

**Vista Center for the Blind  
and Visually Impaired  
(A Nonprofit Organization)**

**Financial Statements  
as of and for the Years Ended  
June 30, 2024 and 2023  
and Independent Auditor's Report**

Audited by:  
***Comyns, Smith, McCleary & Deaver, LLP***  
***Certified Public Accountants***  
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**VISTA CENTER FOR THE BLIND AND VISUALLY IMPAIRED  
(A NONPROFIT ORGANIZATION)**

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**Partners:**

John R. Comyns  
Steven P. Smith  
Dan K. Deaver  
Mark E. Eitelgeorge  
James B. Wolf  
Brent M. Baxter  
Andrew M. Porter  
David C. Christy  
Mark A. Trammell  
Miriam J. Chiappetta  
Stefan M. Foushée  
David B. McCleary (1954-1996)



## **INDEPENDENT AUDITOR’S REPORT**

Board of Directors  
Vista Center for the Blind and Visually Impaired

### **Opinion**

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, 2024, and the related statements of changes in net assets, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

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, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Vista Center for the Blind and Visually Impaired 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.

### **Other Matter**

The financial statements of Vista Center for the Blind and Visually Impaired for the year ended June 30, 2023, were audited by another auditor who expressed an unmodified opinion on those financial statements on January 12, 2024.

### **Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

(continued)

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

CSMD, LLP

December 12, 2024

# *Financial Statements*

**VISTA CENTER FOR THE BLIND AND VISUALLY IMPAIRED  
(A NONPROFIT ORGANIZATION)**

**STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2024 AND 2023**

<u>ASSETS:</u>	<u>2024</u>	<u>2023</u>
Cash and equivalents	\$ 374,684	\$ 1,028,724
Investments	47,968	36,801
Accounts receivable, net	203,798	262,447
Grant receivable	89,990	50,925
Pledges receivable	22,500	16,500
Inventory	41,587	48,211
Prepaid expenses	135,142	86,516
Right-of-use assets, net	2,859,280	3,049,815
Property and equipment, net	5,162,875	5,225,838
Endowment investments	4,144,014	3,758,726
<b>TOTAL ASSETS</b>	<b><u>\$ 13,081,838</u></b>	<b><u>\$ 13,564,503</u></b>
 <u>LIABILITIES AND NET ASSETS:</u>		
<u>LIABILITIES:</u>		
Accounts payable and accrued liabilities	\$ 287,844	\$ 352,630
Operating lease liabilities	2,458,856	2,586,104
<b>TOTAL LIABILITIES</b>	<b><u>2,746,700</u></b>	<b><u>2,938,734</u></b>
 <u>NET ASSETS:</u>		
Without donor restrictions		
Undesignated	999,370	1,534,820
Investment in property and equipment	5,162,875	5,225,838
Total without donor restrictions	<u>6,162,245</u>	<u>6,760,658</u>
With donor restrictions		
Restricted for a specified purpose	73,212	106,385
Unappropriated earnings on endowments	1,418,153	1,077,198
Perpetual endowment	2,681,528	2,681,528
Total with donor restrictions	<u>4,172,893</u>	<u>3,865,111</u>
<b>TOTAL NET ASSETS</b>	<b><u>10,335,138</u></b>	<b><u>10,625,769</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 13,081,838</u></b>	<b><u>\$ 13,564,503</u></b>

See accompanying notes to financial statements.

**VISTA CENTER FOR THE BLIND AND VISUALLY IMPAIRED  
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**STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>			
Contributions and grants	\$ 1,047,171	\$ 181,250	\$ 1,228,421
Program services fees	702,398	-	702,398
Government grants	856,077	-	856,077
Investment income, net	224,696	473,753	698,449
Fundraising events, net	425,683	-	425,683
Individual fees and services	48,041	-	48,041
Rental income	42,200	-	42,200
Merchandise sales, net	42,022	-	42,022
In-kind contributions	21,337	-	21,337
Net assets released from restriction	347,221	(347,221)	-
Total support, revenue and net assets released from restrictions	<u>3,756,846</u>	<u>307,782</u>	<u>4,064,628</u>
<b>FUNCTIONAL EXPENSES:</b>			
Program services	3,474,347	-	3,474,347
Support services			
Management and general	530,528	-	530,528
Fundraising	350,384	-	350,384
Total support services	<u>880,912</u>	<u>-</u>	<u>880,912</u>
Total functional expenses	<u>4,355,259</u>	<u>-</u>	<u>4,355,259</u>
<b>CHANGE IN NET ASSETS</b>	<b>(598,413)</b>	<b>307,782</b>	<b>(290,631)</b>
<b>NET ASSETS</b>			
Beginning of year	<u>6,760,658</u>	<u>3,865,111</u>	<u>10,625,769</u>
End of year	<u>\$ 6,162,245</u>	<u>\$ 4,172,893</u>	<u>\$ 10,335,138</u>

