# NEW HAMPSHIRE ASSOCIATION FOR THE BLIND D/B/A FUTURE IN SIGHT

## FINANCIAL REPORT

## AUGUST 31, 2017

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# *INDEPENDENT AUDITOR'S REPORT*

To the Board of Directors
New Hampshire Association for the Blind d/b/a Future In Sight
Concord, New Hampshire 03301

We have audited the accompanying financial statements of the New Hampshire Association for the Blind d/b/a Future In Sight (the "Organization"), which comprise the statement of financial position as of August 31, 2017, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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



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expressing an opinion on the effectiveness of the Organization'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 New Hampshire Association for the Blind d/b/a Future In Sight as of August 31, 2017, and the results of its operations, changes in net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the Organization's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 19, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Nathan Wechsler & Company

Concord, New Hampshire
January 18, 2018

## NEW HAMPSHIRE ASSOCIATION FOR THE BLIND D/B/A FUTURE IN SIGHT

## STATEMENTS OF FINANCIAL POSITION
**August 31, 2017 and 2016**

***ASSETS***

| | 2017 | 2016 |
|---|---|---|
| **CURRENT ASSETS** | | |
| Cash | $ 13,047 | $ 92,351 |
| Accounts receivable, net | 73,342 | 59,654 |
| Interest and dividends receivable | 22,649 | 13,228 |
| Supplies inventory | 28,174 | 53,642 |
| Prepaid and reimbursable expenses | 32,627 | 43,962 |
| *Total current assets* | 169,839 | 262,837 |
| **PROPERTY AND EQUIPMENT, net** | 655,155 | 592,690 |
| **OTHER ASSETS** | | |
| Other investment, charitable gift annuities | 66,621 | 66,629 |
| Beneficial interest in trusts | 1,784,383 | 1,696,149 |
| Investment - deferred compensation fund | 69,737 | 109,227 |
| Investment - endowment | 6,727,190 | 6,365,466 |
| | 8,647,931 | 8,237,471 |
| *Total assets* | **$ 9,472,925** | **$ 9,092,998** |

***LIABILITIES AND NET ASSETS***

| | 2017 | 2016 |
|---|---|---|
| **CURRENT LIABILITIES** | | |
| Current maturities of long-term debt | $ 26,707 | $ - |
| Accounts payable | 25,104 | 39,292 |
| Accrued payroll and related taxes | 86,133 | 95,004 |
| Deferred revenue | 450 | 9,270 |
| Current portion of charitable gift annuities obligation | 3,655 | 5,487 |
| Accrued deferred compensation | 36,757 | 115,573 |
| *Total current liabilities* | 178,806 | 264,626 |
| **LONG-TERM LIABILITIES** | | |
| Long-term debt, less current maturities | 84,045 | - |
| Accrued deferred compensation | 41,712 | 64,138 |
| Present value obligation of charitable gift annuities | 45,088 | 50,392 |
| *Total liabilities* | 349,651 | 379,156 |
| **COMMITMENTS (See Notes)** | | |
| **NET ASSETS** | | |
| Unrestricted, undesignated | 313,561 | 302,142 |
| Unrestricted, board designated | 5,238,227 | 4,995,746 |
| Total unrestricted | 5,551,788 | 5,297,888 |
| Temporarily restricted | 625,929 | 612,663 |
| Permanently restricted | 2,945,557 | 2,803,291 |
| *Total net assets* | 9,123,274 | 8,713,842 |
| *Total liabilities and net assets* | **$ 9,472,925** | **$ 9,092,998** |

