THE CARROLL CENTER
FOR THE BLIND, INC.

FINANCIAL STATEMENTS

YEARS ENDED
JUNE 30, 2017 AND 2016

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JUNE 30, 2017 AND 2016

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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, 2017 and 2016, 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.

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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, 2017 and 2016, 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 14, 2017, 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 14, 2017

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

ASSETS

	2017	2016
CURRENT ASSETS		
Cash	**$ 1,181,670**	$ 269,707
Accounts Receivable, Net of Allowance for Uncollectible Accounts of $11,540 in 2017 and 2016	**861,345**	1,172,879
Bequests Receivable	**-**	117,000
Contribution Receivable	**10,000**	-
Inventories	**80,547**	100,579
Prepaid Expenses and Other	**140,651**	182,695
TOTAL CURRENT ASSETS	**2,274,213**	1,842,860
OTHER ASSETS		
Investments, at Fair Value	**1,850,681**	1,734,875
Contribution Receivable	**10,000**	15,000
TOTAL OTHER ASSETS	**1,860,681**	1,749,875
LAND, BUILDINGS AND EQUIPMENT – NET	**3,485,864**	3,572,186
TOTAL ASSETS	**$ 7,620,758**	$ 7,164,921

LIABILITIES AND NET ASSETS

	2017	2016
CURRENT LIABILITIES		
Accounts Payable	**$ 67,885**	$ 218,716
Accrued Payroll and Related Items	**260,777**	313,996
Accrued Expenses	**33,680**	52,745
TOTAL CURRENT LIABILITIES	**362,342**	585,457
NET ASSETS		
Unrestricted	**6,371,833**	5,812,645
Temporarily Restricted	**300,316**	180,552
Permanently Restricted	**586,267**	586,267
TOTAL NET ASSETS	**7,258,416**	6,579,464
TOTAL LIABILITIES AND NET ASSETS	**$ 7,620,758**	$ 7,164,921

STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2017 AND 2016

	Year Ended June 30, 2017				Year Ended June 30, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT								
Program Revenue	**$ 5,654,981**	**$ -**	**$ -**	**$ 5,654,981**	$ 5,243,283	$ -	$ -	$ 5,243,283
Contributions & Bequests	**1,339,895**	**487,111**	**-**	**1,827,006**	877,980	400,204	-	1,278,184
Other	**12,548**	**-**	**-**	**12,548**	17,625	-	-	17,625
Investment Income	**27,491**	**-**	**-**	**27,491**	32,961	-	-	32,961
Net Realized and Unrealized Losses on Investments	**12,561**	**-**	**-**	**12,561**	(21,288)	-	-	(21,288)
Net Assets Released from Restrictions: Satisfaction by Payments	**367,347**	**(367,347)**	**-**	**-**	498,682	(498,682)	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	**7,414,823**	**119,764**	**-**	**7,534,587**	6,649,243	(98,478)	-	6,550,765
EXPENSES								
Program Services:								
Community Services	**572,199**	**-**	**-**	**572,199**	683,337	-	-	683,337
Computer Training	**269,227**	**-**	**-**	**269,227**	223,506	-	-	223,506
Educational Services	**2,079,010**	**-**	**-**	**2,079,010**	2,236,908	-	-	2,236,908
Low Vision	**115,116**	**-**	**-**	**115,116**	96,449	-	-	96,449
Rehabilitation Services	**1,961,353**	**-**	**-**	**1,961,353**	2,028,154	-	-	2,028,154
Retail Store	**216,650**	**-**	**-**	**216,650**	278,346	-	-	278,346
Web Accessibility	**168,997**	**-**	**-**	**168,997**	260,379	-	-	260,379
General and Administrative	**1,037,697**	**-**	**-**	**1,037,697**	973,896	-	-	973,896
Fundraising	**435,386**	**-**	**-**	**435,386**	455,238	-	-	455,238
TOTAL EXPENSES	**6,855,635**	**-**	**-**	**6,855,635**	7,236,213	-	-	7,236,213
CHANGE IN NET ASSETS	**$ 559,188**	**$ 119,764**	**$ -**	**$ 678,952**	$ (586,970)	$ (98,478)	$ -	$ (685,448)

