



**NEW HAMPSHIRE ASSOCIATION FOR THE BLIND  
(D/B/A FUTURE IN SIGHT)**

**FINANCIAL STATEMENTS**

**August 31, 2018**

**(with comparative totals for August 31, 2017)**

**With Independent Auditor's Report**



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
New Hampshire Association for the Blind (d/b/a Future In Sight)

We have audited the accompanying financial statements of New Hampshire Association for the Blind (d/b/a Future In Sight) (the Association) which comprise the statement of financial position as of August 31, 2018, and the related statement of activities and changes in net assets, 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 U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards. 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 the Association as of August 31, 2018 and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

***Prior Period Financial Statements and Report on Summarized Comparative Information***

Other auditors audited the Association's 2017 financial statements, and their report dated January 18, 2018 expressed an unmodified opinion on those audited financial statements. The summarized comparative information presented herein as of and for the year ended August 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Matter***

***Audit of the Financial Statements as of and for the Year Ended August 31, 2017***

The financial statements of the Association as of and for the year ended August 31, 2017 were audited by other auditors whose report dated January 18, 2018 expressed an unmodified opinion on those statements.

*Berry Dunn McNeil & Parker, LLC*

Manchester, New Hampshire  
January 3, 2019

**NEW HAMPSHIRE ASSOCIATION FOR THE BLIND  
(d/b/a FUTURE IN SIGHT)**

**Statements of Financial Position**

**August 31, 2018 and 2017**

**ASSETS**

	<u>2018</u>	<u>2017</u>
Current assets		
Cash and cash equivalents	\$ 62,815	\$ 13,047
Accounts receivable less allowance for doubtful accounts of \$2,728 in 2018 and \$2,978 in 2017	78,066	73,342
Interest and dividends receivable	21,172	22,649
Current portion of contributions receivable	10,653	-
Supplies	23,745	28,174
Prepaid and reimbursable expenses	<u>32,407</u>	<u>32,627</u>
Total current assets	<u>228,858</u>	<u>169,839</u>
Property and equipment, net	<u>641,183</u>	<u>655,155</u>
Other assets		
Contributions receivable, net of current portion	30,823	-
Investments - charitable gift annuities	68,537	66,621
Investments - deferred compensation	46,305	69,737
Investments	7,055,650	6,727,190
Beneficial interest in trusts	<u>1,862,275</u>	<u>1,784,383</u>
Total other assets	<u>9,063,590</u>	<u>8,647,931</u>
 Total assets	 <u>\$ 9,933,631</u>	 <u>\$ 9,472,925</u>

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

## LIABILITIES AND NET ASSETS

	<u>2018</u>	<u>2017</u>
Current liabilities		
Current portion of long-term debt	\$ 26,975	\$ 26,707
Accounts payable	36,227	25,104
Accrued payroll and related taxes	106,247	86,133
Deferred revenue	710	450
Current portion of charitable gift annuities obligation	2,885	3,655
Current portion of deferred compensation	<u>24,000</u>	<u>36,757</u>
Total current liabilities	197,044	178,806
Long-term liabilities		
Long-term debt, less current portion	57,071	84,045
Deferred compensation, less current portion	21,126	41,712
Charitable gift annuities obligation, less current portion	<u>37,680</u>	<u>45,088</u>
Total liabilities	<u>312,921</u>	<u>349,651</u>
Net assets		
Unrestricted		
Undesignated	355,785	313,561
Board designated	<u>5,568,597</u>	<u>5,238,227</u>
Total unrestricted	5,924,382	5,551,788
Temporarily restricted	672,879	625,929
Permanently restricted	<u>3,023,449</u>	<u>2,945,557</u>
Total net assets	<u>9,620,710</u>	<u>9,123,274</u>
Total liabilities and net assets	<u>\$ 9,933,631</u>	<u>\$ 9,472,925</u>

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**NEW HAMPSHIRE ASSOCIATION FOR THE BLIND  
(d/b/a FUTURE IN SIGHT)**

