

THE CARROLL CENTER FOR THE BLIND, INC.

FINANCIAL STATEMENTS

For the Years Ended June 30, 2020 and 2019



The Carroll Center

FOR THE BLIND



THE CARROLL CENTER FOR THE BLIND, INC.

FINANCIAL STATEMENTS

For the Years Ended June 30, 2020 and 2019

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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, 2020 and 2019, and the related statements of activities without donor restrictions, activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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, 2020 and 2019, 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 December 15, 2020, 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.

DI PESA & COMPANY

Di Pesa & Company

Certified Public Accountants
Quincy, Massachusetts
December 15, 2020

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THE CARROLL CENTER FOR THE BLIND, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>
ASSETS			LIABILITIES AND NET ASSETS		
Current Assets:			Current Liabilities:		
Cash and cash equivalents	\$ 1,250,784	\$ 778,656	Accounts payable	\$ 77,671	\$ 81,789
Accounts receivable	482,178	780,858	Accrued payroll	339,306	312,801
Contributions receivable	287,086	356,352	Accrued expenses	31,833	25,689
Other receivables	47	826	Deferred revenue	42,940	39,688
Merchandise inventory	101,967	108,443	Current portion of long-term debt	97	555
Prepaid expenses	<u>160,451</u>	<u>161,738</u>	Current portion of annuity obligation	<u>13,500</u>	<u>13,500</u>
Total current assets	2,282,513	2,186,874	Total current liabilities	505,347	474,022
Investments	2,350,740	2,269,575	Long-Term Debt	-	114
Property, Plant, and Equipment	3,531,939	3,557,537	Annuity Obligation	<u>114,009</u>	<u>127,574</u>
Single Life Premium Annuity	<u>141,445</u>	<u>155,009</u>	Total liabilities	<u>619,356</u>	<u>601,710</u>
			Net Assets:		
			Without donor restrictions:		
			Undesignated	1,098,807	1,001,457
			Net investment in plant	3,531,842	3,556,868
			Designated by the Board for operating reserves	1,395,000	-
			Designated by the Board for endowment	<u>273,791</u>	<u>1,587,626</u>
				<u>6,299,440</u>	<u>6,145,952</u>
			With donor restrictions:		
			Perpetual in nature	681,949	681,949
			Purpose restricted	418,806	383,032
			Time restricted	<u>287,086</u>	<u>356,352</u>
				<u>1,387,841</u>	<u>1,421,333</u>
			Total net assets	<u>7,687,281</u>	<u>7,567,285</u>
Total Assets	<u>\$ 8,306,637</u>	<u>\$ 8,168,995</u>	Total Liabilities and Net Assets	<u>\$ 8,306,637</u>	<u>\$ 8,168,995</u>

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



THE CARROLL CENTER FOR THE BLIND, INC.
STATEMENTS OF ACTIVITIES WITHOUT DONOR RESTRICTIONS
For the Years Ended June 30, 2020 and 2019

OPERATING ACTIVITIES:	2020	2019
Revenues:		
Operating revenues:		
Program services	\$ 4,258,129	\$ 4,746,534
Contributions and Grants	881,704	863,407
Retail store gross margin	54,786	96,948
Investment income	40,739	34,798
Other income	6,516	18,039
Total operating revenues	<u>5,241,873</u>	<u>5,759,725</u>
Net assets released from restrictions:		
Satisfaction of program restrictions	1,051,835	278,812
Satisfaction of property acquisition restrictions	115,697	25,179
Satisfaction of time restrictions	283,491	114,752
Total net assets released from restrictions	<u>1,451,023</u>	<u>418,743</u>
 Total revenues, gains, and other support	 <u>6,692,896</u>	 <u>6,178,468</u>
Expenses:		
Program services:		
Education services	1,862,179	1,951,452
Rehabilitation services	1,739,492	1,813,464
Community services	658,844	613,103
Computer training	288,440	303,877
Other	426,133	430,011
Support services:		
General and administrative	1,207,017	1,229,434
Fundraising	484,256	525,763
 Total expenses	 <u>6,666,360</u>	 <u>6,867,103</u>
 Change in Net Assets Without Donor Restrictions from Operating Activities	 <u>26,536</u>	 <u>(688,636)</u>
 NONOPERATING ACTIVITIES:		
Bequests	124,894	674,036
Satisfaction of time restrictions	26,375	-
Net realized and unrealized gain/(loss) on investments	<u>(24,317)</u>	<u>9,918</u>
 Change in Net Assets Without Donor Restrictions from Nonoperating Activities	 <u>126,952</u>	 <u>683,953</u>
 CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	 <u><u>\$ 153,489</u></u>	 <u><u>\$ (4,682)</u></u>