See accompanying notes to financial statements.

**VISTA CENTER FOR THE BLIND AND VISUALLY IMPAIRED  
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**STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>			
Contributions and grants	\$ 1,216,170	\$ 110,000	\$ 1,326,170
Employee retention credit revenue	861,615	-	861,615
Program services fees	816,223	-	816,223
Government grants	580,873	-	580,873
Investment income, net	126,998	360,177	487,175
Fundraising events, net	217,736	-	217,736
Individual fees and services	32,322	-	32,322
Rental income	20,785	-	20,785
Merchandise sales, net	9,623	-	9,623
In-kind contributions	1,026	-	1,026
Miscellaneous income			
Net assets released from restriction	275,364	(275,364)	-
Total support, revenue and net assets released from restrictions	<u>4,158,735</u>	<u>194,813</u>	<u>4,353,548</u>
<b>FUNCTIONAL EXPENSES:</b>			
Program services	3,259,197	-	3,259,197
Support services			
Management and general	458,545	-	458,545
Fundraising	274,138	-	274,138
Total support services	<u>732,683</u>	<u>-</u>	<u>732,683</u>
Total functional expenses	<u>3,991,880</u>	<u>-</u>	<u>3,991,880</u>
<b>CHANGE IN NET ASSETS</b>	166,855	194,813	361,668
<b>NET ASSETS</b>			
Beginning of year	<u>6,593,803</u>	<u>3,670,298</u>	<u>10,264,101</u>
End of year	<u>\$ 6,760,658</u>	<u>\$ 3,865,111</u>	<u>\$ 10,625,769</u>

See accompanying notes to financial statements.

**VISTA CENTER FOR THE BLIND AND VISUALLY IMPAIRED**  
**(A NONPROFIT ORGANIZATION)**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Program Services	Management and General	Fundraising	Total
Salaries and related expenses				
Salaries and wages	\$ 1,901,048	\$ 213,044	\$ 180,889	\$ 2,294,981
Employee benefits	155,723	70,631	27,909	254,263
Payroll taxes	142,381	12,870	13,469	168,720
Total salaries and related expenses	<u>2,199,152</u>	<u>296,545</u>	<u>222,267</u>	<u>2,717,964</u>
	-			
Facilities expense	341,534	36,916	9,934	388,384
Professional services	325,224	144,348	34,571	504,143
Office expenses and supplies	233,187	15,388	28,731	277,306
Expenses from fundraising expenses	-	-	120,928	120,928
Depreciation and amortization	109,919	13,165	4,220	127,304
Bad debts	37,086	-	1,440	38,526
Employee related expenses	53,090	16,241	956	70,287
Marketing and promotion	23,844	1,363	41,918	67,125
Program special event	35,669	-	-	35,669
Scholarship aids and exams	86,520	-	-	86,520
Miscellaneous	28,002	3,304	5,867	37,173
Meals, meetings and conferences	20	2,769	395	3,184
Vehicle costs	1,100	489	85	1,674
Less expenses included with investment income, net on the statement of changes in net assets	<u>-</u>	<u>-</u>	<u>(120,928)</u>	<u>(120,928)</u>
	<u>\$ 3,474,347</u>	<u>\$ 530,528</u>	<u>\$ 350,384</u>	<u>\$ 4,355,259</u>
Percentage of total	<u>80%</u>	<u>12%</u>	<u>8%</u>	<u>100%</u>

See accompanying notes to financial statements.