**Statements of Activities and Changes in Net Assets**

**Year Ended August 31, 2018  
(With Comparative Totals for the Year Ended August 31, 2017)**

	Unrestricted Operating	Board Designated	Temporarily Restricted	Permanently Restricted	<b>2018 Total</b>	2017 Total
Support and revenues						
Public support	\$ 380,273	\$ 96,405	\$ 407,664	\$ -	\$ 884,342	\$ 1,168,105
Service revenue	1,042,901	-	-	-	1,042,901	741,094
Endowment spending draw for operations	<u>459,814</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>459,814</u>	<u>626,113</u>
Total public support and revenue, including endowment draw for operations	1,882,988	96,405	407,664	-	2,387,057	2,535,312
Net assets released from restrictions for satisfaction of program restrictions	<u>483,154</u>	<u>-</u>	<u>(483,154)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public support revenue and releases	<u>2,366,142</u>	<u>96,405</u>	<u>(75,490)</u>	<u>-</u>	<u>2,387,057</u>	<u>2,535,312</u>
Expenses						
Program services	1,624,722	-	-	-	1,624,722	1,391,034
Public support	314,768	-	-	-	314,768	325,957
General and administration	<u>475,508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>475,508</u>	<u>537,878</u>
Total expenses	<u>2,414,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,414,998</u>	<u>2,254,869</u>
Change in net assets from operations	<u>(48,856)</u>	<u>96,405</u>	<u>(75,490)</u>	<u>-</u>	<u>(27,941)</u>	<u>280,443</u>
Nonoperating activities and transfers						
Realized and unrealized gains	(147)	538,926	165,279	-	704,058	453,359
Interest and dividend income	10	111,341	34,666	-	146,017	152,912
Change in value of charitable gift annuities	-	-	(5,993)	-	(5,993)	2,351
Investment income from trusts	63,865	-	-	-	63,865	58,246
Endowment spending draw for operations	-	(388,302)	(71,512)	-	(459,814)	(626,113)
Change in value of beneficial interest in trusts	-	-	-	77,892	77,892	88,234
Transfer of funds for deferred compensation	28,000	(28,000)	-	-	-	-
Loss on disposal of property and equipment	<u>(648)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(648)</u>	<u>-</u>
Total nonoperating activities and transfers	<u>91,080</u>	<u>233,965</u>	<u>122,440</u>	<u>77,892</u>	<u>525,377</u>	<u>128,989</u>
Change in net assets	42,224	330,370	46,950	77,892	497,436	409,432
Net assets, beginning of year	<u>313,561</u>	<u>5,238,227</u>	<u>625,929</u>	<u>2,945,557</u>	<u>9,123,274</u>	<u>8,713,842</u>
Net assets, end of year	<u>\$ 355,785</u>	<u>\$ 5,568,597</u>	<u>\$ 672,879</u>	<u>\$ 3,023,449</u>	<u>\$ 9,620,710</u>	<u>\$ 9,123,274</u>