*See Notes to Financial Statements.*

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

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**
**Year Ended August 31, 2017 and Comparative Totals for Year Ended August 31, 2016**

| | Unrestricted Operating | Board Designated | Temporarily Restricted | Permanently Restricted | Total 2017 | Total 2016 |
|---|---|---|---|---|---|---|
| Support and revenues: | | | | | | |
| Public support | $ 360,398 | $ 377,114 | $ 376,561 | $ 54,032 | $ 1,168,105 | $ 978,092 |
| Service revenue | 741,094 | - | - | - | 741,094 | 581,950 |
| Endowment spending draw for operations (Note 12) | 555,662 | - | 70,451 | - | 626,113 | 435,396 |
| *Total public support and revenue, including endowment draw for operations* | 1,657,154 | 377,114 | 447,012 | 54,032 | 2,535,312 | 1,995,438 |
| Net assets released from restrictions for satisfaction of program restrictions | 502,536 | - | (502,536) | - | - | - |
| Expenses: | | | | | | |
| Program services | 1,392,142 | - | - | - | 1,392,142 | 1,243,488 |
| Public support | 325,957 | - | - | - | 325,957 | 396,325 |
| General and administration | 536,770 | - | - | - | 536,770 | 600,932 |
| *Total expenses* | 2,254,869 | - | - | - | 2,254,869 | 2,240,745 |
| Change in net assets prior to nonoperating activities and transfers | (95,179) | 377,114 | (55,524) | 54,032 | 280,443 | (245,307) |
| Nonoperating activities and transfers: | | | | | | |
| Realized and unrealized gains, net of investment fees of $50,320 | 16 | 351,073 | 102,270 | - | 453,359 | 398,222 |
| Interest and dividend income | 336 | 117,956 | 34,620 | - | 152,912 | 127,941 |
| Change in value of charitable gift annuities | - | - | 2,351 | - | 2,351 | (11,348) |
| Investment income from trusts | 58,246 | - | - | - | 58,246 | 54,204 |
| Endowment spending draw for operations (Note 12) | - | (555,662) | (70,451) | - | (626,113) | (435,396) |
| Change in value of beneficial interest in trusts | - | - | - | 88,234 | 88,234 | 55,375 |
| Transfer of funds for deferred compensation | 48,000 | (48,000) | - | - | - | - |
| *Total nonoperating activities and transfers* | 106,598 | (134,633) | 68,790 | 88,234 | 128,989 | 188,998 |
| Increase (decrease) in unrestricted net assets | 11,419 | 242,481 | - | - | 253,900 | (249,339) |
| Increase in temporarily restricted net assets | - | - | 13,266 | - | 13,266 | 137,655 |
| Increase in permanently restricted net assets | - | - | - | 142,266 | 142,266 | 55,375 |
| *Net increase (decrease) in net assets* | 11,419 | 242,481 | 13,266 | 142,266 | 409,432 | (56,309) |
| Net assets, beginning of year | 302,142 | 4,995,746 | 612,663 | 2,803,291 | 8,713,842 | 8,770,151 |
| *Net assets, end of year* | **$ 313,561** | **$ 5,238,227** | **$ 625,929** | **$ 2,945,557** | **$ 9,123,274** | **$ 8,713,842** |

*See Notes to Financial Statements.*

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

## STATEMENT OF FUNCTIONAL EXPENSES

**Year Ended August 31, 2017 and Comparative Totals for Year Ended August 31, 2016**

| | Program Services | Public Support | General and Administration | Total 2017 | Total 2016 |
|---|---|---|---|---|---|
| Direct expenses: | | | | | |
| Personnel expenses | $ 1,028,439 | $ 186,637 | $ 371,974 | $ 1,587,050 | $ 1,543,875 |
| Client aids and program supplies | 56,341 | - | - | 56,341 | 99,177 |
| Client programs and transportation | 8,737 | - | - | 8,737 | 8,281 |
| Professional fees | 25,589 | 35,989 | 112,905 | 174,483 | 134,361 |
| Staff training and development | 5,663 | 2,977 | 300 | 8,940 | 11,649 |
| Office equipment and supplies | 24,237 | 28,449 | 3,783 | 56,469 | 35,107 |
| Telephone | 1,389 | - | - | 1,389 | 1,883 |
| Postage and shipping | - | 6,026 | 760 | 6,786 | 15,885 |
| Travel | 88,345 | 7,839 | 5,354 | 101,538 | 88,613 |
| Events and activities | 7,790 | 12,624 | 2,860 | 23,274 | 19,067 |
| Printing and publications | 8,783 | 11,877 | 2,357 | 23,017 | 15,774 |
| Dues and subscriptions | 2,667 | 775 | 6,190 | 9,632 | 9,663 |
| Interest expense | - | - | 1,137 | 1,137 | - |
| Miscellaneous | 1,290 | 10,063 | 2,430 | 13,783 | 10,730 |
| Bad debt expense (recovery) and change in provisions for doubtful accounts | 2,714 | - | - | 2,714 | (939) |
| Indirect expenses: | | | | | |
| Occupancy | 68,741 | 11,300 | 14,125 | 94,166 | 97,966 |
| Information technology | 30,015 | 6,229 | 6,099 | 42,343 | 53,684 |
| General office | 31,402 | 5,172 | 6,496 | 43,070 | 95,969 |
| *Total functional expenses* | **$ 1,392,142** | **$ 325,957** | **$ 536,770** | **$ 2,254,869** | **$ 2,240,745** |