See accompanying notes to financial statements

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017

	Program Services								Supporting Services			
	Community Services	Computer Training	Educational Services	Low Vision	Rehabilitation Services	Retal Store	Web Accessibility	Total Programs	General & Administrative	Fund-raising	Total Supporting	Grand Total
Salaries	$ 411,553	$ 186,695	$ 1,175,297	$ 77,567	$ 1,109,852	$ 85,513	$ 92,115	$ 3,138,592	$ 767,661	$ 208,161	$ 975,822	$ 4,114,414
Payroll Taxes	30,454	13,954	106,218	5,039	80,614	6,520	6,690	249,489	55,136	14,936	70,072	319,561
Employee Benefits	43,966	16,357	163,871	18,847	147,206	4,203	16,504	410,954	94,162	22,451	116,613	527,567
Subtotal	485,973	217,006	1,445,386	101,453	1,337,672	96,236	115,309	3,799,035	916,959	245,548	1,162,507	4,961,542
Bad Debts Expense	-	-	(731)	-	-	-	-	(731)	-	-	-	(731)
Bank Charges	6	-	-	13	-	5,295	4	5,318	201	541	742	6,060
Conferences	200	(242)	2,318	999	2,936	890	-	7,101	3,578	350	3,928	11,029
Consultants	6,604	1,850	22,383	-	30,190	-	46,999	108,026	10,319	22,255	32,574	140,600
Cost of Goods Sold - Store	-	-	-	-	-	95,908	-	95,908	-	-	-	95,908
Dues & Subscriptions	-	-	250	-	-	-	-	250	8,651	1,892	10,543	10,793
Equipment Rental	-	-	-	-	378	-	-	378	2,286	-	2,286	2,664
Event Expense	-	-	-	-	94	-	-	94	1,840	48,826	50,666	50,760
Insurance	3,847	4,827	14,482	1,312	27,156	2,023	2,210	55,857	25,437	2,826	28,263	84,120
Marketing	-	-	8,523	-	-	-	-	8,523	35,612	301	35,913	44,436
Occupancy	-	-	4,189	-	16,461	-	-	20,650	-	-	-	20,650
Other Expense	-	-	315	-	-	-	-	315	-	-	-	315
Postage	127	34	1,681	2	153	273	-	2,270	3,614	21,353	24,967	27,237
Printing	-	394	757	62	414	724	62	2,413	2,997	24,777	27,774	30,187
Professional Fees												
Audit	-	-	-	-	-	-	-	-	25,200	-	25,200	25,200
Legal	-	-	-	-	-	-	-	-	-	10,147	10,147	10,147
Other	1,661	1,905	4,280	276	1,933	1,200	-	11,255	33,502	25,160	58,662	69,917
Recruitment	-	-	-	-	45	-	-	45	4,406	242	4,648	4,693
Repairs & Maintenance	288	144	3,025	36	4,241	498	-	8,232	111,860	459	112,319	120,551
Supplies	13,360	2,483	461,812	525	235,978	1,659	208	716,025	24,814	5,162	29,976	746,001
Travel	38,975	(93)	59,083	428	21,148	321	(32)	119,830	3,645	490	4,135	123,965
Utilities	4,807	4,916	18,369	1,113	32,560	1,959	1,679	65,403	49,822	2,503	52,325	117,728
Subtotal	555,848	233,224	2,046,122	106,219	1,711,359	206,986	166,439	5,026,197	1,264,743	412,832	1,677,575	6,703,772
Depreciation	423	1,958	4,224	1,295	27,978	2,062	342	38,282	112,005	1,570	113,575	151,857
Tech Ctr Allocation	15,928	34,045	28,664	7,602	222,016	7,602	2,216	318,073	(339,051)	20,984	(318,067)	6
TOTAL EXPENSES	$ 572,199	$ 269,227	$ 2,079,010	$ 115,116	$ 1,961,353	$ 216,650	$ 168,997	$ 5,382,552	$ 1,037,697	$ 435,386	$ 1,473,083	$ 6,855,635

