

**THE CARROLL CENTER  
FOR THE BLIND, INC.**

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**FINANCIAL STATEMENTS  
YEARS ENDED  
JUNE 30, 2015 AND JUNE 28, 2014**

# THE CARROLL CENTER FOR THE BLIND, INC.

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Dorothy F. Di Pesa, CPA  
John F. Oteri, CPA

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
The Carroll Center for the Blind, Inc.

Ladies and Gentlemen:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Carroll Center for the Blind, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and June 28, 2014, and the related statements of activities, 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 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 Carroll Center for the Blind, Inc. as of June 30, 2015 and June 28, 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2015, on our consideration of The Carroll Center for the Blind's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Carroll Center for the Blind Inc.'s internal control over financial reporting and compliance.

Respectfully submitted,  
DI PESA & COMPANY

*Di Pesa & Company*

Certified Public Accountants  
Quincy, Massachusetts  
November 9, 2015

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# THE CARROLL CENTER FOR THE BLIND, INC.

## STATEMENTS OF FINANCIAL POSITION JUNE 30, 2015 AND JUNE 28, 2014

	<u>2015</u>	<u>2014</u>
<b><u>ASSETS</u></b>		
<b><u>CURRENT ASSETS</u></b>		
Cash and Cash Equivalents	\$ 404,990	\$ 267,354
Accounts Receivable, Net of Allowance for Uncollectible Accounts of \$11,552 in 2015 and \$13,520 in 2014	927,902	691,155
Bequests Receivable	4,500	553,283
Inventories	96,254	80,049
Prepaid Expenses	<u>149,903</u>	<u>102,525</u>
<b><u>TOTAL CURRENT ASSETS</u></b>	<b><u>1,583,549</u></b>	<b><u>1,694,366</u></b>
<b><u>OTHER ASSETS</u></b>		
Investments, at Fair Value	2,501,854	3,362,264
Other Assets	<u>4,025</u>	<u>4,025</u>
<b><u>TOTAL OTHER ASSETS</u></b>	<b><u>2,505,879</u></b>	<b><u>3,366,289</u></b>
<b><u>LAND, BUILDINGS AND EQUIPMENT – NET</u></b>	<b><u>3,628,809</u></b>	<b><u>3,649,971</u></b>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 7,718,237</u></b>	<b><u>\$ 8,710,626</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Accounts Payable	\$ 134,396	\$ 162,023
Accrued Payroll and Related Items	276,291	275,326
Accrued Expenses	<u>42,638</u>	<u>39,496</u>
<b><u>TOTAL CURRENT LIABILITIES</u></b>	<b><u>453,325</u></b>	<b><u>476,845</u></b>
<b><u>NET ASSETS</u></b>		
Unrestricted	6,399,615	7,436,058
Temporarily Restricted	279,030	211,456
Permanently Restricted	<u>586,267</u>	<u>586,267</u>
<b><u>TOTAL NET ASSETS</u></b>	<b><u>7,264,912</u></b>	<b><u>8,233,781</u></b>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b><u>\$ 7,718,237</u></b>	<b><u>\$ 8,710,626</u></b>

See accompanying notes to financial statements

**THE CARROLL CENTER FOR THE BLIND, INC.**

**STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2015 AND JUNE 28, 2014**

	<u>Year Ended June 30, 2015</u>				<u>Year Ended June 28, 2014</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b><u>REVENUES, GAINS AND OTHER SUPPORT</u></b>								
Program Revenue	\$ 4,878,914	\$ 1,700	\$ -	\$ 4,880,614	\$ 4,216,462	\$ 13,377	\$ -	\$ 4,229,839
Contributions & Bequests	966,119	323,596	-	1,289,715	1,447,593	248,679	-	1,696,272
Other	20,682	-	-	20,682	4,613	-	-	4,613
Investment Income	28,863	-	-	28,863	17,046	-	-	17,046
Gain on sale of real estate, net	-	-	-	-	2,176,651	-	-	2,176,651
Net Realized and Unrealized (Losses) or Gains on Investments	(27,185)	-	-	(27,185)	17,435	-	-	17,435
Net Assets Released from Restrictions: Satisfaction by Payments	257,722	(257,722)	-	-	260,435	(260,435)	-	-
<b><u>TOTAL REVENUES, GAINS AND OTHER SUPPORT</u></b>	<b><u>6,125,115</u></b>	<b><u>67,574</u></b>	<b><u>-</u></b>	<b><u>6,192,689</u></b>	<b><u>8,140,235</u></b>	<b><u>1,621</u></b>	<b><u>-</u></b>	<b><u>8,141,856</u></b>
<b><u>EXPENSES</u></b>								
Program Services:								
Personal and Vocational Adjustment	1,849,898	-	-	1,849,898	1,776,626	-	-	1,776,626
Mobility	603,072	-	-	603,072	566,477	-	-	566,477
Educational Services	1,552,424	-	-	1,552,424	1,386,653	-	-	1,386,653
Diagnostic and Evaluation	457,664	-	-	457,664	436,968	-	-	436,968
Accessible Instructional Materials Library	635,513	-	-	635,513	636,106	-	-	636,106
Other Programs	540,711	-	-	540,711	499,873	-	-	499,873
General and Administrative	1,043,520	-	-	1,043,520	950,664	-	-	950,664
Fundraising	478,756	-	-	478,756	441,458	-	-	441,458
<b><u>TOTAL EXPENSES</u></b>	<b><u>7,161,558</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>7,161,558</u></b>	<b><u>6,694,825</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>6,694,825</u></b>
<b><u>CHANGE IN NET ASSETS</u></b>	<b><u>\$ (1,036,443)</u></b>	<b><u>\$ 67,574</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (968,869)</u></b>	<b><u>\$ 1,445,410</u></b>	<b><u>\$ 1,621</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,447,031</u></b>