*See Notes to Financial Statements.*

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

**STATEMENTS OF CASH FLOWS**
**Years Ended August 31, 2017 and 2016**

| | | 2017 | | 2016 |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Increase (decrease) in net assets | $ | 409,432 | $ | (56,309) |
| Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities: | | | | |
| Depreciation | | 52,156 | | 63,085 |
| Bad debt expense (recovery) and provision for doubtful accounts | | 2,714 | | (939) |
| Increase in value of beneficial interest in trusts (Note 4) | | (88,234) | | (55,375) |
| Net realized and unrealized gain on investments net of fees | | (453,359) | | (398,222) |
| Change in value of charitable gift annuities, net | | (2,351) | | 11,348 |
| (Increase) decrease in accounts receivable | | (16,402) | | 19,865 |
| (Increase) decrease in supplies inventory | | 25,468 | | (24,752) |
| (Increase) decrease in prepaid and reimbursable expenses | | 11,336 | | (12,546) |
| Decrease in accounts payable | | (14,188) | | (25,245) |
| Increase (decrease) in deferred revenue | | (8,820) | | 9,170 |
| Increase (decrease) in accrued payroll and related taxes | | (8,872) | | 28,523 |
| Increase (decrease) in accrued deferred compensation | | (101,242) | | 27,612 |
| *Net cash used in operating activities* | | **(192,362)** | | **(413,785)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Proceeds from sales and redemption of investments | | 700,630 | | 676,432 |
| Purchase of investment securities | | (583,703) | | (244,348) |
| Purchase of property and equipment | | (114,621) | | (16,677) |
| *Net cash provided by investing activities* | | **2,306** | | **415,407** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Borrowings on long-term debt | | 135,000 | | - |
| Repayments on long-term debt | | (24,248) | | - |
| *Net cash provided by financing activities* | | **110,752** | | **-** |
| *Net increase (decrease) in cash* | | **(79,304)** | | **1,622** |
| Cash, beginning of year | | 92,351 | | 90,729 |
| *Cash, end of year* | **$** | **13,047** | **$** | **92,351** |
| Cash paid for interest | $ | 1,137 | $ | - |

*See Notes to Financial Statements.*

## Note 1. Nature of Activities

The New Hampshire Association for the Blind d/b/a Future In Sight (the "Organization") is a private, nonprofit organization established in 1912 and incorporated in 1933 under the laws of the state of New Hampshire. The Organization was rebranded as Future in Sight in 2017. The primary mission of the Organization 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 Organization is exempt from federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code.

The Organization 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 Organization 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 Organization's central headquarters is located in Concord, New Hampshire. The Organization 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 Organization 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.

## Note 2. Significant Accounting Policies

**Basis of accounting:** The financial statements of the Organization have been prepared on the accrual basis. Under the accrual basis, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

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**Estimates and assumptions:** The Organization prepares its financial statement in accordance with generally accepted accounting principles. Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results may differ from those estimates.