**VISTA CENTER FOR THE BLIND AND VISUALLY IMPAIRED**  
**(A NONPROFIT ORGANIZATION)**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Program Services	Management and General	Fundraising	Total
Salaries and related expenses				
Salaries and wages	\$ 1,825,365	\$ 179,693	\$ 137,483	\$ 2,142,541
Employee benefits	193,978	48,479	19,103	261,560
Payroll taxes	137,841	10,518	9,606	157,965
Total salaries and related expenses	<u>2,157,184</u>	<u>238,690</u>	<u>166,192</u>	<u>2,562,066</u>
Facilities expense	304,391	81,920	8,765	395,076
Professional services	252,786	82,180	23,216	358,182
Office expenses and supplies	184,190	18,415	16,361	218,966
Expenses from fundraising expenses	-	-	164,021	164,021
Depreciation and amortization	106,696	11,448	3,510	121,654
Bad debts	80,000	-	-	80,000
Employee related expenses	60,193	17,887	186	78,266
Marketing and promotion	24,691	3,232	50,078	78,001
Program special event	41,520	-	-	41,520
Scholarship aids and exams	32,281	-	-	32,281
Miscellaneous	14,711	3,279	5,600	23,590
Meals, meetings and conferences	-	1,465	207	1,672
Vehicle costs	554	29	23	606
Less expenses included with investment income, net on the statement of changes in net assets	-	-	(164,021)	(164,021)
	<u>\$ 3,259,197</u>	<u>\$ 458,545</u>	<u>\$ 274,138</u>	<u>\$ 3,991,880</u>
Percentage of total	<u>82%</u>	<u>11%</u>	<u>7%</u>	<u>100%</u>

See accompanying notes to financial statements.

**VISTA CENTER FOR THE BLIND AND VISUALLY IMPAIRED**  
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**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (290,631)	\$ 361,668
Adjustments to reconcile change in net assets to net cash and equivalents from operating activities:		
Depreciation and amortization	127,305	121,654
Amortization of right-of-use asset	190,535	187,150
Net realized and unrealized gain on investments	(617,721)	(415,914)
Provisions for bad debt	-	80,000
Provisions for contract allowance	68,322	-
Changes in operating assets and liabilities		
Accounts receivable	(9,673)	(106,611)
Grants receivable	(39,065)	8,382
Pledges receivable	(6,000)	4,300
Inventory	6,624	8,889
Prepaid expenses	(48,626)	658,175
Accounts payable and accrued liabilities	(64,786)	130,951
Deferred rent	-	(123,588)
Operating lease liability	(127,248)	(650,861)
Net cash and equivalents (used in) provided by operating activities	<u>(810,964)</u>	<u>264,195</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	300,000	600,000
Purchase of property and equipment	(64,342)	(41,644)
Purchases of investments	(78,734)	(67,491)
Net cash and equivalents provided by investing activities	<u>156,924</u>	<u>490,865</u>
<b>CHANGE IN CASH AND EQUIVALENTS</b>	<b>(654,040)</b>	<b>755,060</b>
<b>CASH AND EQUIVALENTS, beginning of year</b>	<b><u>1,028,724</u></b>	<b><u>273,664</u></b>
<b>CASH AND EQUIVALENTS, end of year</b>	<b><u>\$ 374,684</u></b>	<b><u>\$ 1,028,724</u></b>

See accompanying notes to financial statements.

**VISTA CENTER FOR THE BLIND AND VISUALLY IMPAIRED  
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**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**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. During the year ended June 30, 2024, Vista Center served more than 3,500 clients and their families throughout four counties in Northern California.

On November 19, 2018, Santa Clara Valley Blind Center, Inc. (“the Blind Center”) merged into Vista Center to operate as one organization to better provide services to those with vision loss in the San Jose Metropolitan Area. As a combined entity, Vista Center gained new and unique programs serving the visually impaired and space for capacity building.

In July 2022, Vista Center acquired The Braille Transcription Project (the “BTP”), a California nonprofit corporation. The BTP was incorporated into the Vista Center and they continue the BTP transcription service offering to the community.

Vista Center empowers individuals with vision loss to live independently, participate fully in their communities, and achieve personal and professional goals. Through a range of services, Vista Center fosters accessibility, inclusion, and independence. Vista Center’s programs are as follows:

*Vision Independence Rehabilitation:*

- **Low Vision Evaluations:**

*What It Is:* A detailed assessment by specialists to determine how much usable vision a person has and recommend tools such as magnifiers, custom glasses, or adaptive lighting.

