliance with the terms of the agreements. The funds will be forgiven as follows: $471,550 to be forgiven in 2024; $226,100 to be forgiven in 2023; and $65,000 to be forgiven in 2022.

9. COMMITMENTS AND CONTINGENCIES (continued)

Forgivable loans (continued)

The City of San Jose and the City of Mountain View have the option of requiring the Organization to repay the loan in full if the Organization does not comply with program requirements or the terms of the agreements. The loans have been accounted for as contributions when received since management believes that the Organization will be able to comply with the terms and conditions of the loans throughout the loan terms.

Contingent liabilities

Conditions contained within the various contracts awarded to the Organization are subject to the funding agencies' criteria and regulations under which expenditures may be charged against and are subject to be audited under such regulations and criteria. Occasionally, such audits may determine that certain costs incurred against the grants may not comply with the established criteria that govern them. In such cases, the Organization could be held responsible for repayments to the funding source for the costs or be subject to the reductions in future funding in the amount of the costs. Management does not anticipate any material questioned costs for the contracts and grants administered during the period.

10. LEASE COMMITMENTS

The Organization entered into new lease agreements during the year ended June 30, 2017 for office space located in Palo Alto and Santa Cruz, California. In a prior year, the Organization paid $1,000,000 in advance lease payments for the Palo Alto lease which are being amortized over the lease term. The lease in Palo Alto commenced on May 15, 2017 and expires on July 31, 2031 with two (2) renewal options for additional terms of five (5) years each. The lease in Santa Cruz commenced on August 1, 2016 and expires on July 31, 2021. The monthly lease payments under the lease agreement are $11,215 and $2,880 for Palo Alto and Santa Cruz respectively. Each lease provides for fixed annual lease increases of three percent (3%).

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

Year ending June 30,	
2020	$ 181,172
2021	186,608
2022	155,480
2023	156,806
2024	161,510
Thereafter	1,444,338
	$ 2,285,914

11. RETIREMENT PLAN

The Organization maintains a retirement plan (403(b)) for all eligible employees. Employees are allowed to contribute the maximum amount set by law. The Organization also maintains a Simplified Employee Pension Plan (SEP) that provides for retirement benefits (based on employer contributions only) for qualified employees. The total employer contributions made by the Organization to the employee's SEP accounts were $23,487 and $61,963 for the years ended June 30, 2019 and 2018, respectively.

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	2019	2018
Restricted to passage of time		
Beneficial interest in irrevocable charitable trust	$ 41,746	$ -
General operating support	15,000	30,000
	56,746	30,000
Restricted for a specified purpose		
Safe and health living	136,500	115,820
Low vision services	25,000	17,500
Youth program	10,000	21,916
Technology	1,550	6,550
	173,050	161,786
Unappropriated earnings on endowment	764,777	724,685
Perpetual endowment	2,655,951	2,645,951
	$ 3,650,524	$ 3,562,422

Net assets were released from donor restriction by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the year.

12. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets with donor restrictions released from restriction during the year were as follows:

	2019	2018
Restricted to passage of time	$ 15,000	$ 29,750
Restricted to a specified purpose		
Safe and health living	127,320	-
Low vision services	22,500	22,501
Youth program	21,916	30,000
Technology	5,000	-
Disability Communication Fund	-	15,585
Past President's Fund	-	5,000
	176,736	73,086
Endowment appropriations	129,798	123,548
	$ 321,534	$ 226,384

13. ENDOWMENT

The Organization's endowment consists of several individual funds established for a variety of purposes. Its endowment includes only donor restricted endowment funds and accumulated endowment earnings. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Organization's Board of Directors has interpreted the California version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions - perpetual endowment (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

13. ENDOWMENT (continued)

Interpretation of relevant law (continued)

The remaining portion of the donor restricted endowment fund that is not classified in net assets with donor restrictions - perpetual endowment is classified as net assets with donor restrictions - unappropriated earnings on endowment until these amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the California version of the UPMIFA. In accordance with the California version of the UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund

(2) The purposes of the Organization and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the Organization

(7) The investment policies of the Organization

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with Generally Accepted Accounting Principles (GAAP) deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies as of June 30, 2019 and 2018.

Return objectives and risk parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested in an asset allocation of equities (40% - 70%) and fixed income (30% - 60%).

13. ENDOWMENT (continued)

Strategies employed for achieving objectives

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

Spending policy

The Organization has a policy for appropriating for distribution each year up to 5% of the average principal balance over the preceding three fiscal years.

Endowment composition

Endowment net asset composition by type of fund as of June 30, 2019 is as follows:

	Unappropriated Earnings on Endowment	Perpetual Endowment	Total
Donor restricted endowment funds	$ 764,777	$ 2,655,951	$ 3,420,728

Endowment net asset composition by type of fund as of June 30, 2018 is as follows:

	Unappropriated Earnings on Endowment	Perpetual Endowment	Total
Donor restricted endowment funds	$ 724,685	$ 2,645,951	$ 3,370,636

13. ENDOWMENT (continued)

Endowment composition (continued)

Changes in endowment net assets for the year ended June 30, 2019 is as follows:

	Unappropriated Earnings on Endowment	Perpetual Endowment	Total
Balance, June 30, 2018	$ 724,685	$ 2,645,951	$ 3,370,636
Investment income	169,890	-	169,890
Contributions	-	10,000	10,000
Appropriation	(129,798)	-	(129,798)
Balance, June 30, 2019	$ 764,777	$ 2,655,951	$ 3,420,728

Changes in endowment net assets for the year ended June 30, 2018 is as follows:

	Unappropriated Earnings on Endowment	Perpetual Endowment	Total
Balance, June 30, 2017	$ 628,643	$ 2,620,951	$ 3,249,594
Investment income	219,590	-	219,590
Contributions	-	25,000	25,000
Appropriation	(123,548)	-	(123,548)
Balance, June 30, 2018	$ 724,685	$ 2,645,951	$ 3,370,636

14. LIQUIDITY

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Short-term accounts, grants and pledges receivable consist of promises to give expected to be received within one year from June 30, 2019.

The beneficial interest in irrevocable charitable trust is expected to be fully distributed within one year of June 30, 2019.

14. LIQUIDITY (continued)

The following is a quantitative disclosure which describes assets that are available or expected to be available within one year of June 30, 2019 to fund general expenditures and other obligations as they become due:

Financial assets available as of June 30, 2019 consisted of the following:

Financial assets	
Cash and cash equivalents	$ 194,057
Investments	2,125,571
Accounts receivable	55,158
Grants receivable	164,764
Pledges receivable	32,500
Beneficial interest in irrevocable charitable trust	41,746
Endowment investments	2,655,951
	5,269,747
Less: amounts unavailable for general expenditure within one year	
Net assets restricted for a specified purpose	(173,050)
Unappropriated earnings on endowment	(764,777)
Perpetual endowment	(2,655,951)
	(3,593,778)
	$ 1,675,969