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

**NEW HAMPSHIRE ASSOCIATION FOR THE BLIND  
(d/b/a FUTURE IN SIGHT)**

**Statement of Functional Expenses**

**Year Ended August 31, 2018  
(With Comparative Totals for the Year Ended August 31, 2017)**

	<u>Program Services</u>	<u>Public Support</u>	<u>General and Administration</u>	<b><u>2018 Total</u></b>	<u>2017 Total</u>
Direct expenses:					
Personnel expenses	\$ 1,184,978	\$ 193,275	\$ 383,965	\$ 1,762,218	\$ 1,587,050
Client aids and program supplies	42,856	-	-	42,856	56,341
Client programs and transportation	8,644	-	-	8,644	8,737
Professional fees	73,504	14,857	38,722	127,083	174,483
Staff training and development	6,756	840	-	7,596	8,940
Office equipment and supplies	38,072	40,255	5,086	83,413	56,217
Telephone	1,068	-	-	1,068	2,087
Postage and shipping	132	1,999	15	2,146	6,786
Travel	105,259	4,884	8,714	118,857	101,538
Events and activities	5,105	18,630	2,990	26,725	23,024
Printing and publications	4,954	8,237	793	13,984	23,017
Dues and subscriptions	2,848	35	5,270	8,153	9,632
Interest expense	-	-	985	985	1,137
Miscellaneous	1,873	4,610	3,821	10,304	13,783
Bad debt expense	4,025	-	-	4,025	2,714
	<u>1,480,074</u>	<u>287,622</u>	<u>450,361</u>	<u>2,218,057</u>	<u>2,075,486</u>
Total direct expenses					
Indirect expenses:					
Occupancy, including depreciation	74,497	14,088	13,149	101,734	94,166
Information technology	36,400	6,722	6,176	49,298	42,343
General office	33,751	6,336	5,822	45,909	43,070
	<u>144,648</u>	<u>27,146</u>	<u>25,147</u>	<u>196,941</u>	<u>179,579</u>
Total indirect expenses					
Total functional expenses	<u>\$ 1,624,722</u>	<u>\$ 314,768</u>	<u>\$ 475,508</u>	<u>\$ 2,414,998</u>	<u>\$ 2,255,065</u>

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

**NEW HAMPSHIRE ASSOCIATION FOR THE BLIND  
(d/b/a FUTURE IN SIGHT)**

**Statements of Cash Flows**

**Years Ended August 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$ 497,436	\$ 409,432
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	52,840	52,157
Bad debt expense	4,025	2,714
Increase in value of beneficial interest in trusts	(77,892)	(88,234)
Loss on disposal of property and equipment	648	-
Net realized and unrealized gain on investments	(704,058)	(453,359)
Change in value of charitable gift annuities	5,993	(2,351)
(Increase) decrease in		
Accounts receivable	(8,749)	(16,402)
Contributions receivable	(41,476)	-
Supplies	4,429	25,468
Prepaid and reimburseable expenses	220	11,336
Increase (decrease) in		
Accounts payable	11,123	(14,188)
Accrued payroll and related taxes	20,114	(8,872)
Deferred revenue	260	(8,820)
Deferred compensation	<u>(33,343)</u>	<u>(101,242)</u>
Net cash used by operating activities	<u>(268,430)</u>	<u>(192,361)</u>
Cash flows from investing activities		
Proceeds from sales of investments	2,047,009	700,630
Purchases of investments	(1,662,588)	(583,703)
Purchases of property and equipment	<u>(39,516)</u>	<u>(114,622)</u>
Net cash provided by investing activities	<u>344,905</u>	<u>2,305</u>
Cash flows from financing activities		
Proceeds from long-term borrowings	-	135,000
Principal payments on long-term borrowings	<u>(26,707)</u>	<u>(24,248)</u>
Net cash (used) provided by financing activities	<u>(26,707)</u>	<u>110,752</u>
Net increase (decrease) in cash and cash equivalents	49,768	(79,304)
Cash and cash equivalents beginning of year	<u>13,047</u>	<u>92,351</u>
Cash and cash equivalents, end of year	<u>\$ 62,815</u>	<u>\$ 13,047</u>

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



**NEW HAMPSHIRE ASSOCIATION FOR THE BLIND  
(d/b/a FUTURE IN SIGHT)**

**Notes to Financial Statements**

**August 31, 2018 and 2017**

**Nature of Activities**

The New Hampshire Association for the Blind d/b/a Future In Sight (the Association) is a nonprofit organization established in 1912 and incorporated in 1933 under the laws of the State of New Hampshire. The primary mission of the Association is to provide social and rehabilitation services on a year-round, statewide basis to meet the special needs of New Hampshire's residents with severe vision loss.