*Why It Matters:* These evaluations help individuals maximize their remaining vision, enabling them to perform essential activities like reading, writing, or managing finances with greater ease and independence.

- **Orientation and Mobility Training:**

*What It Is:* Training to navigate safely and confidently using white canes, navigation apps, and tactile maps.

*Why It Matters:* Clients gain the freedom to travel independently, enhancing their safety, confidence, and ability to engage in the community. This training empowers clients to reclaim personal freedom and fosters self-reliance.

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- **Daily Living Skills Instruction and Occupational Therapy:**

*What It Is:* Lessons and therapy sessions to teach clients how to manage daily tasks, including cooking, cleaning, and organizing. Occupational therapists provide personalized solutions to ensure clients' homes and routines are safe and accessible.

*Why It Matters:* These services empower clients to maintain independence by teaching practical skills and providing tailored solutions for everyday challenges. Clients master practical skills that reduce dependency on others, enhancing their ability to live independently and confidently.

- **Assistive Technology Training:**

*What It Is:* Hands-on instruction in using devices like screen readers, Braille displays, and voice-controlled technologies.

*Why It Matters:* Assistive technology provides clients with essential tools to participate in modern life, ensuring accessibility in education, employment, and personal communication. This training leverages technology to level the playing field and achieve their personal goals.

*Counseling and Emotional Support*

- **Adjustment Counseling:**

*What It Is:* Individual and group counseling that helps clients navigate the emotional challenges of vision loss.

*Why It Matters:* Vision loss can bring anxiety and uncertainty. Counseling builds resilience, reduces stress, and helps clients regain a sense of control and purpose.

- **Support Groups:**

*What It Is:* Peer-led or professional-facilitated groups where individuals share experiences and build connections.

*Why It Matters:* These groups reduce isolation and provide a supportive community for learning and growth.

*Adult and Senior Recreational Therapy Services*

- **Recreational and Social Programs:**

*Service:* Activities that foster social engagement and build a sense of community among clients.

*Impact:* Reduces social isolation while improving well-being and creating opportunities for lasting friendships.

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**NOTES TO FINANCIAL STATEMENTS  
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- **Specialized Senior Programs:**

*What It Is:* Workshops, recreational therapy, and tailored activities that address the specific needs of older adults adjusting to vision loss. These include tools and strategies to manage vision changes and participate in hobbies to live a full vibrant life.

*Why It Matters:* Recreational therapy combats anxiety and depression, while tailored programs empower seniors to remain independent, socially active, and engaged in their communities.

- **Nutritious Meal Support:**

*What It Is:* Meal planning and preparation programs to ensure seniors have access to balanced, healthy meals.

*Why It Matters:* Good nutrition is critical for health and independence, particularly for seniors managing the challenges of vision loss.

*Youth and Family Services*

- **For Students:**

*What It Is:* Collaborations with schools and families to ensure children with vision loss have equal access to their education including the tools they need to excel, such as Braille materials or adaptive devices.

*Why It Matters:* Accessible instruction and resources ensure that children can succeed academically and build confidence and skills for a successful future.

- **For Teens and Young Adults: Recreation therapy**

*What It Is:* Training in life skills, career preparation, and navigating higher education to help young adults transition into independent living.

*Why It Matters:* These services prepare young clients to thrive in adulthood, both personally and professionally.

*Braille Transcription Access Services*

*What It Is:* Transcription of documents into Braille, including educational materials, books, personal documents, and labeling for prescriptions.

*Why It Matters:* Braille provides individuals with an equal opportunity to access critical information, ensuring inclusion in daily life, school, and work. Prescription labeling ensures safety and independence in managing medications.

*Community Education and Outreach*

*What It Is:* Workshops and events for businesses, schools, and organizations to raise awareness about vision loss and promote accessibility and inclusion.

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*Why It Matters:* By educating communities, Vista Center fosters understanding and reduces barriers, creating spaces where individuals with vision loss can fully participate and feel included. Topics include a focus on Diversity, Equity, Inclusion, and Accessibility as it pertains to people with vision loss.