See accompanying notes to financial statements

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016

	Program Services								Supporting Services			
	Community Services	**Computer Training**	**Educational Services**	**Low Vision**	**Rehabilitation Services**	**Retail Store**	**Web Accessibility**	**Total Programs**	**General & Administrative**	**Fund-raising**	**Total Supporting**	**Grand Total**
Salaries	$ 493,317	$ 155,387	$ 1,368,525	$ 62,219	$ 1,133,129	$ 90,934	$ 148,840	$ 3,452,351	$ 695,676	$ 234,503	$ 930,179	$ 4,382,530
Payroll Taxes	36,336	11,412	107,071	3,955	81,997	8,276	10,496	259,543	48,205	16,857	65,062	324,605
Employee Benefits	55,868	13,212	173,195	14,430	181,786	3,982	42,437	484,910	80,085	27,810	107,895	592,805
Subtotal	585,521	180,011	1,648,791	80,604	1,396,912	103,192	201,773	4,196,804	823,966	279,170	1,103,136	5,299,940
Bad Debts Expense	-	-	-	-	4,025	-	-	4,025	-	-	-	4,025
Bank Charges	34	5	210	181	133	4,296	4	4,863	1,116	937	2,053	6,916
Conferences	-	1,080	6,569	500	4,464	489	1,463	14,565	10,044	132	10,176	24,741
Consultants	1,378	-	28,861	-	30,234	-	45,897	106,370	3,352	21,945	25,297	131,667
Cost of Goods Sold - Store	-	-	-	-	-	151,212	-	151,212	-	-	-	151,212
Dues & Subscriptions	-	-	-	-	-	-	-	-	11,410	1,079	12,489	12,489
Equipment Rental	-	129	-	-	-	321	-	450	2,286	-	2,286	2,736
Event Expense	-	1	950	-	-	-	-	951	138	14,303	14,441	15,392
Insurance	3,491	5,446	13,895	1,515	30,301	2,243	2,234	59,125	30,204	2,831	33,035	92,160
Marketing	-	-	8,754	-	-	411	-	9,165	34,803	487	35,290	44,455
Occupancy	-	-	5,741	-	11,476	-	-	17,217	-	-	-	17,217
Other Expense	-	-	150	-	-	-	848	998	-	-	-	998
Postage	395	338	387	10	562	15	-	1,707	2,600	10,455	13,055	14,762
Printing	242	452	197	135	1,465	689	-	3,180	2,379	51,506	53,885	57,065
Professional Fees												
Audit	-	-	-	-	-	-	-	-	25,498	-	25,498	25,498
Legal	-	-	2,634	-	2,079	-	-	4,713	-	9,744	9,744	14,457
Other	1,620	1,789	4,197	268	1,901	1,200	-	10,975	26,992	35,644	62,636	73,611
Recruitment	-	-	-	-	-	-	-	-	1,085	190	1,275	1,275
Repairs & Maintenance	3,378	355	5,975	1,474	14,570	1,083	211	27,046	86,513	2,567	89,080	116,126
Supplies	13,252	5,819	443,389	751	262,407	1,598	606	727,822	14,896	4,163	19,059	746,881
Travel	51,688	670	14,556	1,219	26,870	83	40	95,126	6,007	149	6,156	101,282
Utilities	7,298	5,203	21,431	1,194	32,536	2,027	1,840	71,529	47,944	2,631	50,575	122,104
Subtotal	668,297	201,298	2,206,687	87,851	1,819,935	268,859	254,916	5,507,843	1,131,233	437,933	1,569,166	7,077,009
Depreciation	848	14,012	11,296	1,502	49,174	2,391	3,447	82,670	74,713	1,821	76,534	159,204
Tech Ctr Allocation	14,192	8,196	18,925	7,096	159,045	7,096	2,016	216,566	(232,050)	15,484	(216,566)	-
TOTAL EXPENSES	$ 683,337	$ 223,506	$ 2,236,908	$ 96,449	$ 2,028,154	$ 278,346	$ 260,379	$ 5,807,079	$ 973,896	$ 455,238	$ 1,429,134	$ 7,236,213

See accompanying notes to financial statements

STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2017 AND 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
NET ASSETS AT JUNE 30, 2015	$ 6,399,615	$ 279,030	$ 586,267	$ 7,264,912
DECREASE IN NET ASSETS YEAR ENDED JUNE 30, 2016	(586,970)	(98,478)	-	(685,448)
NET ASSETS AT JUNE 30, 2016	5,812,645	180,552	586,267	6,579,464
INCREASE IN NET ASSETS YEAR ENDED JUNE 30, 2017	**559,188**	**119,764**	**-**	**678,952**
NET ASSETS AT JUNE 30, 2017	**$ 6,371,833**	**$ 300,316**	**$ 586,267**	**$ 7,258,416**