See accompanying notes to financial statements

**THE CARROLL CENTER FOR THE BLIND, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2015**

	Program Services							Supporting Services			Grand Total
	Personal & Vocational Adjustment	Mobility	Educational Services	Computer Training Services	Accessible Materials Library	Other Programs	Total Programs	General & Administrative	Fund-raising	Total Supporting	
Salaries	\$ 1,040,514	\$ 461,847	\$ 1,207,234	\$ 347,831	\$ 128,179	\$ 315,873	\$ 3,501,478	\$ 619,996	\$ 235,840	\$ 855,836	\$ 4,357,314
Payroll Taxes	74,862	34,383	88,527	25,336	9,021	22,212	254,341	41,612	16,808	58,420	312,761
Employee Benefits	137,214	40,358	123,873	29,737	31,020	34,977	397,179	86,708	30,810	117,518	514,697
<b>Subtotal</b>	<b>1,252,590</b>	<b>536,588</b>	<b>1,419,634</b>	<b>402,904</b>	<b>168,220</b>	<b>373,062</b>	<b>4,152,998</b>	<b>748,316</b>	<b>283,458</b>	<b>1,031,774</b>	<b>5,184,772</b>
Advert & Promotion	224	-	25	-	-	75	324	12,505	6,582	19,087	19,411
Building Repair	6,535	798	-	2,449	-	442	10,224	3,038	798	3,836	14,060
Contract Labor	20,646	-	20,052	13,015	-	1,953	55,666	8,384	23,079	31,463	87,129
Cost of Goods Sold											
Store	-	-	-	-	-	114,686	114,686	-	-	-	114,686
Food Svc & Related	243,794	74	9,043	9,577	336	99	262,923	7,056	4,873	11,929	274,852
Grnds & Equip Repair	6,738	2,322	4,911	1,092	151	963	16,177	3,983	1,239	5,222	21,399
Housekeeping	19,701	261	20	15,707	-	260	35,949	15,493	261	15,754	51,703
Insurance	40,754	3,754	10,128	7,037	2,272	4,792	68,737	17,595	3,417	21,012	89,749
Memberships	-	-	300	163	-	143	606	11,394	-	11,394	12,000
Office Expenses	21,117	734	5,185	4,241	7,544	9,063	47,884	22,275	10,306	32,581	80,465
Postage	375	427	501	4	393	257	1,957	3,282	30,660	33,942	35,899
Printing Expense	602	232	2,066	336	-	356	3,592	3,882	46,396	50,278	53,870
Professional Fees											
Audit	-	-	-	-	-	-	-	25,200	-	25,200	25,200
Legal	424	-	424	2,500	-	-	3,348	8,480	13,527	22,007	25,355
Other	-	-	-	-	-	8,400	8,400	33,600	9,875	43,475	51,875
Program Consultants	333	-	1,104	-	4,180	-	5,617	344	45	389	6,006
Rentals-Equip & Facilities	13,956	-	8,070	-	-	66	22,092	1,611	2,286	3,897	25,989
Scholarships	-	595	3,330	-	-	-	3,925	-	-	-	3,925
Service & Maint. Contracts	17,088	3,308	4,832	8,326	1,261	2,939	37,754	5,096	12,911	18,007	55,761
Supplies Programs & AIM	11,829	251	2,039	-	444,252	6,996	465,367	204	5,457	5,661	471,028
Training Materials & Supp	5,822	744	1,630	1,023	918	2,638	12,775	2,006	-	2,006	14,781
Transport--Client	9,985	-	1,620	-	-	-	11,605	1,231	-	1,231	12,836
Transport--Staff Mileage and Other	19,284	47,227	23,585	2,759	1,994	7,361	102,210	21,139	843	21,982	124,192
Unemployment Claims	400	-	-	1,525	-	564	2,489	14,149	15,946	30,095	32,584
Utilities	48,907	4,758	13,126	25,110	3,992	3,135	99,028	28,950	2,772	31,722	130,750
Bad Debts	-	-	-	-	-	78	78	-	-	-	78
<b>Subtotal</b>	<b>1,741,104</b>	<b>602,073</b>	<b>1,531,625</b>	<b>497,768</b>	<b>635,513</b>	<b>538,328</b>	<b>5,546,411</b>	<b>999,213</b>	<b>474,731</b>	<b>1,473,944</b>	<b>7,020,355</b>
Depreciation	83,123	999	9,911	19,144	-	2,383	115,560	24,587	1,056	25,643	141,203
Tech Ctr Allocation	25,671	-	10,888	(59,248)	-	-	(22,689)	19,720	2,969	22,689	-
<b>TOTAL EXPENSES</b>	<b>\$ 1,849,898</b>	<b>\$ 603,072</b>	<b>\$ 1,552,424</b>	<b>\$ 457,664</b>	<b>\$ 635,513</b>	<b>\$ 540,711</b>	<b>\$ 5,639,282</b>	<b>\$ 1,043,520</b>	<b>\$ 478,756</b>	<b>\$ 1,522,276</b>	<b>\$ 7,161,558</b>