*Volunteer and Client Engagement*

• **Volunteer Services:**

*Service:* Personalized assistance from trained volunteers who provide support such as grocery shopping, reading, and companionship.

*Impact:* Enriches clients' quality of life through meaningful interactions and practical support, reducing barriers to daily living.

*Vista Center Store*

- *What It Is:* A boutique shop that offers practical tools and devices such as talking clocks, large-print calendars, and adaptive kitchen tools.
- *Why It Matters:* These practical tools make everyday tasks easier and safer, helping clients maintain their independence.

***Basis of accounting and financial statement presentation*** -- The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP"). 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 also include net assets invested in property and equipment. Board-designated funds, when established by the Board of Directors, represent funds without donor restrictions that are to be used for the future needs of the Organization. Net investment in property and equipment represents the carrying value of the property and equipment used in the operations of the Organization.

*Net assets with donor restrictions* - consist of net assets subject to stipulations by donors and grantors, including the portion of donor-restricted endowment funds that are available for appropriation for expenditure by the Organization's Board of Directors. 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

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from restriction. Net assets with donor restrictions also include those assets which are subject to non-expiring donor restrictions, such as endowments.

**Leases** - The Organization maintains a lease for its office space that is scheduled to expire in May 2032. The Organization intends to exercise the 5-year renewal option on the lease expiration date. The lease was evaluated by management using the criteria outlined in FASB ASC 842, *Leases*, to determine whether it should be classified as an operating or finance lease. The Organization's management determines if an arrangement is a lease, or contains a lease, at the inception of a contract and when the terms of an existing contract are changed. The Organization's management determines if an arrangement conveys the right to use an identified asset and whether the Organization obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The Organization recognizes lease liability and a right-of-use asset ("ROU") asset at the commencement date of the lease.

**Lease liability** - A lease liability is measured based on the present value of its future lease payments. Variable payments are included in future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments, including variable payments made based on an index rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following: the lease term, purchase options, or amounts that are probable of being owed under a residual value guarantee. The discount rate is the rate implicit in the lease if it is readily determinable; otherwise, the Organization uses the U.S. Treasury risk-free rate for a term comparable to those of the lease.

**ROU asset** - An ROU asset is measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after the commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued lease payments, less the unamortized balance of lease incentives received. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

**Use of estimates** – The preparation of financial statements in conformity with GAAP 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, revenue and expenses during the reporting period. Actual results could differ from those estimates.

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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.

***Cash and equivalents*** – Cash and 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.

***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. Financial assets that are included in Level 3 investments 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.

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***Accounts, grants and pledges receivable*** – Accounts, grants and pledges receivable represent amounts due from contractors, grantors and donors at their net realizable values providing an allowance for doubtful accounts, when necessary, for program or support revenue that is deemed uncollectible by the Organization’s management based on an analysis of specific

The Organization uses the allowance method. An allowance for uncollectible accounts, grants and pledges receivable is provided based upon management’s judgment of the amount collectible. The determination includes such factors as prior collection and type of receivable. As of June 30, 2024 and 2023, the Organization has established an estimated reserve for bad debts in the amount of \$84,423 and \$21,101, respectively. All grant and pledge receivables were deemed collectible at June 30, 2024 and 2023.

***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.

***Property and equipment, net*** – Property and equipment 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 and equipment.

***Revenue recognition*** – The Organization generates revenue through programs and contract services, by providing vision services, various training, visual impairment classes to clients. The Organization follows the following steps to determine revenue recognition:

- Identifying the contract(s) with a customer,
- Identifying the performance obligations in the contract(s),
- Determining the transaction price,
- Allocating the transaction price to the performance obligations in the contract(s), and
- Recognizing revenue when, or as, the Organization satisfies a performance obligation.

The Organization recognizes 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 and grants*** – Contributions and grants are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions and grants are recorded as with or without donor restrictions depending on the nature of donor restrictions. Contributions and grants with donor restrictions are reported as increases in net assets with

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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.