The Association utilizes a team approach to the rehabilitation process encompassing individual and family counseling, orientation and mobility training, rehabilitation teaching (daily living skills), low vision clinics, and educational services. In addition, the Association maintains an active speakers' bureau and engages in public education and prevention activities disseminating information statewide, via direct mail and the media, concerning blindness, eye conditions and diseases, eye health care and safety, availability of rehabilitation services and related subject matters to promote greater awareness to the general public of the importance of eye care.

The Association's headquarters is located in Concord, New Hampshire. The Association cooperates and collaborates with other New Hampshire human service organizations and health care providers for informational and referral purposes. It performs low vision examinations and prescribes and trains clients in the use of low vision aids and rehabilitation devices.

The Association is dependent, to a significant extent, upon contributions from the general public for annual support of its operations and services. Contributions are obtained through a year-round direct mail program as well as ongoing initiatives encompassing foundations, corporations, and planned giving and related development program activities which generate public support.

**1. Summary of Significant Accounting Policies**

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (U.S. 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Basis of Presentation**

Net assets and revenues, expenses, gains, and losses are classified as follows based on the existence or absence of donor-imposed restrictions:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

**NEW HAMPSHIRE ASSOCIATION FOR THE BLIND  
(d/b/a FUTURE IN SIGHT)**

**Notes to Financial Statements**

**August 31, 2018 and 2017**

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may be or will be met by actions of the Association and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Association.

**Comparative Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. 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 Association's financial statements for the year ended August 31, 2017, from which the summarized information was derived.

**Contributions**

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for a specific purpose are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Association uses the allowance method to provide for uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

**Income Taxes**

The Association is a public charity under Section 501(c)(3) of the Internal Revenue Code. As a public charity, the Association is exempt from state and federal income taxes on income earned in accordance with its tax-exempt purpose. Unrelated business income is subject to state and federal income tax. Management has evaluated the Association's tax positions and concluded that the Association has no unrelated business income or uncertain tax positions that require adjustment to the financial statements.

**NEW HAMPSHIRE ASSOCIATION FOR THE BLIND  
(d/b/a FUTURE IN SIGHT)**

**Notes to Financial Statements**

**August 31, 2018 and 2017**

**Cash and Cash Equivalents**

The Association considers all highly liquid investments with an original maturity date of less than three months to be cash equivalents.

The Association maintains its cash in bank deposit accounts which, at times, may exceed federally-insured limits. It has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash and cash equivalents.

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management provides for probable uncollectible accounts after considering each category of receivable individually, and estimates an allowance according to the nature of the receivable. Allowances are estimated from historical performance and projected trends. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

**Supplies**

Inventories are stated at cost and consist of vision aids, program supplies and development supplies.

**Functional Allocation of Expenses**

Direct expenses are charged to their specific program as incurred. Any expenditures not directly chargeable are allocated among the programs benefited or based on the proportion of time spent on each program by the staff.

**Advertising**

The Association follows the policy of charging the costs of advertising to expense as incurred with the exception of certain development supplies that are included in inventory and expensed when utilized. Advertising expense for the years ended August 31, 2018 and 2017 amounted to \$5,384 and \$5,244, respectively.

**NEW HAMPSHIRE ASSOCIATION FOR THE BLIND  
(d/b/a FUTURE IN SIGHT)**

**Notes to Financial Statements**

**August 31, 2018 and 2017**

**Property and Equipment**

Property and equipment are recorded at cost, while donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Expenditures for repairs and maintenance are charged against operations. Renewals and betterments which materially extend the life of the assets are capitalized. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions at the time the asset is placed into service. The Association reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Depreciation is provided using the straight-line method in amounts designed to amortize the costs of the assets over their estimated useful lives as follows:

	<u>Years</u>
Buildings	33
Building improvements	3-33
Furniture and equipment	5-20
Software	3

**Subsequent Events**

For purposes of the preparation of these financial statements in conformity with U.S. GAAP, management has considered transactions or events occurring through January 3, 2019, which is the date that the financial statements were available to be issued. Management has not evaluated subsequent events after that date for inclusion in the financial statements.