See accompanying notes to financial statements

**THE CARROLL CENTER FOR THE BLIND, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 28, 2014**

	Program Services						Supporting Services			Grand Total	
	Personal & Vocational Adjustment	Mobility	Educational Services	Computer Training Services	Accessible Materials Library	Other Programs	Total Programs	General & Administrative	Fund-raising		Total Supporting
Salaries	\$ 1,025,372	\$ 434,467	\$ 1,087,184	\$ 355,418	\$ 130,912	\$ 281,882	\$ 3,315,235	\$ 550,415	\$ 244,396	\$ 794,811	\$ 4,110,046
Contract Labor	\$ 11,770	\$ 150	\$ 1,348	\$ 1,460	\$ -	\$ 7,689	\$ 22,417	\$ 19,238	\$ 540	\$ 19,778	\$ 42,195
Payroll Taxes	76,172	32,316	79,150	26,505	9,092	23,508	246,743	35,260	23,587	58,847	305,590
Employee Benefits	116,414	26,566	101,706	25,289	28,867	34,704	333,546	58,571	18,482	77,053	410,599
Subtotal	1,229,728	493,499	1,269,388	408,672	168,871	347,783	3,917,941	663,484	287,005	950,489	4,868,430
Advert & Promotion	542	-	100	643	-	25	1,310	8,180	513	8,693	10,003
Building Repair	5,977	301	-	20,151	-	902	27,331	1,310	601	1,911	29,242
Client Transportation	3,647	-	340	-	-	1,883	5,870	1,325	-	1,325	7,195
Education Supplies	-	-	-	-	443,430	-	443,430	-	-	-	443,430
Equipment Rental	4,010	-	3,927	-	-	-	7,937	122	3,048	3,170	11,107
Grounds & Equip. Repair	5,192	20	2,513	602	-	426	8,753	1,799	446	2,245	10,998
Cost of Goods Sold											
Store	-	-	-	-	-	76,949	76,949	-	-	-	76,949
Equipment	-	-	-	-	-	-	-	152	-	152	152
Housekeeping	18,936	32	1,089	10,079	-	32	30,168	15,135	63	15,198	45,366
Insurance	40,060	4,102	12,742	7,440	1,262	4,104	69,710	24,108	3,970	28,078	97,788
Linen & Laundry	1,249	-	-	-	-	-	1,249	-	-	-	1,249
Kitchen & Related	240,968	103	2,408	393	508	405	244,785	4,143	1,358	5,501	250,286
Memberships	496	221	772	194	66	283	2,032	9,699	747	10,446	12,478
Transport--Staff Mileage and Other	21,273	48,509	31,025	2,513	1,729	11,143	116,192	16,337	-	16,337	132,529
Office Expenses	7,781	2,414	3,687	6,425	6,300	23,822	50,429	18,606	8,464	27,070	77,499
Postage	389	380	216	12	2,345	-	3,342	5,771	15,370	21,141	24,483
Printing Expense	1,183	-	580	301	1,068	1,085	4,217	4,236	28,282	32,518	36,735
Professional Fees	1,559	-	7,592	-	4,347	8,400	21,898	97,106	71,789	168,895	190,793
Service & Maint. Contracts	14,829	911	3,116	9,683	1,201	695	30,435	3,538	1,354	4,892	35,327
Shop	2,822	144	226	-	-	135	3,327	74	-	74	3,401
Training Materials & Supplies	6,327	8,423	905	205	986	12,516	29,362	150	-	150	29,512
Utilities	62,388	6,329	16,621	16,566	3,993	6,066	111,963	29,304	11,547	40,851	152,814
Bad Debts	-	-	2,069	-	-	-	2,069	-	-	-	2,069
Subtotal	1,669,356	565,388	1,359,316	483,879	636,106	496,654	5,210,699	904,579	434,557	1,339,136	6,549,835
Depreciation	78,770	1,089	15,249	18,865	-	3,219	117,192	24,193	3,605	27,798	144,990
Tech Ctr Allocation	28,500	-	12,088	(65,776)	-	-	(25,188)	21,892	3,296	25,188	-
<b>TOTAL EXPENSES</b>	<b>\$ 1,776,626</b>	<b>\$ 566,477</b>	<b>\$ 1,386,653</b>	<b>\$ 436,968</b>	<b>\$ 636,106</b>	<b>\$ 499,873</b>	<b>\$ 5,302,703</b>	<b>\$ 950,664</b>	<b>\$ 441,458</b>	<b>\$ 1,392,122</b>	<b>\$ 6,694,825</b>