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



THE CARROLL CENTER FOR THE BLIND, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT:						
Program services	\$ 4,258,129	\$ -	\$ 4,258,129	\$ 4,746,534	\$ -	\$ 4,746,534
Contributions and Grants	1,006,598	1,443,907	2,450,505	1,537,443	827,554	2,364,997
Retail store gross margin	54,786	-	54,786	96,948	-	96,948
Investment income	40,739	-	40,739	34,798	-	34,798
Net realized and unrealized gain/(loss) on investments	(24,317)	-	(24,317)	9,918	-	9,918
Other income	6,516	-	6,516	18,039	-	18,039
Net assets released from restrictions	1,477,399	(1,477,399)	-	418,743	(418,743)	-
 Total revenues, gains, and other support	 6,819,848	 (33,491)	 6,786,356	 6,862,421	 408,812	 7,271,233
EXPENSES:						
Program services	4,975,087	-	4,975,087	5,111,907	-	5,111,907
General and administrative	1,207,017	-	1,207,017	1,229,434	-	1,229,434
Fundraising	484,256	-	484,256	525,763	-	525,763
 Total expenses	 6,666,360	 -	 6,666,360	 6,867,103	 -	 6,867,103
 CHANGE IN NET ASSETS	 153,488	 (33,491)	 119,996	 (4,682)	 408,812	 404,130
 NET ASSETS - Beginning of Year	 6,145,952	 1,421,333	 7,567,285	 6,150,634	 1,012,521	 7,163,155
 NET ASSETS - End of Year	 <u>\$ 6,299,440</u>	 <u>\$ 1,387,841</u>	 <u>\$ 7,687,281</u>	 <u>\$ 6,145,952</u>	 <u>\$ 1,421,333</u>	 <u>\$ 7,567,285</u>

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



THE CARROLL CENTER FOR THE BLIND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020

	Program Services								Supporting Services				Grand Total
	Education Services	Rehabilitation Services	Community Services	Computer Training	Accessibility Services	Retail Store	Low Vision	Total	Plant Operations	General and Admin	Fundraising	Total	
Salaries	\$ 1,068,672	\$ 1,000,420	\$ 508,016	\$ 162,181	\$ 118,185	\$ 64,207	\$ 55,791	\$ 2,977,472	\$ 127,146	\$ 760,188	\$ 235,345	\$ 1,122,679	\$ 4,100,151
Employee benefits	123,598	141,761	45,962	35,017	18,896	12,019	23,858	401,112	52,865	91,303	47,894	192,061	593,173
Payroll taxes	90,971	80,149	44,246	11,438	8,725	4,590	3,594	243,711	8,355	52,945	16,385	77,685	321,397
	1,283,241	1,222,330	598,224	208,635	145,805	80,816	83,243	3,622,295	188,366	904,436	299,624	1,392,425	5,014,721
Accounting and audit	-	-	-	-	-	-	-	-	-	32,563	-	32,563	32,563
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank charges	-	-	-	26	141	2,988	-	3,155	-	623	5,892	6,515	9,670
Conferences	3,752	4,903	410	-	-	60	-	9,125	-	3,863	2,184	6,047	15,172
Consultants	900	18,389	-	-	62,706	-	-	81,995	-	5,662	14,373	20,035	102,030
Depreciation	3,792	7,402	673	1,293	257	333	-	13,751	153,255	27,834	2,612	183,701	197,452
Dining service	5,612	140,269	-	15,290	-	-	-	161,171	49	6,238	6,669	12,956	174,127
Dues and subscriptions	265	110	-	-	486	-	-	861	55	9,833	2,364	12,252	13,113
Equipment rental	668	9,697	-	42	-	-	-	10,407	-	2,977	4	2,981	13,388
Events	-	-	-	-	-	-	-	-	-	1,386	316	1,701	1,701
Insurance	7,075	6,656	1,837	863	817	694	142	18,083	22,692	22,411	300	45,403	63,486
Interest expense	-	-	-	-	-	-	-	-	14	-	-	14	14
Legal	1,944	-	-	-	-	-	-	1,944	-	-	3,110	3,110	5,053
Marketing	-	-	-	-	-	-	-	-	-	2,389	4,180	6,569	6,569
Occupancy	4,425	15,930	-	-	-	-	-	20,355	-	-	-	-	20,355
Postage	665	582	603	56	3	843	3	2,754	1	3,797	18,667	22,465	25,219
Printing	938	751	850	25	235	380	215	3,394	-	958	34,166	35,123	38,517
Professional fees	3,883	3,851	-	-	-	643	-	8,377	-	5,598	15,309	20,907	29,284
Publications	425,491	-	-	-	-	-	-	425,491	-	-	-	-	425,491
Recruitment	-	-	-	-	-	-	-	-	-	5,064	-	5,064	5,064
Repairs and maintenance	-	4,368	-	-	-	-	-	4,368	90,583	2,907	-	93,490	97,858
Scholarships	1,000	6,500	100	-	-	-	600	8,200	-	-	-	-	8,200
Supplies	6,812	12,092	8,127	3,752	480	3,521	999	35,784	324	21,736	3,461	25,522	61,306
Technical support	4,989	2,228	1,914	429	-	2,791	318	12,669	-	42,989	26,201	69,190	81,859
Travel	41,725	8,868	31,012	299	81	405	308	82,697	276	837	212	1,325	84,022
Utilities	18,353	5,745	3,717	2,192	-	-	-	30,008	98,382	11,537	199	110,118	140,126
	1,815,530	1,470,671	647,467	232,904	211,010	93,475	85,829	4,556,885	553,996	1,115,637	439,842	2,109,475	6,666,360
Plant operations allocated	46,649	268,820	11,377	55,536	11,180	12,320	12,320	418,202	(553,996)	91,380	44,413	(418,202)	-
	<u>\$ 1,862,179</u>	<u>\$ 1,739,492</u>	<u>\$ 658,844</u>	<u>\$ 288,440</u>	<u>\$ 222,190</u>	<u>\$ 105,795</u>	<u>\$ 98,149</u>	<u>\$ 4,975,087</u>	<u>\$ -</u>	<u>\$ 1,207,017</u>	<u>\$ 484,256</u>	<u>\$ 1,691,273</u>	<u>\$ 6,666,360</u>
	27.9%	26.1%	9.9%	4.3%	3.3%	1.6%	1.5%	74.6%	0.0%	18.1%	7.3%	25.4%	100.0%

