



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

FINANCIAL STATEMENTS

**August 31, 2019
(with comparative totals for August 31, 2018)**

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, 2019 and the related statements 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, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2019 the Association adopted new accounting guidance, Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958). Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We previously audited the financial statements of the Association as of and for the year ended August 31, 2018, and in our report dated January 3, 2019 we expressed an unmodified opinion on those statements. As part of our audit of the 2019 financial statements, we also audited the adjustments to the 2018 financial statements to retrospectively apply the change in accounting as described in the following paragraph. In our opinion, such adjustments are appropriate and have been properly applied, and the summarized comparative information presented herein as of and for the year ended August 31, 2018 is otherwise consistent, in all material respects, with the audited financial statements from which it has been derived.

Berry Dunn McNeil & Parker, LLC

Manchester, New Hampshire
January 2, 2020

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

Statements of Financial Position

**August 31, 2019
(with comparative totals for August 31, 2018)**

ASSETS

	<u>2019</u>	<u>2018</u>
Current assets		
Cash and cash equivalents	\$ 69,264	\$ 62,815
Accounts receivable less allowance for doubtful accounts of \$2,786 in 2019 and \$2,728 in 2018	82,318	78,066
Interest and dividends receivable	24,461	21,172
Current portion of contributions receivable	212,873	10,653
Supplies	27,786	23,745
Prepaid and reimbursable expenses	<u>12,207</u>	<u>32,407</u>
Total current assets	<u>428,909</u>	<u>228,858</u>
Property and equipment, net	<u>615,098</u>	<u>641,183</u>
Other assets		
Contributions receivable, net of current portion	25,406	30,823
Investments - charitable gift annuities	60,735	68,537
Investments - deferred compensation	47,474	46,305
Investments	7,719,228	7,055,650
Beneficial interest in trusts	<u>1,813,259</u>	<u>1,862,275</u>
Total other assets	<u>9,666,102</u>	<u>9,063,590</u>
Total assets	<u>\$10,710,109</u>	<u>\$ 9,933,631</u>

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

LIABILITIES AND NET ASSETS

	<u>2019</u>	<u>2018</u>
Current liabilities		
Current portion of long-term debt	\$ 27,246	\$ 26,975
Accounts payable and accrued expenses	36,762	41,197
Accrued payroll and related taxes	95,738	101,277
Deferred revenue	-	710
Current portion of charitable gift annuities obligation	2,885	2,885
Current portion of deferred compensation	<u>23,238</u>	<u>24,000</u>
Total current liabilities	185,869	197,044
Long-term liabilities		
Long-term debt, less current portion	29,825	57,071
Deferred compensation, less current portion	-	21,126
Charitable gift annuities obligation, less current portion	<u>40,529</u>	<u>37,680</u>
Total liabilities	<u>256,223</u>	<u>312,921</u>
Net assets		
Without donor restrictions	6,144,766	5,924,382
With donor restrictions	<u>4,309,120</u>	<u>3,696,328</u>
Total net assets	<u>10,453,886</u>	<u>9,620,710</u>
Total liabilities and net assets	<u>\$10,710,109</u>	<u>\$ 9,933,631</u>

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

Statements of Activities and Changes in Net Assets

**Year Ended August 31, 2019
(With Comparative Totals for the Year Ended August 31, 2018)**

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
Public support, revenue and releases				
Public support	\$ 743,157	\$ 1,133,248	\$ 1,876,405	\$ 884,342
Service revenue	1,067,461	-	1,067,461	1,042,901
Endowment spending draw for operations	<u>535,358</u>	<u>-</u>	<u>535,358</u>	<u>459,814</u>
Total public support and revenue, including endowment draw for operations	2,345,976	1,133,248	3,479,224	2,387,057
Net assets released from restrictions for satisfaction of program restrictions	<u>465,655</u>	<u>(465,655)</u>	<u>-</u>	<u>-</u>
Total public support, revenue and releases	<u>2,811,631</u>	<u>667,593</u>	<u>3,479,224</u>	<u>2,387,057</u>
Expenses				
Program services	1,701,757	-	1,701,757	1,624,722
Public support	252,740	-	252,740	314,768
General and administration	<u>460,902</u>	<u>-</u>	<u>460,902</u>	<u>475,508</u>
Total expenses	<u>2,415,399</u>	<u>-</u>	<u>2,415,399</u>	<u>2,414,998</u>
Change in net assets from operations	<u>396,232</u>	<u>667,593</u>	<u>1,063,825</u>	<u>(27,941)</u>
Nonoperating activities and transfers				
Realized and unrealized gains	118,017	36,897	154,914	704,058
Interest and dividend income	112,597	36,149	148,746	146,017
Change in value of charitable gift annuities	-	(5,734)	(5,734)	(5,993)
Investment income from trusts	58,315	-	58,315	63,865
Endowment spending draw for operations	(462,261)	(73,097)	(535,358)	(459,814)
Change in value of beneficial interest in trusts	-	(49,016)	(49,016)	77,892
Loss on disposal of property and equipment	<u>(2,516)</u>	<u>-</u>	<u>(2,516)</u>	<u>(648)</u>
Total nonoperating activities and transfers	<u>(175,848)</u>	<u>(54,801)</u>	<u>(230,649)</u>	<u>525,377</u>
Change in net assets	220,384	612,792	833,176	497,436
Net assets, beginning of year	<u>5,924,382</u>	<u>3,696,328</u>	<u>9,620,710</u>	<u>9,123,274</u>
Net assets, end of year	<u>\$ 6,144,766</u>	<u>\$ 4,309,120</u>	<u>\$ 10,453,886</u>	<u>\$ 9,620,710</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, 2019
(With Comparative Totals for the Year Ended August 31, 2018)**

