



# New Hampshire Association for the Blind d/b/a Future in Sight

## **FINANCIAL STATEMENTS**

**August 31, 2020**

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

**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, 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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. These 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, 2020, 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.

***Other Matters***

*Change in Accounting Principle*

As discussed in Note 1 to the financial statements, the Association adopted Financial Accounting Standards Board Accounting Standards Update No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, during the year ended August 31, 2020. 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, 2019, and in our report dated January 2, 2020 we expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2019 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 7, 2021

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

**Statement of Financial Position**

**August 31, 2020  
(with comparative totals for August 31, 2019)**

**ASSETS**

	<u>2020</u>	<u>2019</u>
Current assets		
Cash and cash equivalents	\$ 248,566	\$ 69,264
Accounts receivable, net of allowance for doubtful accounts	80,329	82,318
Interest and dividends receivable	23,212	24,461
Current portion of contributions receivable	82,919	212,873
Supplies	37,056	27,786
Prepaid and reimbursable expenses	<u>37,815</u>	<u>12,207</u>
Total current assets	<u>509,897</u>	<u>428,909</u>
Property and equipment, net	<u>612,377</u>	<u>615,098</u>
Other assets		
Contributions receivable, net of current portion	12,761	25,406
Investments - charitable gift annuities	64,046	60,735
Investments - deferred compensation	-	47,474
Investments	8,667,464	7,719,228
Beneficial interest in trusts	<u>1,970,418</u>	<u>1,813,259</u>
Total other assets	<u>10,714,689</u>	<u>9,666,102</u>
Total assets	<u>\$11,836,963</u>	<u>\$10,710,109</u>

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

## LIABILITIES AND NET ASSETS

	<u>2020</u>	<u>2019</u>
Current liabilities		
Current portion of long-term debt	\$ 27,246	\$ 27,246
Accounts payable and accrued expenses	37,212	36,762
Accrued payroll and related taxes	126,698	95,738
Deferred revenue	47,378	-
Current portion of charitable gift annuities obligation	2,885	2,885
CARES Act funding advance	358,100	-
Current portion of deferred compensation	<u>-</u>	<u>23,238</u>
Total current liabilities	<b>599,519</b>	185,869
Long-term liabilities		
Long-term debt, less current portion	9,416	29,825
Charitable gift annuities obligation, less current portion	<u>42,195</u>	<u>40,529</u>
Total liabilities	<u><b>651,130</b></u>	<u>256,223</u>
Net assets		
Without donor restrictions	7,191,858	6,144,766
With donor restrictions	<u>3,993,975</u>	<u>4,309,120</u>
Total net assets	<u><b>11,185,833</b></u>	<u>10,453,886</u>
Total liabilities and net assets	<u><b>\$11,836,963</b></u>	<u>\$10,710,109</u>

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

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

**Year Ended August 31, 2020  
(With Comparative Totals for the Year Ended August 31, 2019)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
Public support, revenue and releases				
Public support	\$ 694,850	\$ 239,092	\$ 933,942	\$ 1,876,405
Service revenue	1,061,762	-	1,061,762	1,067,461
Endowment spending draw for operations	<u>514,830</u>	<u>-</u>	<u>514,830</u>	<u>535,358</u>
Total public support and revenue, including endowment draw for operations	2,271,442	239,092	2,510,534	3,479,224
Net assets released from restrictions for satisfaction of program restrictions	<u>874,920</u>	<u>(874,920)</u>	<u>-</u>	<u>-</u>
Total public support, revenue and releases	<u>3,146,362</u>	<u>(635,828)</u>	<u>2,510,534</u>	<u>3,479,224</u>
Expenses				
Program services	1,760,518	-	1,760,518	1,693,890
Public support	267,339	-	267,339	252,160
General and administration	<u>526,831</u>	<u>-</u>	<u>526,831</u>	<u>469,349</u>
Total expenses	<u>2,554,688</u>	<u>-</u>	<u>2,554,688</u>	<u>2,415,399</u>
Change in net assets from operations	<u>591,674</u>	<u>(635,828)</u>	<u>(44,154)</u>	<u>1,063,825</u>
Nonoperating activities and transfers				
Realized and unrealized gains on investments	701,753	214,076	915,829	154,914
Interest and dividend income	121,857	29,662	151,519	148,746
Change in value of charitable gift annuities	-	(4,551)	(4,551)	(5,734)
Investment income from trusts	70,975	-	70,975	58,315
Endowment spending draw for operations	(439,167)	(75,663)	(514,830)	(535,358)
Change in value of beneficial interest in trusts	-	157,159	157,159	(49,016)
Loss on disposal of property and equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,516)</u>
Total nonoperating activities and transfers	<u>455,418</u>	<u>320,683</u>	<u>776,101</u>	<u>(230,649)</u>
Change in net assets	1,047,092	(315,145)	731,947	833,176
Net assets, beginning of year	<u>6,144,766</u>	<u>4,309,120</u>	<u>10,453,886</u>	<u>9,620,710</u>
Net assets, end of year	<u>\$ 7,191,858</u>	<u>\$ 3,993,975</u>	<u>\$ 11,185,833</u>	<u>\$ 10,453,886</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, 2020  
(With Comparative Totals for the Year Ended August 31, 2019)**