Note: Columns and rows may not add properly due to rounding.

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



THE CARROLL CENTER FOR THE BLIND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	Program Services								Supporting Services				Grand Total
	Education Services	Rehabilitation Services	Community Services	Computer Training	Accessibility Services	Retail Store	Low Vision	Total	Plant Operations	General and Admin	Fundraising	Total	
Salaries	\$ 1,136,294	\$ 1,050,129	\$ 457,758	\$ 192,921	\$ 82,772	\$ 93,058	\$ 72,619	\$ 3,085,551	\$ 117,101	\$ 772,336	\$ 241,825	\$ 1,131,262	\$ 4,216,813
Employee benefits	132,513	135,386	35,742	19,677	13,501	5,007	23,422	365,249	49,902	100,950	34,124	184,977	550,226
Payroll taxes	83,776	83,563	34,106	14,251	6,094	7,065	4,876	233,732	7,601	49,982	36,240	93,823	327,555
	1,352,583	1,269,078	527,606	226,850	102,367	105,130	100,918	3,684,532	174,604	923,268	312,190	1,410,062	5,094,593
Accounting and audit	-	-	-	-	-	-	-	-	-	25,200	-	25,200	25,200
Bad debt expense	297	-	-	-	-	-	-	297	-	-	-	-	297
Bank charges	-	-	-	84	-	6,484	-	6,567	-	361	5,471	5,833	12,400
Conferences	6,348	2,305	786	-	-	638	210	10,288	-	3,751	2,322	6,072	16,360
Consultants	10,775	21,113	-	-	75,385	-	-	107,273	-	-	15,553	15,553	122,826
Depreciation	3,560	5,313	673	1,133	257	333	-	11,270	152,439	16,948	2,381	171,769	183,039
Dining service	6,180	175,975	60	20,632	-	93	-	202,941	-	4,707	2,312	7,019	209,960
Dues and subscriptions	685	55	-	176	-	125	-	1,041	-	6,124	239	6,363	7,404
Equipment rental	1,905	4,688	-	65	-	-	-	6,658	-	2,022	6,362	8,384	15,042
Events	-	-	-	-	-	-	-	-	-	17	7,552	7,570	7,570
Insurance	6,638	6,276	1,446	924	548	698	143	16,673	19,872	19,405	-	39,277	55,950
Interest expense	-	-	-	-	-	-	-	-	27	-	-	27	27
Legal	4,678	-	-	-	-	-	-	4,678	-	-	12,694	12,694	17,372
Marketing	51	-	-	-	-	359	-	410	-	42,900	392	43,292	43,703
Occupancy	4,425	16,284	-	-	-	-	-	20,709	-	-	-	-	20,709
Postage	1,412	890	105	113	-	302	8	2,831	1	1,280	21,933	23,214	26,045
Printing	351	1,451	-	327	-	1,130	195	3,455	32	1,308	42,277	43,617	47,072
Professional fees	9,492	5,493	-	-	-	106	-	15,091	-	2,810	11,687	14,497	29,588
Publications	403,756	162	-	-	-	-	-	403,918	-	950	-	950	404,868
Recruitment	135	38	-	7	-	-	-	180	45	8,544	-	8,589	8,769
Repairs and maintenance	952	1,870	-	1,026	-	-	-	3,848	93,114	546	750	94,410	98,257
Scholarships	1,600	-	1,710	-	-	-	-	3,310	-	-	-	-	3,310
Supplies	8,641	15,156	14,897	2,741	261	2,479	650	44,826	1,176	18,901	19,537	39,613	84,439
Technical support	10,639	2,010	1,727	387	-	1,818	287	16,868	-	34,477	28,667	63,144	80,012