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	**$ 678,952**	$ (685,448)
Adjustments to Reconcile to Net Cash Provided (Used) by Operating Activities:		
Depreciation	**151,857**	159,205
Bad Debt Expense	**-**	4,025
Noncash Contributions	**(1,372)**	-
Net Realized and Unrealized Loss on Investments	**(12,561)**	21,288
Investment Income Reinvested	**(27,491)**	(32,961)
(Increase) Decrease in Operational Assets:		
Accounts Receivable	**311,534**	(244,977)
Bequests Receivable	**117,000**	(112,500)
Contributions Receivable	**(5,000)**	(15,000)
Inventories	**20,032**	(4,325)
Prepaid Expenses	**42,044**	(32,792)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	**(150,831)**	84,320
Accrued Payroll and Related Items	**(53,219)**	37,705
Accrued Expenses	**(19,065)**	10,107
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**1,051,880**	(811,353)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property, Plant & Equipment	**(65,535)**	(102,582)
Investment Purchases	**(130,624)**	(203,557)
Investment Sales/Maturities	**56,242**	982,209
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	**(139,917)**	676,070
INCREASE (DECREASE) IN CASH	**911,963**	(135,283)
CASH AT BEGINNING OF YEAR	**269,707**	404,990
CASH AT END OF YEAR	**$ 1,181,670**	$ 269,707

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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.

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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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 $11,540 at June 30, 2017 and 2016. 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.

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. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2017 and 2016 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.

Asset	Estimated Useful Life
Land Improvements	15 Years
Building and Improvements	15 to 45 Years
Equipment and Fixtures	3 to 15 Years

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2017, and up to and including November 14, 2017, 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, 2017 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.

Reclassifications
Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications have no effect on the reported results of activities or changes in net assets.

Recent Accounting Pronouncement
The Financial Accounting Standards Board has issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* that will be effective for the Center's fiscal year ending June 30, 2019, however, earlier implementation is permitted. The statement significantly changes the presentation of net assets and requires additional disclosures for expenses by nature and function and for the liquidity and availability of financial resources.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable are comprised of the following:

	2017	2016
Due from Commonwealth of Massachusetts	**$493,702**	$541,789
Due from third-party payers, including other governmental units	**379,183**	629,088
Other	**-**	13,542
Total accounts receivable	**872,885**	1,184,419
Allowance for doubtful accounts	**(11,540)**	(11,540)
Net accounts receivable	**$861,345**	$1,172,879

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, 2017 and 2016 are due primarily from third party payers, principally Massachusetts public and private school systems as summarized above.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 3 - ACCOUNTS RECEIVABLE (Continued)

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

	2017	2016
Commonwealth of Massachusetts	**44%**	46%
Massachusetts public and private school systems	**32%**	53%
All other sources	**24%**	1%
	100%	100%

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:

	June 30, 2017			June 30, 2016		
	Fair Value	Cost	Unrealized Gain (Loss)	Fair Value	Cost	Unrealized Gain (Loss)
Certificate of deposit	**$ 50,476**	**$ 50,000**	**$ 476**	$ 51,015	$ 50,000	$ 1,015
Money market	**1,298,874**	**1,298,874**	**-**	1,140,760	1,140,760	-
Corporate bonds	**35,203**	**35,556**	**(353)**	90,078	90,229	(151)
Fixed income mutual funds	**466,128**	**477,418**	**(11,290)**	453,022	479,184	(26,162)
	$ 1,850,681	**$ 1,861,848**	**$ (11,167)**	$ 1,734,875	$ 1,760,173	$ (25,298)

For each year ended, investment return are as follows:

	June 30, 2017	June 30, 2016
Investment income: interest and dividends	**$ 27,490**	$ 32,961
Net realized and unrealized gains (losses)	**12,561**	(21,288)
	$ 40,051	$ 11,673

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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, 2017 and 2016.

	June 30, 2017					
	Less than 12 months		12 months or greater		Total	
($ in 000s) Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed income mutual funds	$ -	$ -	$ 58,885	$ 530	$ 58,885	$ 530
Corporate bonds	-	-	35,551	5	35,551	5
Total	$ -	$ -	$ 94,436	$ 535	$ 94,436	$ 535

	June 30, 2016					
	Less than 12 months		12 months or greater		Total	
($ in 000s) Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed income mutual funds	$ -	$ -	$ 394,802	$ 28,382	$ 394,802	$ 28,382
Corporate bonds	-	-	35,027	529	35,027	529
Total	$ -	$ -	$ 429,829	$ 28,911	$ 429,829	$ 28,911

The net realized losses were due to liquidation of equity mutual funds 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.