**2. Investments**

The market value of the investments is as follows:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 149,934	\$ 412,431
U.S. Government agencies	1,033,018	601,985
Corporate and foreign bonds	1,045,756	1,212,117
Mutual funds	330,351	-
Exchange traded funds	207,454	-
Equities	<u>4,403,979</u>	<u>4,637,015</u>
	<u>\$ 7,170,492</u>	<u>\$ 6,863,548</u>

**NEW HAMPSHIRE ASSOCIATION FOR THE BLIND  
(d/b/a FUTURE IN SIGHT)**

**Notes to Financial Statements**

**August 31, 2018 and 2017**

Investments by class of net assets and designation consist of the following:

	<u>2018</u>	<u>2017</u>
Unrestricted	\$ 5,482,074	\$ 5,287,858
Restricted by donor		
Temporarily restricted	528,819	414,516
Permanently restricted	<u>1,161,174</u>	<u>1,161,174</u>
	<u>\$ 7,172,067</u>	<u>\$ 6,863,548</u>

**3. Beneficial Interest in Trusts**

The Association is the beneficiary of several irrevocable perpetual trusts, managed by independent financial institutions. The Association has legally enforceable rights and claims to such assets, including the right to income therefrom. Consistent with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958 Subtopic 605, related to accounting for contributions received and contributions made, these funds are included in the Association's financial statements. The fair value of the trust assets is reflected as an estimate of the present value of the future cash flows from the trusts and is reported as permanently restricted net assets. Appreciation of the trusts is not available for expenditure by the Association unless the trustees decide to appropriate it. Total contributions from these trusts were \$63,865 and \$58,246 in 2018 and 2017, respectively.

**4. Contributions Receivable**

Contributions receivable consist of the following:

	<u>2018</u>
Contributions receivable	\$ 45,617
Present value discount at 2.74%	<u>(4,141)</u>
	41,476
Less current portion	<u>10,653</u>
Contributions receivable, net of current portion	<u>\$ 30,823</u>
Contributions are due as follows:	
Less than one year	\$ 10,653
One to five years	<u>34,964</u>
	<u>\$ 45,617</u>

There were no contributions receivable at August 31, 2017.

**NEW HAMPSHIRE ASSOCIATION FOR THE BLIND  
(d/b/a FUTURE IN SIGHT)**

**Notes to Financial Statements**

**August 31, 2018 and 2017**

**5. Fair Value Measurements**

ASC Topic 820 defines fair value as the exchange price that would be received for 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. ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Association's assets and liabilities measured at fair value on a recurring basis as of:

	<b>2018</b>			
	<b><u>Total</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>
Investments				
Cash and cash equivalents	\$ 149,934	\$ 149,934	\$ -	\$ -
U.S. Government agencies	1,033,018	-	1,033,018	-
Corporate and foreign bonds	1,045,756	-	1,045,756	-
Mutual funds	330,351	330,351	-	-
Exchange traded funds	207,454	207,454	-	-
Equities	<u>4,403,979</u>	<u>4,403,979</u>	<u>-</u>	<u>-</u>
	<b>7,170,492</b>	<b>5,091,718</b>	<b>2,078,774</b>	<b>-</b>
Beneficial interest in perpetual trusts	1,862,275	-	-	1,862,275
Charitable gift annuities obligation	<u>(40,565)</u>	<u>-</u>	<u>-</u>	<u>(40,565)</u>
Total	<b><u>\$ 8,992,202</u></b>	<b><u>\$ 5,091,718</u></b>	<b><u>\$ 2,078,774</u></b>	<b><u>\$ 1,821,710</u></b>