Contributions and grants that are considered conditional promises to give which contain barriers and a right of return or right of release are not recognized until the conditions on which they depend are met, at which time, the gift is recognized as either grants and contributions support with or without donor restrictions. The Organization's programs are supported by grants from federal, state and local governments requiring services to be rendered to eligible individuals. The support generated from these programs is recorded as government grants in the statement of activities. These government grants meet the criteria to be classified as conditional contributions under GAAP revenue recognition for nonprofit organizations as they contain barriers related to the incurrence of qualifying expenditures and a right of return or release. The Organization has elected a simultaneous release option to account for these grants. Therefore, they are recorded as government grants without donor restrictions upon satisfaction of the barriers. During the years ended June 30, 2024 and 2023, these conditions were met and revenue was recognized.

***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. During the years ended June 30, 2024, and 2023, the Organization recognized in-kind contributions for goods and services of \$21,337 and \$1,026, respectively.

***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 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, 2024 and 2023, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

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

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*Subsequent events* – Subsequent events have been evaluated through December 12, 2024, which is the date the financial statements were available to be issued. The Organization has no subsequent events that would have a material impact on the presentation of the Organization's financial statements.

**2. INVESTMENTS**

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Dodge and Cox Balanced Fund	\$ 1,550,636	\$ -	\$ -	\$ 1,550,636
Harbor Capital Appreciation Fund	1,804,599	-	-	1,804,599
Harbor Bond Fund	775,026	-	-	775,026
Partnership interest	-	-	24,943	24,943
Krupp Endowment Fund	-	-	23,025	23,025
Dodge and Cox International Equity Fund	13,753	-	-	13,753
	<u>\$ 4,144,014</u>	<u>\$ -</u>	<u>\$ 47,968</u>	<u>\$ 4,191,982</u>

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The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Dodge and Cox Balanced Fund	\$ 1,661,100	\$ -	\$ -	\$ 1,661,100
Harbor Capital Appreciation Fund	1,325,659	-	-	1,325,659
Harbor Bond Fund	747,406	-	-	747,406
Partnership interest	-	-	24,943	24,943
Krupp Endowment Fund	-	-	24,600	24,600
Dodge and Cox International Equity Fund	11,819	-	-	11,819
	<u>\$ 3,745,984</u>	<u>\$ -</u>	<u>\$ 49,543</u>	<u>\$ 3,795,527</u>

Investment earnings consisted of the following:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 80,728	\$ 71,261
Net realized and unrealized gain on investments	617,721	415,914
	<u>\$ 698,449</u>	<u>\$ 487,175</u>

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**3. PROPERTY AND EQUIPMENT, NET**

Property and equipment, net consisted of the following:

	<u>2024</u>	<u>2023</u>
Land	\$ 4,100,000	\$ 4,100,000
Building	519,676	472,769
Leasehold improvements	1,020,014	1,020,014
Furniture and fixtures	209,903	203,431
Computer equipment	126,264	116,419
Office equipment	107,203	106,086
Automobiles	<u>20,499</u>	<u>20,499</u>
	6,103,559	6,039,218
Accumulated depreciation and amortization	<u>(940,684)</u>	<u>(813,380)</u>
	<u>\$ 5,162,875</u>	<u>\$ 5,225,838</u>

Depreciation and amortization expense was \$127,304 and \$121,654 for the years ended June 30, 2024 and 2023, respectively.

The Organization acquired a building and land upon acquisition of the Blind Center during the year ended June 30, 2019 (see Note 1). 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. Under the terms of the conditional deed, the Organization may not sell the property.

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**4. RIGHT-OF-USE ASSETS AND LIABILITIES**

As of and for the years ended June 30, 2024 and 2023, right-of-use assets and liabilities and related activity were as follows:

	<u>2024</u>	<u>2023</u>
Right of use assets:		
Operating lease ROU asset	\$ 3,236,965	\$ 3,236,965
Accumulated amortization	<u>(377,685)</u>	<u>(187,150)</u>
Total right of use assets	<u>\$ 2,859,280</u>	<u>\$ 3,049,815</u>
Lease liabilities:		
Current portion	\$ 201,722	\$ 197,032
Long term portion	<u>2,257,134</u>	<u>2,389,072</u>
Total lease liabilities	<u>\$ 2,458,856</u>	<u>\$ 2,586,104</u>
Operating lease costs	<u>\$ 260,320</u>	<u>\$ 260,320</u>
Weighted-average remaining lease term (in years)	<u>12.8</u>	<u>13.8</u>
Weighted-average discount rate	<u>2.76%</u>	<u>2.76%</u>

Future maturities of lease liabilities are as follows for the year ended June 30:

2025	\$ 201,722
2026	207,441
2027	212,881
2028	218,484
2029	224,255
Thereafter	<u>1,875,569</u>
Total undiscounted lease payments	2,940,352
Less imputed interest	<u>(481,496)</u>
Present value of lease liability	<u>\$ 2,458,856</u>

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**5. COMMITMENTS AND CONTINGENCIES**

*Contingent loans* - The Organization assumed several contingent liabilities upon acquisition of the Blind Center on November 19, 2018 (see Note 1).