	<u>Program Services</u>	<u>Public Support</u>	<u>General and Administration</u>	<u>2019 Total</u>	<u>2018 Total</u>
Direct expenses:					
Personnel expenses	\$ 1,256,408	\$ 124,065	\$ 362,971	\$ 1,743,444	\$ 1,762,218
Client aids and program supplies	30,706	-	-	30,706	42,856
Client programs and transportation	8,998	-	-	8,998	8,644
Professional fees	50,396	39,408	32,434	122,238	127,083
Staff training and development	15,049	380	563	15,992	7,596
Office equipment and supplies	25,633	32,780	8,105	66,518	83,413
Telephone	476	251	-	727	1,068
Postage and shipping	306	869	104	1,279	2,146
Travel	111,496	2,374	8,216	122,086	118,857
Events and activities	4,179	21,799	2,589	28,567	26,725
Printing and publications	4,734	13,595	1,246	19,575	13,984
Dues and subscriptions	2,442	-	4,459	6,901	8,153
Interest expense	-	-	717	717	985
Miscellaneous	1,510	4,188	3,705	9,403	10,304
Bad debt expense	6,161	-	-	6,161	4,025
	<u>1,518,494</u>	<u>239,709</u>	<u>425,109</u>	<u>2,183,312</u>	<u>2,218,057</u>
Total direct expenses					
Indirect expenses:					
Occupancy, including depreciation	96,355	6,894	18,939	122,188	101,734
Information technology and general office	86,908	6,137	16,854	109,899	95,207
	<u>183,263</u>	<u>13,031</u>	<u>35,793</u>	<u>232,087</u>	<u>196,941</u>
Total indirect expenses					
Total functional expenses	<u>\$ 1,701,757</u>	<u>\$ 252,740</u>	<u>\$ 460,902</u>	<u>\$ 2,415,399</u>	<u>\$ 2,414,998</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

**Year Ended August 31, 2019
(With Comparative Totals for the Year Ended August 31, 2018)**

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ 833,176	\$ 497,436
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	52,808	52,840
Bad debt expense	6,161	4,025
Decrease (increase) in value of beneficial interest in trusts	49,016	(77,892)
Loss on disposal of property and equipment	2,516	648
Net realized and unrealized gain on investments	(154,914)	(704,058)
Change in value of charitable gift annuities	5,734	5,993
(Increase) decrease in		
Accounts receivable	(10,413)	(8,749)
Contributions receivable	(196,803)	(41,476)
Supplies	(4,041)	4,429
Prepaid and reimbursable expenses	20,200	220
Increase (decrease) in		
Accounts payable	(4,435)	11,123
Accrued payroll and related taxes	(5,539)	20,114
Deferred revenue	(710)	260
Deferred compensation	(21,888)	(33,343)
Net cash provided (used) by operating activities	<u>570,868</u>	<u>(268,430)</u>
Cash flows from investing activities		
Proceeds from sales of investments	1,041,771	2,047,009
Purchases of investments	(1,549,977)	(1,662,588)
Purchases of property and equipment	(29,238)	(39,516)
Net cash (used) provided by investing activities	<u>(537,444)</u>	<u>344,905</u>
Cash flows from financing activities		
Principal payments on long-term borrowings	(26,975)	(26,707)
Net increase in cash and cash equivalents	6,449	49,768
Cash and cash equivalents beginning of year	<u>62,815</u>	<u>13,047</u>
Cash and cash equivalents, end of year	<u>\$ 69,264</u>	<u>\$ 62,815</u>

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, 2019
(with comparative totals for August 31, 2018)**

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 approach that encompasses solicitation by direct mail, in-person, at special events as well as proposals for funding to foundations, individuals for planned gifts and other related development activities which generate public support.