**NEW HAMPSHIRE ASSOCIATION FOR THE BLIND  
(d/b/a FUTURE IN SIGHT)**

**Notes to Financial Statements**

**August 31, 2018 and 2017**

	2017			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
Cash and cash equivalents	\$ 412,431	\$ 412,431	\$ -	\$ -
U.S. Government agencies	601,985	-	601,985	-
Corporate and foreign bonds	1,212,117	-	1,212,117	-
Equities	<u>4,637,015</u>	<u>4,637,015</u>	<u>-</u>	<u>-</u>
	6,863,548	5,049,446	1,814,102	-
Beneficial interest in perpetual trusts	1,784,383	-	-	1,784,383
Charitable gift annuities obligation	<u>(48,743)</u>	<u>-</u>	<u>-</u>	<u>(48,743)</u>
Total	<u>\$ 8,599,188</u>	<u>\$ 5,049,446</u>	<u>\$ 1,814,102</u>	<u>\$ 1,735,640</u>

Fair value of the investments is measured using quoted prices in active markets where available. Fair value of Level 2 investments is primarily based on estimates using market prices of comparable securities. Level 3 liabilities are valued based on life expectancy tables and discounted cash flows.

Fair value of the beneficial interest in perpetual trusts is measured based on quoted market prices of the investments in the trusts, but is classified as Level 3 as there is no market in which to trade the beneficial interest itself.

Changes in the fair value of assets and liabilities classified as Level 3 are comprised of the following:

	<u>Beneficial Interests</u>	<u>Charitable Gift Annuities Obligation</u>
Balance, September 1, 2016	\$ 1,696,149	\$ (55,879)
Change in value	<u>88,234</u>	<u>7,136</u>
Balance, August 31, 2017	1,784,383	(48,743)
Change in value	<u>77,892</u>	<u>8,178</u>
Balance, August 31, 2018	<u>\$ 1,862,275</u>	<u>\$ (40,565)</u>

**NEW HAMPSHIRE ASSOCIATION FOR THE BLIND  
(d/b/a FUTURE IN SIGHT)**

**Notes to Financial Statements**

**August 31, 2018 and 2017**

**6. Property and Equipment**

Property and equipment, consisted of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 66,000	\$ 66,000
Building and building improvements	1,413,196	1,386,944
Furniture and office equipment	<u>523,429</u>	<u>524,135</u>
	<b>2,002,625</b>	1,977,079
Less accumulated depreciation	<u>1,361,442</u>	<u>1,321,924</u>
Property and equipment, net	<u>\$ 641,183</u>	<u>\$ 655,155</u>

**7. Line of Credit**

The Association has borrowing capacity in the maximum amount of \$150,000 under a revolving line of credit arrangement with a local bank. Outstanding advances are payable on demand and collateralized by certain business assets. The interest rate is the Wall Street Journal Prime Rate (5.00% at August 31, 2018). There was no outstanding balance on the line of credit at August 31, 2018 and 2017.

**8. Long-term Debt**

Long-term debt consists of the following:

	<u>2018</u>	<u>2017</u>
Note payable to New Hampshire Health and Education Facilities Authority in monthly principal and interest installments of \$2,308 with interest at 1.00% through September 2021.	\$ 84,046	\$ 110,752
Less current portion	<u>(26,975)</u>	<u>(26,707)</u>
Long-term debt, excluding current portion	<u>\$ 57,071</u>	<u>\$ 84,045</u>

Future maturities of long-term debt are as follows:

2019	\$ 26,975
2020	27,246
2021	27,520
2022	<u>2,305</u>
	<u>\$ 84,046</u>

Cash paid for interest approximates interest expense for the years ended August 31, 2018 and 2017.



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**9. Charitable Gift Annuities**

The Association has established a program under which donors may set up charitable gift annuities. Under this program, donors can contribute assets to the Association and in return receive a guaranteed fixed income for life. The Association recognizes contribution revenue for the difference between the fair value of the assets received and the annuity liability.

Annuity liabilities are recorded for the required life annuity payments at the present value of expected future cash payments discounted using current interest rates and actuarial assumptions for those annuities. The annuity obligations are adjusted each year for changes in the life expectancy of the beneficiaries and are reduced as payments are made to the donor. The present value of future payment liabilities of charitable gift annuities was \$40,565 and \$48,743 at August 31, 2018 and 2017, respectively.