**Basis of presentation:** The Organization accounts for contributions received in accordance with the FASB Accounting Standards Codification topic for revenue recognition (FASB ASC 958-605) and contributions made in accordance with FASB ASC 958-720-25 and FASB ASC 958-310. In accordance with FASB ASC 958-605-25, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. In addition, FASB ASC 958-310 requires that unconditional promises to give (pledges) be recorded as receivables and recognized as revenues.

The Organization adheres to the Presentation of Financial Statements for Not-for-Profit Organizations topic of FASB ASC 958-205. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Descriptions of the three net asset categories are as follows:

*Unrestricted net assets* include both undesignated and designated net assets, which include revenues, expenses and contributions pledged which are not subject to any donor-imposed restrictions or time restrictions and revenues designated by the Board of Directors for special purposes and their related expenses.

*Temporarily restricted net assets* include contributions and gifts for which donor-imposed restrictions will be met either by the passage of time or the actions of the Organization and also includes the accumulated appreciation related to permanently restricted endowment gifts, which is a requirement of FASB ASC 958-205-45.

*Permanently restricted net assets* include gifts which require, by donor restriction, that the corpus be invested in perpetuity and only the income or a portion thereof be made available for program operations in accordance with donor restrictions. Permanently restricted net assets also include trust funds held by others which are permanently restricted for the benefit of the Organization.

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**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 Organization's financial statements for the year ended August 31, 2016, from which the summarized information was derived.

**Contributions and contributions receivable:** Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization is the recipient of contributions which contain donor-imposed restrictions as to the use of funds and also contain the condition that the funds must be used within a specified period of time or be returned to the donor at the end of the specified period. When the future events that will meet the conditions imposed are uncertain, the Organization treats the contribution as a conditional promise to give. These conditional promises to give are recognized when the conditions are satisfied. Any assets contributed before the conditions are met are recorded as deferred revenue.

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

**Cash and cash equivalents:** For purposes of reporting cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. As of August 31, 2017 the Organization had no cash equivalents.

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Temporary cash positions held within the investment portfolio have been excluded from cash on the statement of financial position and are included in investment balances.

**Accounts receivable:** The Organization utilizes the allowance method of recording bad debt expense whereby the Organization records an allowance for doubtful accounts based on a review of outstanding balances and past history. The accounts receivable balance is shown net of an allowance for doubtful accounts of $2,978 at August 31, 2017. Bad debts for the year ended August 31, 2017 amounted to $590.

**Supplies inventory:** Inventories are stated at the lower of cost (first-in, first-out) or market and consist of 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 Organization 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 year ended August 31, 2017 amounted to $5,219.

**Property and equipment:** The Organization follows the policy of charging to functional expenses annual amounts of depreciation which allocates the cost of buildings, furniture, fixtures and equipment over their estimated useful lives.

Depreciation of property and equipment is computed using the straight-line method over the following useful lives:

| | **Years** |
|---|---|
| Buildings | 33 |
| Building improvements | 3-33 |
| Furniture and office equipment | 5-20 |
| Software | 3 |

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Additions and betterments of $1,000 or more are capitalized. Maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred.

**Contributed goods and services:** The Organization receives various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals processing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The Organization received donated materials, supplies and professional services amounting to $6,104 for the year ending August 31, 2017 which has been reflected as public support and expensed to the various expense accounts.

In addition, a number of unpaid volunteers have made contributions of their time and talent to develop the Organization's programs. Although these donated services are of great intangible value to the Organization, they are not reflected in the financial statements since they did not meet the criteria for recognition.

**Income taxes:** The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from state income taxes by virtue of its ongoing exemption from federal income taxes. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Organization has adopted the provisions of FASB ASC 740, Accounting for Uncertainty in Income Taxes. Accordingly, management has evaluated the Organization's tax positions and concluded the Organization had maintained its tax-exempt status, does not have any significant unrelated business income and had taken no uncertain tax positions that require adjustment or disclosure in the financial statements. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. Federal or State tax authorities for tax years before 2014.