	<u>Program Services</u>	<u>Public Support</u>	<u>General and Administration</u>	<u>2020 Total</u>	<u>2019 Total</u>
Direct expenses:					
Personnel expenses	\$ 1,363,700	\$ 200,762	\$ 422,284	\$ 1,986,746	\$ 1,743,444
Client aids and program supplies	24,853	-	-	24,853	30,706
Client programs and transportation	3,772	-	-	3,772	8,998
Professional fees	63,841	3,027	50,216	117,084	122,238
Staff training and development	13,057	-	11,872	24,929	15,992
Office equipment and supplies	41,866	30,726	7,568	80,160	66,518
Telephone	239	415	-	654	727
Postage and shipping	3,729	2,985	640	7,354	1,279
Travel	74,042	761	2,227	77,030	122,086
Events and activities	4,486	2,122	1,333	7,941	28,567
Printing and publications	17,784	8,716	264	26,764	19,575
Dues and subscriptions	4,033	1,151	5,190	10,374	6,901
Interest expense	-	-	360	360	717
Miscellaneous	1,121	2,096	3,051	6,268	9,403
Bad debt expense	4,066	-	-	4,066	6,161
	<u>1,620,589</u>	<u>252,761</u>	<u>505,005</u>	<u>2,378,355</u>	<u>2,183,312</u>
Total direct expenses					
Indirect expenses:					
Occupancy, including depreciation	90,355	9,499	14,248	114,102	122,188
Information technology and general office	49,574	5,079	7,578	62,231	109,899
	<u>139,929</u>	<u>14,578</u>	<u>21,826</u>	<u>176,333</u>	<u>232,087</u>
Total indirect expenses					
Total functional expenses	<u>\$ 1,760,518</u>	<u>\$ 267,339</u>	<u>\$ 526,831</u>	<u>\$ 2,554,688</u>	<u>\$ 2,415,399</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 Cash Flows**

**Year Ended August 31, 2020  
(With Comparative Totals for the Year Ended August 31, 2019)**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 731,947	\$ 833,176
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Depreciation	44,758	52,808
Bad debt expense	4,066	6,161
(Increase) decrease in value of beneficial interest in trusts	(157,159)	49,016
Loss on disposal of property and equipment	-	2,516
Net realized and unrealized gain on investments	(915,829)	(154,914)
Change in value of charitable gift annuities	4,551	5,734
(Increase) decrease in		
Accounts receivable, net of allowance for doubtful accounts	(2,077)	(10,413)
Contributions receivable	142,599	(196,803)
Supplies	(9,270)	(4,041)
Prepaid and reimbursable expenses	(25,608)	20,200
Increase (decrease) in		
Accounts payable	450	(4,435)
Accrued payroll and related taxes	30,960	(5,539)
Deferred revenue	47,378	(710)
Proceeds from CARES Act funding advance	358,100	-
Deferred compensation	(23,238)	(21,888)
Net cash provided by operating activities	<u>231,628</u>	<u>570,868</u>
Cash flows from investing activities		
Proceeds from sales of investments	1,154,715	1,041,771
Purchases of investments	(1,144,595)	(1,549,977)
Purchases of property and equipment	(42,037)	(29,238)
Net cash used by investing activities	<u>(31,917)</u>	<u>(537,444)</u>
Cash flows from financing activities		
Principal payments on the note payable	(20,409)	(26,975)
Net increase in cash and cash equivalents	179,302	6,449
Cash and cash equivalents beginning of year	<u>69,264</u>	<u>62,815</u>
Cash and cash equivalents, end of year	<u>\$ 248,566</u>	<u>\$ 69,264</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, 2020  
(with comparative totals for August 31, 2019)**