**10. Retirement Plan**

The Association offers employees a 403(b) tax deferred annuity retirement plan based on the Association's maximum contributions of 5% of employee's annual salary and covers all full time employees who have completed a minimum of six months of service and attained the age of 20 ½. Contributions to the Plan were \$28,395 and \$29,658 for 2018 and 2017, respectively.

**11. Concentrations**

For the years ended August 31, 2018 and 2017, approximately 44% and 29%, respectively, of total public support revenue and releases of the Association was derived from State of New Hampshire contracts and school system contracts.

**12. Deferred Compensation Plan**

The Association entered into Selective Management Compensation Plan agreements whereby the Association recognizes the need to provide additional retirement funding to its key employees in exchange for commitments by these key employees to continue their valued management and leadership. Under the various agreements, if the key employees continue to work for the Association for specified terms, the Association is obligated to make monthly retirement payments. Former key employees participating in the plan have met these terms and the Association is obligated to make payments of \$4,000 a month through October, 2017 and then decreasing monthly amounts until August, 2020. Liabilities accrued under these plans amounted to \$45,126 and \$69,712 at August 31, 2018 and 2017, respectively. Also included in accrued deferred compensation is a liability related to a severance agreement with a former key employee that amounted to \$8,757 at August 30, 2017. There was no deferred compensation liability at August 30, 2018.

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**13. Endowment**

The Association's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by U.S. 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 Association has interpreted the State of New Hampshire Uniform Prudent Management of Institutional Funds Act (the Act) as requiring the preservation of the contributed value of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. If the donor-restricted endowment assets earn investment returns beyond the amount necessary to maintain the endowment assets' corpus value, the excess is available for appropriation and, therefore, classified as temporarily restricted net assets until appropriated by the Board of Directors for expenditure. Funds designated by the Board of Directors to function as endowments are classified as unrestricted net assets.

In accordance with the Act, the Association 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

**Endowment Composition and Changes in Endowment**

The endowment net assets composition by type of fund as of August 31, 2018 is as follows:

	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 511,304	\$ 1,161,174	\$ 1,672,478
Board-designated endowment funds	<u>5,425,717</u>	-	-	<u>5,425,717</u>
Total funds	<u>\$ 5,425,717</u>	<u>\$ 511,304</u>	<u>\$ 1,161,174</u>	<u>\$ 7,098,195</u>

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The changes in endowment net assets for the year ended August 31, 2018 were as follows:

	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, August 31, 2017	\$ 5,168,207	\$ 388,033	\$ 1,161,174	\$ 6,717,414
Investment return				
Investment income	<b>109,695</b>	<b>33,090</b>	-	<b>142,785</b>
Net appreciation	<u><b>536,034</b></u>	<u><b>161,693</b></u>	<u>-</u>	<u><b>697,727</b></u>
Total investment return	<b>645,729</b>	<b>194,783</b>	-	<b>840,512</b>
Contributions	<b>85,504</b>	-	-	<b>85,504</b>
Withdrawals	<b>(85,421)</b>	-	-	<b>(85,421)</b>
Endowment assets appropriated for expenditure	<u><b>(388,302)</b></u>	<u><b>(71,512)</b></u>	<u>-</u>	<u><b>(459,814)</b></u>
Endowment net assets, August 31, 2018	<u><b>\$ 5,425,717</b></u>	<u><b>\$ 511,304</b></u>	<u><b>\$ 1,161,174</b></u>	<u><b>\$ 7,098,195</b></u>

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The endowment net assets composition by type of fund as of August 31, 2017 was as follows:

	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 388,033	\$ 1,161,174	\$ 1,549,207
Board-designated endowment funds	<u>5,168,207</u>	<u>-</u>	<u>-</u>	<u>5,168,207</u>
Total funds	<u>\$ 5,168,207</u>	<u>\$ 388,033</u>	<u>\$ 1,161,174</u>	<u>\$ 6,717,414</u>