## *Note 3. Investments*

Investments are presented in the financial statements in the aggregate at fair value. Investments were composed of the following at August 31, 2017:

| | Cost Value | Fair Value | Unrealized Appreciation |
|---|---|---|---|
| Short term investments | $ 411,423 | $ 411,423 | $ - |
| Equities | 3,725,413 | 4,600,095 | 874,682 |
| Fixed Income | 1,775,056 | 1,785,409 | 10,353 |
| *Total* | $ 5,911,892 | $ 6,796,927 | $ 885,035 |

Charitable gift annuities are presented in the financial statements in the aggregate at fair value. These investments were composed of the following at August 31, 2017:

| | Cost Value | Fair Value | Unrealized Appreciation |
|---|---|---|---|
| Short term investments | $ 1,008 | $ 1,008 | $ - |
| Equities | 30,723 | 36,920 | 6,197 |
| Fixed Income | 23,840 | 28,693 | 4,853 |
| *Total* | $ 55,571 | **$ 66,621** | $ 11,050 |

Total investment income (interest and dividends) on the above investments amounted to $152,576 for the year ended August 31, 2017.

## *Note 4. Beneficial Interest in Trusts*

The Organization is the beneficiary of several irrevocable perpetual trusts, managed by independent financial institutions. The Organization receives distributions from six trusts based on the income earned and annual distributions made by the trust. The Organization received $58,246 from these trusts in 2017. This amount is recorded as unrestricted investment income. The Organization's portion of the fair value of the trusts, which approximates the present value of future benefits expected to be received, amounted to $1,784,383 at August 31, 2017.

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In accordance with FASB ASC 958-605, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*, the Organization has recorded the change in these investments on the statement of activities and changes in net assets.

## *Note 5. Fair Value Measurements*

The Fair Value Measurements Topic of FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets at the measurement date. The types of assets carried at the level 1 fair value generally are securities listed in active markets, certificates of deposit and certain money market accounts.

Level 2 – Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option-pricing models, discounted cash flow models, and similar techniques.

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

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Financial assets and (liabilities) carried at fair value on a recurring basis consist of the following at August 31, 2017:

| | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| Money market fund | $ - | $ 412,431 | $ - |
| U.S. Government agencies | - | 601,985 | - |
| Corporate and foreign bonds | - | 1,212,117 | - |
| Equities: | | | |
| Mid Cap | 3,908 | - | - |
| Large Cap | 57,734 | - | - |
| International | 223,244 | - | - |
| Technology | 861,359 | - | - |
| Finance | 614,518 | - | - |
| Energy | 530,383 | - | - |
| Healthcare | 619,368 | - | - |
| Industrial and materials | 762,873 | - | - |
| Consumer Cyclical | 469,781 | - | - |
| Consumer Staples | 493,847 | - | - |
| Present value obligation of charitable gift annuities | - | (48,743) | - |
| Beneficial interest in perpetual trusts | - | - | 1,784,383 |
| *Total* | $ 4,637,015 | $ 2,177,790 | $ 1,784,383 |

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Assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (level 3) for the year ended August 31, 2017:

| | Beneficial interest in perpetual trusts |
|---|---|
| Balance, beginning of year | $ 1,696,149 |
| Total realized and unrealized gains, net of fees, included in changes in net assets | 88,234 |
| Balance, end of year | $ 1,784,383 |
| Amount of realized and unrealized gains attributable to assets still held at the reporting date, included in changes in net assets | $ 88,234 |

All assets and liabilities have been valued using a market or income approach and have been consistently applied. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources.

The income approach uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

## *Note 6. Property and Equipment*

Property and equipment, at cost, were comprised of the following at August 31, 2017:

| | | |
|---|---|---|
| Land | $ | 66,000 |
| Building and building improvements | | 1,386,944 |
| Furniture and office equipment | | 524,135 |
| *Total property and equipment* | | 1,977,079 |
| Less accumulated depreciation | | 1,321,924 |
| *Total property and equipment, net* | **$** | **655,155** |

Total depreciation expense for the year ended August 31, 2017 amounted to $52,156.