See accompanying notes to financial statements



**THE CARROLL CENTER FOR THE BLIND, INC.**

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**STATEMENTS OF CHANGES IN NET ASSETS  
YEARS ENDED JUNE 30, 2015 AND JUNE 28, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>NET ASSETS AT JUNE 29, 2013</u>	\$ 5,990,648	\$ 209,835	\$ 586,267	\$ 6,786,750
<u>INCREASE IN NET ASSETS YEAR ENDED JUNE 28, 2014</u>	<u>1,445,410</u>	<u>1,621</u>	<u>-</u>	<u>1,447,031</u>
<u>NET ASSETS AT JUNE 28, 2014</u>	<u>7,436,058</u>	<u>211,456</u>	<u>586,267</u>	<u>8,233,781</u>
<u>INCREASE (DECREASE) IN NET ASSETS YEAR ENDED JUNE 30, 2015</u>	<u>(1,036,443)</u>	<u>67,574</u>	<u>-</u>	<u>(968,869)</u>
<u>NET ASSETS AT JUNE 30, 2015</u>	<u>\$ 6,399,615</u>	<u>\$ 279,030</u>	<u>\$ 586,267</u>	<u>\$ 7,264,912</u>

See accompanying notes to financial statements.

**THE CARROLL CENTER FOR THE BLIND, INC.**

**STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2015 AND JUNE 28, 2014**

	<u>2015</u>	<u>2014</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in Net Assets	\$ (968,869)	\$ 1,447,031
Adjustments to Reconcile to Net Cash Provided (Used) by Operating Activities:		
Depreciation	141,203	144,990
Bad Debt Expense	78	2,069
Net Realized and Unrealized (Gain) Loss on Investments	27,185	(17,435)
Investment Income Reinvested	(24,908)	(17,046)
Proceeds & Gain from sale of real estate	-	(2,176,651)
(Increase) Decrease in Operational Assets:		
Accounts Receivable	(236,825)	101,608
Bequests Receivable	548,783	(237,828)
Inventories	(16,205)	(26,418)
Prepaid Expenses	(47,378)	(66,743)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(27,627)	(33,986)
Accrued Payroll and Related Items	965	31,763
Accrued Expenses	3,142	12,342
<b><u>NET CASH USED BY OPERATING ACTIVITIES</u></b>	<b><u>(600,456)</u></b>	<b><u>(836,304)</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Cost of Building and Improvements	(87,260)	(441,038)
Purchase of Equipment and Fixtures	(32,781)	(72,966)
Net Proceeds from Sale of Real Estate	-	2,441,493
Investment Purchases	(1,629,673)	(3,566,817)
Investment Sales/Maturities	2,487,806	2,617,118
<b><u>NET CASH PROVIDED BY INVESTING ACTIVITIES</u></b>	<b><u>738,092</u></b>	<b><u>977,790</u></b>
 <b><u>INCREASE IN CASH AND CASH EQUIVALENTS</u></b>	 <b>137,636</b>	 <b>141,486</b>
 <b><u>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</u></b>	 <b><u>267,354</u></b>	 <b><u>125,868</u></b>
 <b><u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u></b>	 <b><u>\$ 404,990</u></b>	 <b><u>\$ 267,354</u></b>

See accompanying notes to financial statements.

THE CARROLL CENTER FOR THE BLIND, INC.

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND JUNE 28, 2014

**NOTE 1 - NATURE OF THE ORGANIZATION**

**History**

The Carroll Center for the Blind (the "Center") is a non-profit tax exempt institution under the Internal Revenue Code Section 501(c)(3). The Center is the first such civilian center in the United States designed specifically to meet the needs of the newly blinded adult citizen where blind persons would learn independence.

**Services**

The Center has evolved as a world leader in providing meaningful services to blind persons of all ages. This began with its innovative Residential Rehabilitation Program for newly blinded adults in 1954 and has continued with programs of Low Vision Training, Community Mobility Training, Educational Services in public schools, Adaptive Technology Training, and Outdoor Recreation Programs. Additionally, the Center manages the Massachusetts Accessible Instructional Materials Library providing Braille and large print books to all blind children in Massachusetts public and private schools.

Various third parties (principally government units) provide for payment of program fees for services provided directly to individuals. The Center subsidizes the cost of these programs through fundraising and gifts from friends, foundations, and corporations. The majority of individuals serviced are from Massachusetts, however many served for rehabilitation come from throughout the United States.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Statement Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting. The Center reports information regarding its financial position and activities according to three classes of net assets which are determined by the existence or absence of donor-imposed restrictions as follows: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Description of Net Assets**

Unrestricted Net Assets are those net resources that bear no external restrictions and are available for use by the Center. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted Net Assets are amounts received or committed with donor or time restrictions which have not yet been expended for their designated purpose.

THE CARROLL CENTER FOR THE BLIND, INC.

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND JUNE 28, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Permanently Restricted Net Assets are amounts received with donor-imposed restrictions which stipulate that the assets donated are to be maintained in perpetuity. Investment income is reported as either unrestricted or temporarily restricted revenue in accordance with the donor's intent. Realized and unrealized investment gains and losses on investments are recorded as temporarily restricted revenue and are available for use subject to appropriation by the Board of Directors and subject to the provisions of the laws of the Commonwealth of Massachusetts. Realized and unrealized investment losses, to the extent they exceed the original donated corpus of a fund, are recorded as a reduction to unrestricted net assets until such time as future investment gains are sufficient to exceed the corpus of the fund, at which time any realized and unrealized gains will be recorded as temporarily restricted net assets.