On September 19, 2008, the Blind Center entered into an agreement with the City of San Jose. The Blind Center was awarded funds in the amount of \$471,550 for the completion of the renovation of its building and property. The grant includes a provision that a promissory note will be created if the Organization does not comply with program requirements or the terms of the agreement. As management believes the Organization will be able to comply with the terms and conditions of the agreement, the grants were recorded as contributions at the time of the agreement. The terms of the agreement expire in 2025.

*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 years ended June 30, 2024 and 2023.

*Legal proceedings* – The Organization may from time to time be involved in various legal actions in the normal course of operations. It is management's opinion that the resolution of such matters relating to litigation will not have a material adverse impact on the financial position of the Organization.

**6. RETIREMENT PLAN**

The Organization maintains a 403(b) retirement plan for all eligible employees. Employees are allowed to contribute the maximum amount set by law. Employer contributions made by the Organization to the employees’ 403(b) accounts totaled \$25,403 and \$32,683 for the years ended June 30, 2024 and 2023, respectively.

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**7. NET ASSETS WITH DONOR RESTRICTIONS**

Changes in the net assets with donor restrictions during the year ended June 30, 2024 were as follows:

	Balance at June 30, 2023	Additions	Released	Balance at June 30, 2024
Various programs to benefit clients	\$ 106,385	\$ 181,250	\$ (214,423)	\$ 73,212
Unappropriated earnings on endowment (see Note 8)	1,077,198	473,753	(132,798)	1,418,153
Perpetual endowment (see Note 8)	2,681,528	-	-	2,681,528
	<u>\$ 3,865,111</u>	<u>\$ 655,003</u>	<u>\$ (347,221)</u>	<u>\$ 4,172,893</u>

Changes in the net assets with donor restrictions during the year ended June 30, 2023 were as follows:

	Balance at July 1, 2022	Additions	Released	Balance at June 30, 2023
Restricted to passage of time:				
General operating support	\$ 1,691	\$ -	\$ (1,691)	\$ -
Various programs to benefit clients	137,260	110,000	(140,875)	106,385
Unappropriated earnings on endowment	849,819	360,177	(132,798)	1,077,198
Perpetual endowment	2,681,528	-	-	2,681,528
	<u>\$ 3,670,298</u>	<u>\$ 470,177</u>	<u>\$ (275,364)</u>	<u>\$ 3,865,111</u>

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.

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**8. 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 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, collectively the "principal", and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor restricted endowment fund 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:

- The duration and preservation of the fund
- The purposes of the Organization and the donor restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- 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 GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies as of June 30, 2024 and 2023.

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*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%).

*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 up to 5% of the average perpetual endowment balance over the preceding three fiscal years for distribution each year.

**9. RELATED PARTY TRANSACTIONS**

The Organization received approximately \$89,000 and \$77,000 in contributions from the members of the Board of Directors for the years ended June 30, 2024 and 2023, respectively.

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

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The following is a quantitative disclosure that describes financial assets that are available or expected to be available within one year of June 30, 2024 to fund general expenditures and other obligations as they become due:

Financial Assets	
Cash and equivalents	\$ 374,684
Investments	47,968
Accounts, grant and pledges receivable, net	316,288
Inventory	41,587
Prepaid expenses	135,142
Endowment investments	4,144,014
	<hr/>
	5,059,683
Less: Amounts unavailable for general expenditure within one year:	
Net assets restricted for a specified purpose	(73,212)
Unappropriated earnings on endowment, net of earnings expected to be appropriated within one year	(1,418,153)
Perpetual endowment	(2,681,528)
	<hr/>
	\$ 886,790
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