**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, and at special events, proposals for funding to foundations and to, individuals for planned gifts, and other related development activities which generate public support.

**1. Summary of Significant Accounting Policies**

**Newly Adopted Accounting Pronouncement**

In July 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the accounting guidance for contributions received and contributions made. The amendments in this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of FASB Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other accounting guidance, and (2) distinguishing between conditional contributions and unconditional contributions. This ASU was adopted by the Association during the year ended August 31, 2020 and is reflected in the accompanying financial statements. Adoption of the ASU did not have a material impact on the Association's financial reporting.

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

**Notes to Financial Statements**

**August 31, 2020  
(with comparative totals for August 31, 2019)**

**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, 2019, 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, 2020  
(with comparative totals for August 31, 2019)**

**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 functions benefited based on the proportion of time spent on each function 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, 2020 and 2019 amounted to \$4,425 and \$4,768, respectively.

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

**Notes to Financial Statements**

**August 31, 2020  
(with comparative totals for August 31, 2019)**

**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 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 7, 2021, 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.

In November 2020, the Association was notified they would be receiving a bequest of approximately \$670,000 in 2021. The bequest will be recognized as contribution revenue during 2021.

**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.

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

**Notes to Financial Statements**

**August 31, 2020  
(with comparative totals for August 31, 2019)**

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.

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

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 248,566	\$ 69,264
Accounts receivable, net	80,329	82,318
Contributions receivable, net	-	11,036
Investments	458,284	491,964
Expected appropriation of donor-restricted endowed funds for use over the next 12 months	78,988	75,663
Expected appropriation of board-restricted endowed funds for use over the next 12 months	<u>676,400</u>	<u>439,168</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,542,567</u>	<u>\$ 1,169,413</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 with donor restrictions, which are more fully described in Note 3, that are not available for general expenditure within the next year.

**3. Investments**

The fair value of the investments is as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 995,204	\$ 703,397
U.S. Government agencies	1,040,177	1,406,332
Corporate and foreign bonds	1,215,049	736,724
Mutual funds	114,220	184,744
Exchange traded funds	133,250	132,743
Equities	<u>5,233,610</u>	<u>4,663,497</u>
	<u>\$ 8,731,510</u>	<u>\$ 7,827,437</u>

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

**Notes to Financial Statements**

**August 31, 2020  
(with comparative totals for August 31, 2019)**

Investments by class of net assets consist of the following:

	<u>2020</u>	<u>2019</u>
Without donor restrictions	\$ 6,899,338	\$ 5,723,292
With donor restrictions	<u>1,832,172</u>	<u>2,104,145</u>
	<u>\$ 8,731,510</u>	<u>\$ 7,827,437</u>

**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 ASC Topic 958 Subtopic 605, *Not-for-Profit Entities - Revenue Recognition*, related to accounting for contributions received, 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 \$70,975 and \$58,315 in 2020 and 2019, respectively.

**5. Contributions Receivable**

Contributions receivable consist of the following:

	<u>2020</u>	<u>2019</u>
Contributions receivable	\$ 98,842	\$ 240,458
Present value discount at 2.74%	<u>(3,162)</u>	<u>(2,179)</u>
	95,680	238,279
Less current portion	<u>82,919</u>	<u>212,873</u>
Contributions receivable, net of current portion	<u>\$ 12,761</u>	<u>\$ 25,406</u>

Contributions are due as follows:

Less than one year	\$ 82,919	\$ 212,873
One to five years	<u>15,923</u>	<u>27,585</u>
	<u>\$ 98,842</u>	<u>\$ 240,458</u>