**Revenue Recognition**

The Center's clients are supported in part through funding by various government entities and, to a lesser extent, private payers. Revenue is recorded at the rate of reimbursement contractually agreed to by the Center and the aforementioned agencies and payers. Estimates for possible disallowed costs are not recorded at the time the revenue is recognized because, in management's opinion, such amounts would be immaterial.

In accordance with contracts with the Commonwealth of Massachusetts the records of the Center are subject to audit. No audits have been conducted in recent years. The Center is liable for any disallowed costs.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Fiscal Year**

The Center had maintained its accounting records on a 52 - 53 week fiscal year. Beginning with fiscal year 2015, the Center adopted June 30 as its fiscal year end.

**Contributions and Donor Restrictions**

Contributions of assets other than cash are reported at their estimated fair value. Donor restricted contributions are reported as restricted support, if they are received with donor stipulations that limit, specify or otherwise restrict the use of such contributions. Either temporarily or permanently restricted net assets are increased, as appropriate. When donor restrictions expire, by use of the funds either for the specified purpose or by the expiration of time restrictions, temporarily restricted net assets are reclassified to unrestricted and reported in the statement of activities as net assets released from restrictions.

THE CARROLL CENTER FOR THE BLIND, INC.

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND JUNE 28, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Endowment funds are classified as permanently restricted. This is because donor restriction specifies that principal is to be maintained permanently while income generated may be restricted or unrestricted. Therefore, income derived from the investment of endowment funds (interest and dividends) is reported as unrestricted revenue or as restricted revenue depending on the terms of the donor instrument.

Management has determined, on the basis of loss experience associated with contributions and pledges receivable, no allowance for doubtful accounts is required.

**Accounts and Bequests Receivable**

Accounts and bequests receivable represent amounts due from referring agencies, clients and donors, respectively, and are stated at net of an allowance for doubtful accounts. Receivables do not bear interest and are not collateralized. Many client services are provided under terms of contracts with state and local governments or agencies. Such contracts may be subject to limits in contractual allowances and/or audits which could produce adjustments to revenues.

The Center has recorded an allowance for doubtful accounts for accounts receivable of \$11,552 and \$13,520 at June 30, 2015 and June 28, 2014, respectively. The allowance has been determined based on management's evaluation of its loss experience and the known and inherent risks associated with the accounts receivable. It is the Center's policy to charge off uncollectible accounts and bequests receivable when management determines the receivable will not be collected.

**Income Tax Status**

The Center is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation.

**Uncertain Tax Positions**

Management has evaluated significant tax positions against the criteria established by professional standards and believes there are no such tax positions requiring accounting recognition in the financial statements. Management does not believe its evaluation of tax positions will significantly change within twelve months of June 30, 2015. Any changes in tax positions will be recorded when the ultimate outcome becomes known. The Center's income tax returns are subject to examination by taxing authorities generally for the years ended June, 2014, 2013, and 2012.

**Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Realized and unrealized gains or losses are reported in the statement of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

THE CARROLL CENTER FOR THE BLIND, INC.

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND JUNE 28, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Investments** (continued)

Investments are classified as a non-current asset due to the Center's intention to hold, invest, and reinvest such assets for the long-term benefit of the Center.

**Inventories**

Inventories include low vision resale items and general supplies. They are carried at the lower of cost (first-in, first-out method) or market value.

**Fair Value Measurements**

Professional accounting standards require the disclosure of the sources of how the fair value of certain financial assets and liabilities are measured by establishing a fair value hierarchy that prioritizes inputs used to measure fair value. Such assets consist of items carried at fair value on a recurring basis and consist primarily of investments and financial instruments which are valued primarily based upon quoted prices in active or brokered markets for identical or similar assets or liabilities. The disclosures are included in Note 4.

The fair value measurement hierarchy is as follows:

- Level 1 – Quoted market prices for identical assets
- Level 2 – Significant other observable inputs
- Level 3 – Significant unobservable inputs

All of the Center's inputs are Level 1 inputs.

**Impairment of Long-Lived Assets**

The Center evaluates long-lived assets and intangible assets with finite lives for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable or that the useful lives of these assets are no longer appropriate. Each impairment test is based on a comparison of the future discounted cash flows arising from the assets with the carrying value of the asset. If impairment is indicated, the asset is written down to its estimated fair value on a discounted basis. During 2015 and 2014 there were no changes in events or business circumstances that would require such an evaluation.

**Land, Buildings, and Equipment**

Land, buildings, and equipment are recorded at cost. Additions and improvements with a cost exceeding \$500 are capitalized, while ordinary repairs and maintenance are charged to expense as incurred. The cost and accumulated depreciation on assets retired or sold are removed from the property accounts and any gains or losses are credited or charged to operations.

The Center provides for depreciation on the straight-line method based upon estimated useful lives of the assets.