1. Summary of Significant Accounting Policies

Newly Adopted Accounting Principle and Reclassifications

In 2019, the Association adopted Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), which makes targeted changes to the not-for-profit financial reporting model. The new ASU marks the completion of the first phase of a larger project aimed at improving not-for-profit financial reporting. Under the new ASU, net asset reporting is streamlined and clarified. The existing three category classification of net assets is replaced with a simplified model that combines temporarily restricted and permanently restricted into a single category called "net assets with donor restrictions." New disclosures highlight restrictions on the use of resources that make otherwise liquid assets unavailable for meeting near term financial requirements. The ASU also imposes several new requirements related to reporting expenses.

**NEW HAMPSHIRE ASSOCIATION FOR THE BLIND
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Notes to Financial Statements

**August 31, 2019
(with comparative totals for August 31, 2018)**

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:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Association's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions are to be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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.

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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended August 31, 2018, from which the summarized information was derived.

Contributions

Contributions are considered to be available for use without donor restrictions 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 net assets with donor restrictions. When a restriction expires, net assets with donor restrictions temporary in nature are reclassified to net assets without donor restrictions 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.

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

Notes to Financial Statements

**August 31, 2019
(with comparative totals for August 31, 2018)**

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.

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 aids and devices, program supplies and postage.

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 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, 2019 and 2018 amounted to \$4,768 and \$5,384, respectively.

**NEW HAMPSHIRE ASSOCIATION FOR THE BLIND
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Notes to Financial Statements

**August 31, 2019
(with comparative totals for August 31, 2018)**

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 with donor restrictions. 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 net assets with donor restrictions to net assets without donor restrictions 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 2, 2020, 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. Availability and Liquidity of Financial Assets

The Association regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to optimize its available funds. The Association has various sources of liquidity at its disposal, including cash and cash equivalents and a line of credit, as disclosed in Note 8.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Association considers all expenditures related to its ongoing operating activities as well as the conduct of services undertaken to support those operating activities.

In addition to financial assets available to meet general expenditures over the next 12 months, the Association operates with a balanced budget and anticipates collecting sufficient revenue to cover expenditures not covered by donor-restricted resources or, where appropriate, borrowings. Refer to the statements of cash flows, which identify the sources and uses of the Association's cash and cash equivalents and the generation of positive cash from operations for fiscal year 2019.

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

Notes to Financial Statements

**August 31, 2019
(with comparative totals for August 31, 2018)**

The following financial assets are expected to be available within one year of the statement of financial position date to meet general expenditures:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 69,264	\$ 62,815
Accounts receivable, net	82,318	78,066
Contributions receivable, net	11,036	10,653
Investments	491,964	90,511
Expected appropriation of donor-restricted endowed funds for use over the next 12 months	75,663	73,097
Expected appropriation of board-restricted endowed funds for use over the next 12 months	<u>439,168</u>	<u>462,261</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,169,413</u>	<u>\$ 777,403</u>

The Association has board designated long-term investments that are intended to function as an endowment that could be made available for general expenditure upon board approval. Since these investments are currently intended for long-term investments they have not been included in the information above. The Association has other long-term investments and assets for restricted use, which are more fully described in Note 3, which are not available for general expenditure within the next year.

3. Investments

The market value of the investments is as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 703,397	\$ 149,934
U.S. Government agencies	1,406,332	1,033,018
Corporate and foreign bonds	736,724	1,045,756
Mutual funds	184,744	330,351
Exchange traded funds	132,743	207,454
Equities	<u>4,663,497</u>	<u>4,403,979</u>
	<u>\$ 7,827,437</u>	<u>\$ 7,170,492</u>

Investments by class of net assets consist of the following:

	<u>2019</u>	<u>2018</u>
Without donor restrictions	\$ 5,723,292	\$ 5,480,499
With donor restrictions	<u>2,104,145</u>	<u>1,689,993</u>
	<u>\$ 7,827,437</u>	<u>\$ 7,170,492</u>

**NEW HAMPSHIRE ASSOCIATION FOR THE BLIND
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Notes to Financial Statements

**August 31, 2019
(with comparative totals for August 31, 2018)**

4. 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 FASB Accounting Standards Codification (ASC) Topic 958 Subtopic 605, *Not-for-Profit Entities - Revenue Recognition*, 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 net assets with donor restrictions held in perpetuity. 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 \$58,315 and \$63,865 in 2019 and 2018, respectively.