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

**Notes to Financial Statements**

**August 31, 2020  
(with comparative totals for August 31, 2019)**

**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:

	<b>2020</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	\$ 995,204	\$ 995,204	\$ -	\$ -
U.S. Government agencies	1,040,177	-	1,040,177	-
Corporate and foreign bonds	1,215,049	-	1,215,049	-
Mutual funds	114,220	114,220	-	-
Exchange traded funds	133,250	133,250	-	-
Equities	<u>5,233,610</u>	<u>5,233,610</u>	<u>-</u>	<u>-</u>
	<b>8,731,510</b>	<b>6,476,284</b>	<b>2,255,226</b>	<b>-</b>
Beneficial interest in perpetual trusts	1,970,418	-	-	1,970,418
Charitable gift annuities obligation	<u>(400,295)</u>	<u>-</u>	<u>-</u>	<u>(400,295)</u>
	<b><u>\$ 10,301,633</u></b>	<b><u>\$ 6,476,284</u></b>	<b><u>\$ 2,255,226</u></b>	<b><u>\$ 1,570,123</u></b>

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

**Notes to Financial Statements**

**August 31, 2020  
(with comparative totals for August 31, 2019)**

	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>(40,529)</u>	<u>-</u>	<u>-</u>	<u>(40,529)</u>
	<u>\$ 9,600,167</u>	<u>\$ 5,684,381</u>	<u>\$ 2,143,056</u>	<u>\$ 1,772,730</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, 2018	\$ 1,862,275	\$ (40,565)
Change in value	<u>(49,016)</u>	<u>(2,849)</u>
Balance, August 31, 2019	1,813,259	(43,414)
Change in value	<u>157,159</u>	<u>(1,666)</u>
Balance, August 31, 2020	<u>\$ 1,970,418</u>	<u>\$ (45,080)</u>



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**7. Property and Equipment**

Property and equipment consists of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 66,000	\$ 66,000
Building and building improvements	1,453,023	1,416,306
Furniture and office equipment	478,729	470,301
Construction in progress	<u>5,415</u>	<u>8,523</u>
	<b>2,003,167</b>	<b>1,961,130</b>
Less accumulated depreciation	<u>1,390,790</u>	<u>1,346,032</u>
Property and equipment, net	<u><b>\$ 612,377</b></u>	<u><b>\$ 615,098</b></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 inventory, chattel paper, accounts, equipment and general intangibles. The interest rate is the Wall Street Journal Prime Rate plus 0.50% (3.75% at August 31, 2020). There was no outstanding balance on the line of credit at August 31, 2020 and 2019.

**9. Note Payable**

Long-term debt consists of the following:

	<u>2020</u>	<u>2019</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.	\$ 36,662	\$ 57,071
Less current portion	<u>(27,246)</u>	<u>(27,246)</u>
Long-term debt, excluding current portion	<u><b>\$ 9,416</b></u>	<u><b>\$ 29,825</b></u>

Future maturities of long-term debt are as follows:

2021	\$ 27,246	
2022	<u>9,416</u>	
	<u><b>\$ 36,662</b></u>	

Cash paid for interest approximates interest expense for the years ended August 31, 2020 and 2019.

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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 \$45,080 and \$43,414 at August 31, 2020 and 2019, 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 \$39,798 and \$23,180 for 2020 and 2019, respectively.

**12. Concentrations**

For the years ended August 31, 2020 and 2019, approximately 36% and 25%, 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 was obligated to make payments of \$2,000 a month until August 2020. There was no liability accrued at August 31, 2020. Liabilities accrued under these plans amounted to \$23,238 at August 31, 2019.

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**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.