THE CARROLL CENTER FOR THE BLIND, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND JUNE 28, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land, Buildings, and Equipment (continued)

<u>Asset</u>	<u>Estimated Useful Life</u>
Land Improvements	15 Years
Building and Improvements	15 to 45 Years
Equipment and Fixtures	3 to 15 Years

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statements of activities and the statements of functional expenses. Certain costs have been allocated among the programs and services benefited.

Statements of Cash Flows

For the purpose of the statements of cash flows, the Center considers cash equivalents to be cash in banks, money market funds, and other invested cash with an initial maturity date of three months or less. This excludes cash and cash equivalents which from time to time are part of Investments.

Management's Review of Subsequent Events

Management has reviewed and evaluated transactions and events ("subsequent events") after the statement of financial position date, June 30, 2015, and up to and including November 9, 2015, the date the financial statements were available to be issued. The objective of this review was to determine if any events occurred subsequent to June 30, 2015 which provided additional evidence of events which may have required recognition or disclosure in the accompanying financial statements. In management's opinion, no events have occurred which require recognition or disclosure in the financial statements.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable are comprised of the following:

Due from Commonwealth of Massachusetts	\$ 477,643	\$ 358,814
Due from third-party payers, including other governmental units	430,120	323,638
Other	31,691	22,223
Total accounts receivable	939,454	704,675
Allowance for doubtful accounts	(11,552)	(13,520)
Net accounts receivable	\$ 927,902	\$ 691,155

**THE CARROLL CENTER FOR THE BLIND, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND JUNE 28, 2014**

**NOTE 3 - ACCOUNTS RECEIVABLE** (Continued)

**Risks and Concentrations**

The Center's financial instruments that potentially subject it to concentrations of credit risk consist of accounts receivable and revenue. The Center's accounts receivable at June 30, 2015 and June 28, 2014 are due primarily from the Commonwealth of Massachusetts and third party payers as summarized above.

The Center's program service revenue is from the following sources:

	<u>2015</u>	<u>2014</u>
Commonwealth of Massachusetts	52%	49%
State of New York referrals	6%	6%
Massachusetts public and private school systems	31%	35%
All other sources	11%	10%
	<u>100%</u>	<u>100%</u>

**NOTE 4 - INVESTMENTS**

The Center's investment policy is to enhance income wherein a) estimated amounts required for operating purposes are invested with varied maturity dates; and b) all other investable assets are pooled in institutional mutual fund portfolios allocated between cash and cash equivalents, fixed income funds, and equity funds. All investments are classified with Other Assets on the statement of financial position in recognition of the intent to invest for long-term investment returns and as such the Center's Board of Directors considers these investments to function as endowment funds.

Investments consist of the following:

	<u>June 30, 2015</u>			<u>June 28, 2014</u>		
	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>
Certificate of deposit	\$ 50,624	\$ 50,000	\$ 624	\$ 50,328	\$ 50,000	\$ 328
Savings account	993,994	993,994	-	-	-	-
Money market	890,749	890,749	-	2,718,029	2,718,029	-
Equity	476,595	485,012	(8,417)	503,387	485,000	18,387
Corporate bonds	89,892	90,228	(336)	90,519	90,229	290
Total	<u>\$ 2,501,854</u>	<u>\$ 2,509,983</u>	<u>\$ (8,129)</u>	<u>\$ 3,362,264</u>	<u>\$ 3,343,258</u>	<u>\$ 19,006</u>

For each year ended, investment returns are as follows:

	<u>June 30, 2015</u>	<u>June 28, 2014</u>
Investment income: interest and dividends	\$ 28,863	\$ 17,046
Net realized and unrealized gains (losses)	<u>(27,185)</u>	<u>17,435</u>
Net return	<u>\$ 1,678</u>	<u>\$ 34,481</u>



**THE CARROLL CENTER FOR THE BLIND, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND JUNE 28, 2014**

**NOTE 4 – INVESTMENTS** *(Continued)*

The following table shows the gross unrealized losses that are not deemed to be other-than temporary impairments, and the fair value of investments aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at June 30, 2015 and June 28, 2014.

(\$ in 000s)	<u>June 30, 2015</u>					
	<u>Less than 12 Months</u>		<u>12 Months or Greater</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
Mutal Funds	\$ -	\$ -	\$ 330,439	\$ 12,573	\$ 330,439	\$ 12,573
Corp. Bonds	-	-	49,685	869	49,685	869
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 380,124</b>	<b>\$ 13,442</b>	<b>\$ 380,124</b>	<b>\$ 13,442</b>

(\$ in 000s)	<u>June 28, 2014</u>					
	<u>Less than 12 Months</u>		<u>12 Months or Greater</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
Mutal Funds	\$ -	\$ -	\$ 73,159	\$ 1,841	\$ 73,159	\$ 1,841
Corp. Bonds	29,652	319	20,282	151	49,934	470
<b>Total</b>	<b>\$ 29,652</b>	<b>\$ 319</b>	<b>\$ 93,441</b>	<b>\$ 1,992</b>	<b>\$ 123,093</b>	<b>\$ 2,311</b>

The net realized and unrealized net gains (losses) were due to liquidation of equity and debt securities. The Center does not consider the carrying value of these investments to be other-than temporarily impaired.