## *Note 7. Note Payable*

During the year ended August 31, 2017 the Organization finalized a Direct Loan from NHHEFA amounting to $135,000 for a five year term at an interest rate of 1%. This loan was to finance capital improvements on the building owned by the Organization. Payments of interest and principal of $2,308 are due monthly, expiring September 2021. The total outstanding on this loan at August 31, 2017 amounted to $110,752.

Debt service requirements at August 31, 2017 are as follows:

| Year Ended August 31, | | |
|---|---|---|
| 2018 | $ | 26,707 |
| 2019 | | 26,975 |
| 2020 | | 27,246 |
| 2021 | | 27,520 |
| 2022 | | 2,304 |
| *Total* | $ | 110,752 |

## *Note 8. Charitable Gift Annuities*

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

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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 $48,743 at August 31, 2017.

Under Chapter 403-E of New Hampshire Revised Statutes Annotated, charitable gift annuities are exempt from insurance regulation. To qualify for exemption, a charity must have been in continuous operation for at least 3 years and have at least $300,000 in unrestricted cash, cash equivalents or publicly traded securities, not counting the annuity gift. The Organization has complied with these requirements.

New Hampshire requires a charity to retain 100 percent of the contributions received for gift annuities, increased by earnings and decreased by annuity payments and properly allocated expenses. Such gifts must be invested in accordance with the general standards of prudent investment (RSA 564-A:3-b) therefore these contributions have been included as temporarily restricted for the remaining life of the donor.

## *Note 9. Legacies and Bequests*

The Organization adopted the policy of adding all proceeds from unrestricted legacies and bequests to the board-designated investment funds. In the current year, the Organization received $430,283 in proceeds from bequests, $376,251 of these bequests were unrestricted. The unrestricted funds have been invested in accordance with the Organization's policy.

## *Note 10. Retirement Plan*

The Organization offers a 403(b) tax deferred annuity retirement plan. The Organization matches 5.0% of employee's annual salary and covers all full time employees and part time employees working over 20 hours per week who have completed a minimum of six months of service and attained the age of 20 ½. Total pension expense for the year ended August 31, 2017 amounted to $29,658 and is included in personnel expense in the accompanying financial statements. Voluntary employee contributions are permitted to the maximum allowed by law.

## Note 11. Deferred Compensation Commitment

The Organization entered into a Selective Management Compensation Plan (SMCP) whereby the Organization 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 continued to work for the Organization for specified terms, the Organization is obligated to make monthly retirement payments. Former key employees participating in the plan have met these terms and the Organization 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 $69,712 at August 31, 2017. The compensation expense under these plans was recorded in prior years corresponding to the years of service provided. The Organization has funded this liability with a separate deferred compensation investment account. 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 31, 2017.

## Note 12. Endowment Funds and Net Assets

The Organization adheres to the Other Presentation Matters section of the Presentation of Financial Statements for Not-for-Profit Organizations topic of FASB ASC 958-205-45. FASB ASC 958-205-45 provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). FASB ASC 958-205-45 also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of New Hampshire enacted UPMIFA effective July 1, 2008, the provisions of which apply to endowment funds existing on or established after that date. The Organization has adopted FASB ASC 958-205-45 for the year ending August 31, 2009. The Organization's endowment consists of approximately 12 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) 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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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, and (7) the investment policies of the Organization.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. Deficiencies result from unfavorable market fluctuations that occur after the investment of new permanently restricted contributions and continued appropriation for certain programs as directed by the donor. There were no such deficiencies as of August 31, 2017.

Investment Return Objectives, Risk Parameters and Strategies: The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to provide annual distributions,

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while growing the funds if possible. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy: The Organization has a policy of appropriating for distribution each year 5% of its permanently restricted endowment fund's average fair value of the trailing twelve quarters ending with the preceding fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity based on donor restrictions, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow at a nominal average rate consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

The board-designated funds contain funds which have no donor restrictions but which the Board of Directors has designated to spend based upon a formula which considers both earnings and the amount of annual bequests received.