**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 net assets with perpetual donor restrictions (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

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**Endowment Composition and Changes in Endowment**

The endowment net assets composition by type of fund as of August 31, 2020 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 1,832,172	\$ 1,832,172
Board-designated endowment funds	<u>6,285,094</u>	<u>-</u>	<u>6,285,094</u>
Total funds	<u>\$ 6,285,094</u>	<u>\$ 1,832,172</u>	<u>\$ 8,117,266</u>

The changes in endowment net assets for the year ended August 31, 2020 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, August 31, 2019	\$ 5,598,461	\$ 1,670,289	\$ 7,268,750
Investment return			
Investment income	117,169	28,179	145,348
Net appreciation	<u>701,753</u>	<u>209,367</u>	<u>911,120</u>
Total investment return	818,922	237,546	1,056,468
Contributions	324,096	-	324,096
Withdrawals	(17,218)	-	(17,218)
Endowment assets appropriated for expenditure	<u>(439,167)</u>	<u>(75,663)</u>	<u>(514,830)</u>
Endowment net assets, August 31, 2020	<u>\$ 6,285,094</u>	<u>\$ 1,832,172</u>	<u>\$ 8,117,266</u>

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The endowment net assets composition by type of fund as of August 31, 2019 was 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>

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>

**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.

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**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 mitigate 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 donor 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 \$75,663 and \$73,097 for operating purposes for the years ended August 31, 2020 and 2019, 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 \$439,167 and \$462,261 for operating purposes for the years ended August 31, 2020 and 2019, 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, 2020 and 2019, 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>2020</u>	<u>2019</u>
Funds maintained subject to expenditure for a specified purpose:		
Manchester area senior women	\$ 36,411	\$ 26,225
Education, training and support to Greater Nashua	6,000	-
Early support services capacity building	-	25,000
Lives & Thrives program	-	88,531
To assist patients with glaucoma and glaucoma related research	-	433,855
Elderly in Manchester area	17,987	-
Support of volunteer client transportation	25,000	-
Contributions receivable - time restriction	98,842	236,317
Other	-	15,644
Net appreciation of net assets with perpetual restrictions to be used for general charitable purposes	<u>670,998</u>	<u>509,115</u>
Total funds maintained subject to expenditure for a specified purpose	<u>\$ 855,238</u>	<u>\$ 1,334,687</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>1,970,418</u>	<u>1,813,259</u>
Total funds maintained in perpetuity	<u>\$ 3,131,592</u>	<u>\$ 2,974,433</u>
Total net assets with donor restrictions	<u>\$ 3,986,830</u>	<u>\$ 4,309,120</u>
Net assets released from restrictions consisted of the following:		
	<u>2020</u>	<u>2019</u>
Operating purposes or time restrictions accomplished	<u>\$ 874,920</u>	<u>\$ 465,656</u>

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**16. Uncertainty**

On March 11, 2020, the World Health Organization declared coronavirus disease (COVID-19) a global pandemic. Local, U.S., and world governments encouraged self-isolation to curtail the spread of COVID-19 by mandating the temporary shut-down of business in many sectors and imposing limitations on travel and the size and duration of group gatherings. Most sectors are experiencing disruption to business operations and may feel further impacts related to delayed government reimbursement. The Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020 provides several relief measures to allow flexibility to providers to deliver critical care. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and additional government actions to mitigate them. Accordingly, while management expects this matter to impact operating results, the related financial impact and duration cannot be reasonably estimated.

The U.S. government has responded with three phases of relief legislation, as a response to the COVID-19 outbreak. Recent legislation was enacted into law on March 27, 2020, called the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), a statute to address the economic impact of the COVID-19 outbreak. The CARES Act, among other things, 1) authorizes emergency loans to distressed businesses by establishing, and providing funding for, forgivable bridge loans, 2) provides additional funding for grants and technical assistance, and 3) delays due dates for employer payroll taxes and estimated tax payments for organizations. Management has evaluated the impact of the CARES Act on the Association, including its potential benefits and limitations that may result from additional funding that has been made available. During 2020, the Association obtained \$358,100 under the CARES Act Paycheck Protection Program (PPP). The PPP has specific criteria for eligibility and provides for forgiveness of the funds under this program if the Association meets certain requirements. Any portion of the funds that are not forgiven is to be repaid within 2 years at a 1% interest rate. As of August 31, 2020, the Association is reporting the PPP funds as CARES Act funding advance in the statement of financial position. On November 16, 2020, the Association received notice from the Small Business Administration that \$348,100 was forgiven and \$10,000 is required to be returned. The full amount of the PPP Funds will be recognized as grant revenue during 2021.