The Center's investments are considered endowment assets and consist of a number of individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by professional accounting standards, 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 the Law

The Center follows the Massachusetts Uniform Prudent Management of Institutional Funds Act (UPMIFA) and its own governing documents for donor-restricted funds. The Board of Directors has interpreted 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 Center 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, and (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 in UPMIFA.

THE CARROLL CENTER FOR THE BLIND, INC.

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND JUNE 28, 2014

NOTE 4 – INVESTMENTS (Continued)

Interpretation of the Law (Continued)

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 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.

Funds with Deficiencies

From time to time the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Center to retain as a fund of perpetual duration. In accordance with professional accounting standards, deficiencies of this nature are reported in unrestricted net assets and were \$43,264 and \$20,972 as of June 30, 2015 and June 28, 2014, respectively. These deficiencies resulted from unfavorable market fluctuations.

Return Objectives and Risk Parameters

The Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Strategies Employed for Achieving Objectives

To satisfy its long-term objectives, the Center relies on a strategy in which investment returns are achieved through current yield (interest and dividends).

The ongoing short-term liquidity needs of the Center will be achieved by investing in cash in cash equivalents, including money market funds and certificates of deposit.

Spending Policy and How the Investment Objectives Relate to Spending Policy

It is anticipated that cash needs to support the ongoing operations of the Center will be supplied by a short-term operating account to be invested in cash equivalents and maintained separate from the long-term portfolio. This policy may be altered depending upon the growth of the longer-term assets and the needs of the Center.

Rolling three and five year periods are used to determine whether the portfolio's objectives are being met and investment returns are reviewed quarterly.

The current spending policy for the pooled assets is to allow them to grow whenever possible and should the need for funds arise by the Center, to utilize the unrestricted elements of the invested assets.

**THE CARROLL CENTER FOR THE BLIND, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND JUNE 28, 2014**

**NOTE 4 – INVESTMENTS** *(Continued)*

Endowment net asset composition by type of fund at fair value is as follows:

	<u>June 30, 2015</u>	<u>June 28, 2014</u>
Unrestricted - Board designated	\$ 1,915,587	\$ 2,775,997
Permanently Restricted	<u>586,267</u>	<u>586,267</u>
Total funds	<u>\$ 2,501,854</u>	<u>\$ 3,362,264</u>

Changes in endowment net assets for the year ended June 30, 2015 are as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance at beginning of year	\$ 2,775,997	\$ 586,267	\$ 3,362,264
Contribution	503	-	503
Net unrealized investment gains (losses)	(4,893)	(22,292)	(27,185)
Reclassification	(22,292)	22,292	-
Appropriated for operations and fixed asset improvements	<u>(833,728)</u>	<u>-</u>	<u>(833,728)</u>
Balance at end of year	<u>\$ 1,915,587</u>	<u>\$ 586,267</u>	<u>\$ 2,501,854</u>

Changes in endowment net assets for the year ended June 28, 2014 are as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance at beginning of year	\$ 1,791,817	\$ 586,267	\$ 2,378,084
Contribution	15,169	-	15,169
Net gain on sale of property	2,441,493	-	2,441,493
Net unrealized investment gains (losses)	(194)	17,629	17,435
Reclassification	17,629	(17,629)	-
Appropriated for Operations and Fixed Asset Improvements	<u>(1,489,917)</u>	<u>-</u>	<u>(1,489,917)</u>
Balance at end of year	<u>\$ 2,775,997</u>	<u>\$ 586,267</u>	<u>\$ 3,362,264</u>

THE CARROLL CENTER FOR THE BLIND, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND JUNE 28, 2014

**NOTE 5 – LAND, BUILDINGS, AND EQUIPMENT**

Balances by major classification are as follows:

	<u>June 30, 2015</u>	<u>June 28, 2014</u>
Land and improvements	\$ 157,313	\$ 73,645
Buildings and improvements	1,086,156	1,082,564
Tech center	2,431,927	2,431,927
St Paul's building and improvements	1,856,831	1,856,831
Equipment and fixtures	671,122	638,341
	<u>6,203,349</u>	<u>6,083,308</u>
Accumulated Depreciation	<u>(2,574,540)</u>	<u>(2,433,337)</u>
Net land, buildings, and equipment	<u>\$ 3,628,809</u>	<u>\$ 3,649,971</u>

Depreciation expense was \$141,203 in 2015 and \$144,990 in 2014.

**NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	<u>June 30, 2015</u>	<u>June 28, 2014</u>
Apple Training Lab	\$ 1,500	\$ 16,455
Accessibility Services	20,000	13,334
Cleary Scholarship Fund	-	565
Community Services Director's Fund	2,798	2,439
Ed Services Literacy Fund	7,244	8,455
Eric Sollee Memorial Fund	-	1,827
Independent Living Rehab Program	-	100
Jennifer Martin Technology	-	420
Job Placement	-	4,372
Safe Homes	90,107	62,649
Sail Blind	32,581	27,640
Summer Programs	89,800	73,200
Vocational Programming	35,000	-
	<u>\$ 279,030</u>	<u>\$ 211,456</u>

Temporarily restricted assets are transferred to unrestricted when donor restrictions expire, either by use of funds for the specified purpose or by the expiration of time restrictions.