5. Contributions Receivable

Contributions receivable consist of the following:

	<u>2019</u>	<u>2018</u>
Contributions receivable	\$ 240,458	\$ 45,617
Present value discount at 2.74%	<u>(2,179)</u>	<u>(4,141)</u>
	238,279	41,476
Less current portion	<u>212,873</u>	<u>10,653</u>
Contributions receivable, net of current portion	<u>\$ 25,406</u>	<u>\$ 30,823</u>
Contributions are due as follows:		
Less than one year	\$ 212,873	10,653
One to five years	<u>27,585</u>	<u>34,964</u>
	<u>\$ 240,458</u>	<u>\$ 45,617</u>

**NEW HAMPSHIRE ASSOCIATION FOR THE BLIND
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**August 31, 2019
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6. Fair Value Measurements

ASC Topic 820, *Fair Value Measurement*, 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 are as follows as of August 31:

	2019			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
Cash and cash equivalents	\$ 703,397	\$ 703,397	\$ -	\$ -
U.S. Government agencies	1,406,332	-	1,406,332	-
Corporate and foreign bonds	736,724	-	736,724	-
Mutual funds	184,744	184,744	-	-
Exchange traded funds	132,743	132,743	-	-
Equities	<u>4,663,497</u>	<u>4,663,497</u>	<u>-</u>	<u>-</u>
	7,827,437	5,684,381	2,143,056	-
Beneficial interest in perpetual trusts	1,813,259	-	-	1,813,259
Charitable gift annuities obligation	<u>(43,414)</u>	<u>-</u>	<u>-</u>	<u>(43,414)</u>
Total	<u>\$ 9,597,282</u>	<u>\$ 5,684,381</u>	<u>\$ 2,143,056</u>	<u>\$ 1,769,845</u>

**NEW HAMPSHIRE ASSOCIATION FOR THE BLIND
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Notes to Financial Statements

**August 31, 2019
(with comparative totals for August 31, 2018)**

	2018			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
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>
	7,170,492	5,091,718	2,078,774	-
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	<u>\$ 8,992,202</u>	<u>\$ 5,091,718</u>	<u>\$ 2,078,774</u>	<u>\$ 1,821,710</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:

	Beneficial Interest in Charitable <u>Trusts</u>	Charitable Gift Annuities <u>Obligation</u>
Balance, September 1, 2017	\$ 1,784,383	\$ (48,743)
Change in value	<u>77,892</u>	<u>8,178</u>
Balance, August 31, 2018	1,862,275	(40,565)
Change in value	<u>(49,016)</u>	<u>(2,849)</u>
Balance, August 31, 2019	<u>\$ 1,813,259</u>	<u>\$ (43,414)</u>

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7. Property and Equipment

Property and equipment consists of the following:

	<u>2019</u>	<u>2018</u>
Land	\$ 66,000	\$ 66,000
Building and building improvements	1,416,306	1,413,196
Furniture and office equipment	470,301	523,429
Construction in progress	<u>8,523</u>	<u>-</u>
	1,961,130	2,002,625
Less accumulated depreciation	<u>1,346,032</u>	<u>1,361,442</u>
Property and equipment, net	<u>\$ 615,098</u>	<u>\$ 641,183</u>

8. 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 pledged assets. The interest rate is the Wall Street Journal Prime Rate (5.25% at August 31, 2019). There was no outstanding balance on the line of credit at August 31, 2019 and 2018.

9. Long-Term Debt

Long-term debt consists of the following:

	<u>2019</u>	<u>2018</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.	\$ 57,071	\$ 84,046
Less current portion	<u>(27,246)</u>	<u>(26,975)</u>
Long-term debt, excluding current portion	<u>\$ 29,825</u>	<u>\$ 57,071</u>

Future maturities of long-term debt are as follows:

2020	\$ 27,246	
2021	27,520	
2022	<u>2,305</u>	
	<u>\$ 57,071</u>	

Cash paid for interest approximates interest expense for the years ended August 31, 2019 and 2018.

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10. 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 \$43,414 and \$40,565 at August 31, 2019 and 2018, respectively.

11. 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. The plan covers all full time and part-time employees working 20 hours or more, who have completed a minimum of six months of service and attained the age of 20 ½. Contributions to the Plan were \$23,180 and \$28,395 for 2019 and 2018, respectively.

12. Concentrations

For the years ended August 31, 2019 and 2018, approximately 25% and 34%, respectively, of total public support, revenue and releases of the Association was derived from State of New Hampshire contracts and school system contracts.

13. 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 \$2,000 a month until August 2020. Liabilities accrued under these plans amounted to \$23,238 and \$45,126 at August 31, 2019 and 2018, respectively.