The changes in endowment net assets for the year ended August 31, 2017 were as follows:

	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, August 31, 2016	\$ 4,886,284	\$ 326,420	\$ 1,107,142	\$ 6,319,846
Investment return				
Investment income	115,901	33,240	-	149,141
Net appreciation	<u>344,570</u>	<u>98,824</u>	<u>-</u>	<u>443,394</u>
Total investment return	460,471	132,064	-	592,535
Contributions	377,114	-	54,032	431,146
Endowment assets appropriated for expenditure	<u>(555,662)</u>	<u>(70,451)</u>	<u>-</u>	<u>(626,113)</u>
Endowment net assets, August 31, 2017	<u>\$ 5,168,207</u>	<u>\$ 388,033</u>	<u>\$ 1,161,174</u>	<u>\$ 6,717,414</u>

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**Return Objectives and Risk Parameters**

The Association has adopted investment and spending policies for endowment assets that attempt to provide for equal treatment of present and future needs, with neither group favored at the expense of the other. To meet these objectives, the Board seeks to provide reasonably stable and predictable funds from the endowment for the Association's operating budget, to grow capital and to preserve and grow the real (inflation-adjusted) purchasing power of assets as indicated by the aggregate value of appreciation and income. The Association seeks to achieve an after cost total real rate of return including investment income as well as capital appreciation, which exceeds that annual distribution with acceptable levels of risk.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Association 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 Association targets an asset allocation strategy wherein assets are diversified among several asset classes. The pursuit of maximizing total return is tempered by the need to minimize the volatility of returns and preserve capital. As such, the Association seeks broad diversification among assets having different characteristics with the intent to endure lower relative performance in strong markets in exchange for greater downside protection in weak markets.

**Spending Policy**

The Association's investment policy states that spendable investment income will be calculated as 5% of the average permanently restricted endowment portfolio value based on the portfolio market value at the end of the most recent 12 quarters. Appropriations and withdrawals in excess of this policy must be approved by the Board of Trustees. Under this policy, the Association appropriated for distribution \$71,512 and \$70,451 for operating purposes for the years ended August 31, 2018 and 2017, respectively, which are included in nonoperating activities and transfers in the statement of activities.

The Association has elected to transfer from the board-designated funds to the operating account annually an amount equal to the sum of (a) 70% of the average annual unrestricted bequest income plus gift annuity remainder from the previous five fiscal years, excluding the high and low years and (b) 6% of the average balance of the board-designated funds for the twelve quarters ending the previous fiscal year. Transfer may exceed the 70% with proper Board approval. Under this policy, the Association appropriated for distribution \$388,302 and \$555,286 for operating purposes for the years ended August 31, 2018 and 2017, respectively, which are included in nonoperating activities and transfers in the statement of activities.

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**14. Restricted Net Assets**

Temporarily restricted net assets are restricted to:

	<u>2018</u>	<u>2017</u>
Manchester area senior women	57,274	108,309
Technology upgrades	15,940	26,483
Social work	-	25,000
Peer support programs	-	10,360
Occupational therapy	31,083	50,000
Contributions receivable - time restriction	41,476	-
Other	15,802	17,744
Net appreciation of permanently restricted net assets	<u>511,304</u>	<u>388,033</u>
Total	<u>\$ 672,879</u>	<u>\$ 625,929</u>

Permanently restricted net assets are restricted to:

	<u>2018</u>	<u>2017</u>
Endowment funds		
Principal restricted, 5% maximum distribution	\$ 824,215	\$ 824,215
Principal restricted, greater of income or 6%	<u>336,959</u>	<u>336,959</u>
	1,161,174	1,161,174
Beneficial interest in perpetual trusts		
Fair value of investments held in trust by others	<u>1,862,275</u>	<u>1,784,383</u>
Total	<u>\$ 3,023,449</u>	<u>\$ 2,945,557</u>