The Organization 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 for 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. These transfers may exceed the 70% with proper Board approval.

Endowment net asset composition by type of fund as of August 31, 2017 is as follows:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| Donor-restricted endowment fund | $ - | $ 388,033 | $ 1,161,174 | $ 1,549,207 |
| Board-designated endowment funds | 5,168,207 | - | - | 5,168,207 |
| *Total* | $ 5,168,207 | $ 388,033 | $ 1,161,174 | $ 6,717,414 |

*(continued on next page)*

Changes in endowment net assets as of August 31, 2017 are as follows:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| Endowment net assets, beginning of year | $ 4,886,284 | $ 326,420 | $ 1,107,142 | $ 6,319,846 |
| Investment return: | | | | |
| Investment income | 115,901 | 33,240 | - | 149,141 |
| Net appreciation realized and unrealized, net of fees | 344,570 | 98,824 | - | 443,394 |
| Total investment return | 460,471 | 132,064 | - | 592,535 |
| Contributions | 377,114 | - | 54,032 | 431,146 |
| Appropriation of endowment assets for expenditure related to spending draw | (555,662) | (70,451) | - | (626,113) |
| Endowment net assets, end of year | 5,168,207 | 388,033 | 1,161,174 | 6,717,414 |
| Due from operations to endowment investments | (16,707) | - | - | (16,707) |
| Other temporarily restricted net assets invested in endowment | - | 26,483 | - | 26,483 |
| *Total* | $ 5,151,500 | $ 414,516 | $ 1,161,174 | **$ 6,727,190** |

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Temporarily restricted net assets were comprised of the following at August 31, 2017:

| | |
|---|---|
| Manchester area senior women | $ 108,309 |
| Technology upgrades | 26,483 |
| Social work | 25,000 |
| Peer support programs | 10,360 |
| Occupational therapy | 50,000 |
| Various other programs | 17,744 |
| Portion of perpetual endowment funds subject to time restriction under UPMIFA | 388,033 |
| *Total temporarily restricted net assets* | **$ 625,929** |

Permanently restricted net assets represent original gift values of contributions to the Organization's permanent endowment. The income is unrestricted for general operation. Permanently restricted net assets also include the Organization's beneficial interest in trusts. The funds consisted of the following at August 31, 2017:

| | |
|---|---|
| Principal restricted, 5% maximum distribution | $ 824,215 |
| Principal restricted, greater of income or 6% | 336,959 |
| Beneficial interest in trusts | 1,784,383 |
| *Total permanently restricted net assets* | **$ 2,945,557** |

## *Note 13. Fundraising*

Sources of fundraising income include a walk-a-thon, charitable gaming nights and Dining in the Dark events. Gross revenues and expenses from special event fundraising activities amounted to the following at August 31, 2017:

| | |
|---|---|
| Gross revenue | $ 133,671 |
| Co-sponsorship cost | 7,470 |
| Event expenses | 43,240 |
| *Net fundraising income* | $ 82,961 |

## *Note 14. Fiscal Agent Activity*

In a prior year the Organization entered into a fiscal sponsorship agreement with 20/20 Vision Quest, founded by a board member of the Organization. Under this agreement, which allows the Organization to charge a nominal administration fee, the Organization receives contributions solicited by the sponsoree and pays expenses from contributions collected on behalf and under the directive of the sponsoree. The Organization has no variance power over the funds. The contributions and related expenses are not recorded in the accompanying statement of activities and changes in net assets. This agreement was terminated in the current year and accordingly, no service fees or contributions were recognized as a result of the fiscal sponsorship agreement. At August 31, 2017 the Organization held no in funds from this fiscal sponsorship agreement payable to 20/20 Vision Quest.

## *Note 15. Subsequent Events*

The Organization has evaluated subsequent events through January 18, 2018, the date which the financial statements were available to be issued, and have not evaluated subsequent events after that date. No subsequent events were identified that would require disclosure in the financial statements for the year ended August 31, 2017.