14. 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.

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Interpretation of Relevant Law

The Association has interpreted the State of New Hampshire Uniform Prudent Management of Institutional Funds Act (UPMIFA or 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 net assets with donor restrictions until appropriated by the Board of Directors for expenditure. Funds designated by the Board of Directors to function as endowments are classified as net assets without donor restrictions.

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, 2019 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 1,670,289	\$ 1,670,289
Board-designated endowment funds	<u>5,598,461</u>	<u>-</u>	<u>5,598,461</u>
Total funds	<u>\$ 5,598,461</u>	<u>\$ 1,670,289</u>	<u>\$ 7,268,750</u>

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The changes in endowment net assets for the year ended August 31, 2019 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, August 31, 2018	\$ 5,425,717	\$ 1,672,478	\$ 7,098,195
Investment return			
Investment income	110,250	34,439	144,689
Net appreciation	<u>118,308</u>	<u>36,469</u>	<u>154,777</u>
Total investment return	228,558	70,908	299,466
Contributions	446,715	-	446,715
Withdrawals	(40,268)	-	(40,268)
Endowment assets appropriated for expenditure	<u>(462,261)</u>	<u>(73,097)</u>	<u>(535,358)</u>
Endowment net assets, August 31, 2019	<u>\$ 5,598,461</u>	<u>\$ 1,670,289</u>	<u>\$ 7,268,750</u>

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 1,672,478	\$ 1,672,478
Board-designated endowment funds	<u>5,425,717</u>	<u>-</u>	<u>5,425,717</u>
Total funds	<u>\$ 5,425,717</u>	<u>\$ 1,672,478</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>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, August 31, 2017	\$ 5,168,207	\$ 1,549,207	\$ 6,717,414
Investment return			
Investment income	109,695	33,090	142,785
Net appreciation	<u>536,034</u>	<u>161,693</u>	<u>697,727</u>
Total investment return	645,729	194,783	840,512
Contributions	85,504	-	85,504
Withdrawals	(85,421)	-	(85,421)
Endowment assets appropriated for expenditure	<u>(388,302)</u>	<u>(71,512)</u>	<u>(459,814)</u>
Endowment net assets, August 31, 2018	<u>\$ 5,425,717</u>	<u>\$ 1,672,478</u>	<u>\$ 7,098,195</u>

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.

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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 \$73,097 and \$71,512 for operating purposes for the years ended August 31, 2019 and 2018, respectively, which are included in nonoperating activities and transfers in the statement of activities and changes in net assets.

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. Transfers may exceed the 70% with proper Board approval. Under this policy, the Association appropriated for distribution \$462,261 and \$388,302 for operating purposes for the years ended August 31, 2019 and 2018, respectively, which are included in nonoperating activities and transfers in the statement of activities and changes in net assets.

Funds with Deficiencies

Unless otherwise directed by the donor, the annual draw for operations from donor-restricted endowment funds shall be equal to 5% of the average balance of the donor-restricted funds for the twelve quarters ending December unless such draw would reduce the fund balance to an amount less than the historical value of the fund. In such cases, the Budget & Finance Committee shall recommend the amount of draw, if any, to the Board of Directors as part of the annual budget process. As of August 31, 2019 and 2018, there were no deficiencies of this nature associated with the donor-restricted endowment funds.

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15. Net Assets with Donor Restrictions

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

	<u>2019</u>	<u>2018</u>
Funds maintained subject to expenditure for a specified purpose:		
Manchester area senior women	\$ 26,225	\$ 57,274
Technology upgrades	-	15,940
Early support services capacity building	25,000	-
Lives & Thrives program	88,531	-
To assist patients with glaucoma and glaucoma related research	433,855	-
Occupational therapy	-	31,083
Contributions receivable - time restriction	236,317	41,476
Other	15,644	15,802
Net appreciation of net assets with perpetual restrictions	<u>509,115</u>	<u>511,304</u>
Total funds maintained subject to expenditure for a specified purpose	<u>\$ 1,334,687</u>	<u>\$ 672,879</u>
Funds maintained held in perpetuity:		
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>1,813,259</u>	<u>1,862,275</u>
Total funds maintained in perpetuity	<u>\$ 2,974,433</u>	<u>\$ 3,023,449</u>
Total net assets with donor restrictions	<u>\$ 4,309,120</u>	<u>\$ 3,696,328</u>

Net assets released from restrictions consisted of the following:

	<u>2019</u>	<u>2018</u>
Operating purposes or time restrictions accomplished	<u>\$ 465,656</u>	<u>\$ 483,154</u>