**THE CARROLL CENTER FOR THE BLIND, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND JUNE 28, 2014**

**NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS** (Continued)

During the years ended June 30, 2015 and June 28, 2014 net assets were released from donor restrictions as follows:

	<u>June 30, 2015</u>	<u>June 28, 2014</u>
Apple Training Lab	\$ 16,455	\$ 27,999
Accessibility Services	73,334	40,000
Assistive Technology	1,000	12,705
Capital Fund	14,642	30,200
Cleary Scholarship Fund	565	-
Community Services Director's Fund	641	1,096
Distance Learning	200	2,475
Ed Services Literacy Fund	3,560	7,223
Eric Sollee Memorial Fund	1,827	-
Independent Living Rehab Program	157	-
Jennifer Martin technology	420	-
Job Placement	32,872	29,389
Project VUE	100	575
Safe Homes	31,660	49,161
Sail Blind	7,089	7,062
Summer Programs	73,200	52,550
	<u>\$ 257,722</u>	<u>\$ 260,435</u>

**NOTE 7 - PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted funds include endowment funds where donor restriction specifies that principal is to be maintained permanently while income generated may be used for temporarily restricted or unrestricted purposes. Therefore, income derived from the investment of endowment funds is reported as unrestricted revenue or as temporarily restricted revenue depending on the terms of the donor instrument. Realized and unrealized net investment gains are classified as temporarily restricted net assets until appropriated for use by the Board. At June 30, 2015 and June 28, 2014 dividend and interest income from these funds was available for unrestricted purposes.

Additional information regarding permanently restricted invested net assets is as follows:

- a. The laws of the Commonwealth of Massachusetts allow for the expenditure of dividend and interest income of permanently restricted investments to be used as specified by the donor. The law, in combination with requirements of the regulations of the Office of the Attorney General of Massachusetts also requires that net realized and unrealized appreciation on such investments be recorded as temporarily restricted net assets, until such time as these amounts are appropriated for use by the governing board, if a donor does not specify otherwise.

**THE CARROLL CENTER FOR THE BLIND, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND JUNE 28, 2014**

**NOTE 7 - PERMANENTLY RESTRICTED NET ASSETS** (Continued)

- b. The permanently restricted investments and certain unrestricted investments are pooled for investment purposes in money market funds and certificates of deposit. The objective is to maximize total return on investments combined with protecting investments against negative market fluctuations. The investment activity is reported to and evaluated quarterly by the Investment Committee of the governing board.
- c. A reconciliation of the investment activity of endowment funds and composition by net asset class for the years 2015 and 2014 is as follows:

	<u>June 30, 2015</u>		
	<u>Total</u>	<u>Unrestricted</u>	<u>Permanently Restricted</u>
Balance at beginning of year	\$ 565,295	\$ (20,972)	\$ 586,267
Interest and dividends earned	28,863	28,863	-
Additions (withdrawals)	(28,863)	(28,863)	-
Net realized and unrealized gains	<u>(22,292)</u>	<u>(22,292)</u>	<u>-</u>
Balance at end of year	<u>\$ 543,003</u>	<u>\$ (43,264)</u>	<u>\$ 586,267</u>
		<u>June 28, 2014</u>	
	<u>Total</u>	<u>Unrestricted</u>	<u>Permanently Restricted</u>
Balance at beginning of year	\$ 547,860	\$ (38,407)	\$ 586,267
Interest and dividends earned	17,046	17,046	-
Additions (withdrawals)	(17,046)	(17,046)	-
Net realized and unrealized gains	<u>17,435</u>	<u>17,435</u>	<u>-</u>
Balance at end of year	<u>\$ 565,295</u>	<u>\$ (20,972)</u>	<u>\$ 586,267</u>

**NOTE 8 - RETIREMENT AND CAFETERIA PLANS**

The Center has a voluntary contributory defined contribution retirement plan available to substantially all of its employees. The Center contributes 3% of participating employees' salaries to the plan. For the years ended June 30, 2015 and June 28, 2014, the Center's contributions to the plan were \$68,587 and \$62,148, respectively.

The Center has a cafeteria plan. The purpose of this plan is to provide participating employees the choice of receiving certain health care and dental benefits through reduced taxable compensation in lieu of cash. For the years ended June 30, 2015 and June 28, 2014, the Center's contributions to the plan were \$369,459 and \$276,632, respectively.

THE CARROLL CENTER FOR THE BLIND, INC.

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND JUNE 28, 2014

**NOTE 9 - UNCERTAINTIES**

The Center is, from time to time, involved in legal matters arising in the course of its business that, in the opinion of management, will not have a material effect on the financial position of the Center.

**NOTE 10 - RELATED PARTIES**

A member of the Board of Directors of the Center is employed by an unrelated organization which rendered professional services to the Center as follows:

	<u>2015</u>	<u>2014</u>
Public relations and communications	<b>\$42,000</b>	\$42,000



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## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
The Carroll Center for the Blind, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Carroll Center for the Blind, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 9, 2015.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Carroll Center for the Blind, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Carroll Center for the Blind, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Carroll Center for the Blind, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Carroll Center for the Blind, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

DI PESA & COMPANY

*Di Pesa & Company*

Certified Public Accountants  
Quincy, Massachusetts

November 9, 2015