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 $48,297 and $60,858 as of June 30, 2017 and 2016, 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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 4 – INVESTMENTS *(Continued)*

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

	June 30, 2017	June 30, 2016
Unrestricted - Board Designated	**$ 1,264,414**	$ 1,148,608
Permanently Restricted	**586,267**	586,267
Total Funds	**$ 1,850,681**	$ 1,734,875

Changes in endowment net assets for the year ended June 30, 2017 are as follows:

	Unrestricted	**Permanently Restricted**	**Total**
Balance at beginning of year	**$ 1,148,608**	**$ 586,267**	**$ 1,734,875**
Contributions	**1,372**	**-**	**1,372**
Interest and dividends	**14,335**	**13,154**	**27,489**
Net unrealized investment gains (losses)	**12,561**	**-**	**12,561**
Reclassification	**13,154**	**(13,154)**	**-**
Transfers from operations	**74,384**	**-**	**74,384**
Balance at end of year	**$ 1,264,414**	**$ 586,267**	**$ 1,850,681**

Changes in endowment net assets for the year ended June 30, 2016 are as follows:

	Unrestricted	Permanently Restricted	Total
Balance at beginning of year	$ 1,915,587	$ 586,267	$ 2,501,854
Interest and dividends	13,472	21,523	34,995
Net unrealized investment gains (losses)	(21,980)	-	(21,980)
Reclassification	21,523	(21,523)	-
Appropriated for Operations and Fixed Asset Improvements	(779,994)	-	(779,994)
Balance at end of year	$ 1,148,608	$ 586,267	$ 1,734,875

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 5 – LAND, BUILDINGS, AND EQUIPMENT

Balances by major classification are as follows:

	June 30, 2017	June 30, 2016
Land and improvements	$ 189,659	$ 168,406
Buildings and improvements	5,439,148	5,425,921
Equipment and fixtures	742,660	711,605
	6,371,467	6,305,932
Accumulated Depreciation	(2,885,603)	(2,733,746)
Net land, buildings, and equipment	$ 3,485,864	$ 3,572,186

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	June 30, 2017	June 30, 2016
Summer programs	$ 130,500	$ 122,846
Job readiness	99,500	-
Web accessibility	28,000	26,000
Capital projects	16,600	-
Rehabilitation services	15,000	15,000
Scholarships	5,000	5,000
Community services	4,716	11,706
Low vision	1,000	-
	$ 300,316	$ 180,552

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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS (Continued)

During the years ended June 30, 2017 and 2016 net assets were released from donor restrictions as follows:

	June 30, 2017	June 30, 2016
Summer programs	**$ 121,692**	$ 199,501
Job readiness	**140,500**	-
Vocational programming	**40,000**	74,000
Web accessibility	**26,000**	20,000
Community services	**32,500**	139,569
Education services	**1,300**	8,644
Computer training	**1,306**	34,210
Job placement	**-**	5,000
Capital projects	**4,049**	17,758
	$ 367,347	$ 498,682

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, 2017 and 2016 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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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 2017 and 2016 is as follows:

	June 30, 2017		
	Total	**Unrestricted**	**Permanently Restricted**
Balance at beginning of year	**$ 525,409**	**$ (60,858)**	**$ 586,267**
Interest and dividends earned	**27,490**	**27,490**	**-**
Additions (withdrawals)	**(27,490)**	**(27,490)**	**-**
Net realized and unrealized gains	**12,561**	**12,561**	**-**
Balance at end of year	**$ 537,970**	**$ (48,297)**	**$ 586,267**

	June 30, 2016		
	Total	Unrestricted	Permanently Restricted
Balance at beginning of year	$ 543,003	$ (43,264)	$ 586,267
Interest and dividends earned	32,961	32,961	-
Additions (withdrawals)	(32,961)	(32,961)	-
Net realized and unrealized gains	(17,594)	(17,594)	-
Balance at end of year	$ 525,409	$ (60,858)	$ 586,267

NOTE 8 - RETIREMENT AND CAFETERIA PLANS

The Center has a contributory defined contribution retirement plan available to substantially all of its employees. The Center's contribution matches up to 3% of participating employees' salaries to the plan. For the years ended June 30, 2017 and 2016, the Center's contributions to the plan were $58,685 and $71,388, 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, 2017 and 2016, the Center's contributions to the plan were $394,626 and $429,109, respectively.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 9 - UNCERTAINIES

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:

	2017	2016
Public relations and communications	**$38,500**	$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, 2017, 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 14, 2017.

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.

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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 14, 2017