Travel	55,469	16,216	35,196	357	59	251	870	108,417	252	2,936	641	3,829	112,246
Utilities	17,687	5,100	3,206	2,266	10	156	-	28,426	103,292	8,158	169	111,620	140,045
	1,908,259	1,549,474	587,413	257,089	178,888	120,103	103,282	4,704,507	544,855	1,124,613	493,129	2,162,596	6,867,103
Plant operations allocated	43,193	263,989	25,690	46,788	3,045	12,347	12,347	407,400	(544,855)	104,820	32,634	(407,400)	-
	\$ 1,951,452	\$ 1,813,464	\$ 613,103	\$ 303,877	\$ 181,933	\$ 132,450	\$ 115,629	\$ 5,111,907	\$ -	\$ 1,229,434	\$ 525,763	\$ 1,755,197	\$ 6,867,103
	28.4%	26.4%	8.9%	4.4%	2.6%	1.9%	1.7%	74.4%	0.0%	17.9%	7.7%	25.6%	100.0%

Note: Columns and rows may not add properly due to rounding.

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



THE CARROLL CENTER FOR THE BLIND, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:			Reconciliation of change in net assets to net cash used in operating activities:		
Cash received from clients, consumers, and contracts	\$ 4,690,476	\$ 5,118,960	Change in net assets	\$ 119,996	\$ 404,130
Cash received from contributors and grantors	2,511,597	2,000,747	Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Proceeds from sales of donated securities	15,642	259,189	Depreciation	197,452	183,039
Interest and dividends received	40,739	34,798	Net realized and unrealized (gain)/loss on investments	24,317	(9,918)
Interest paid	(14)	(27)	Noncash contributions received	(30,769)	(253,983)
Cash paid to employees	(4,321,104)	(4,486,132)	Proceeds from sales of contributed marketable securities	15,642	259,189
Cash paid to suppliers	(1,544,687)	(1,780,565)	Contributions restricted for long-term investment	-	(95,682)
Cash paid to benefit plan providers	(661,925)	(640,848)	(Increase)/decrease in operational assets:		
Net cash provided from operating activities	<u>730,723</u>	<u>506,121</u>	Accounts receivable	298,680	79,874
Cash Flows from Investing Activities:			Contributions receivable	69,266	25,713
Purchases of property, plant, and equipment	(152,668)	(161,507)	Other receivables	779	1,612
Purchase of single premium life annuity	-	(161,791)	Merchandise inventory	6,477	(9,103)
Proceeds from maturities and redemptions of investments	150	394,150	Prepaid expenses	1,287	(35,305)
Purchases of investments	(105,505)	(643,939)	Increase/(decrease) in operational liabilities:		
Net cash used in investing activities	<u>(258,024)</u>	<u>(573,087)</u>	Accounts payable	(8,304)	(74,751)
Cash Flows from Financing Activities:			Accrued payroll	26,505	12,227
Principal payments on long-term debt	(572)	(460)	Accrued expenses	6,143	(20,607)
Cash paid to annuitant	-	(6,750)	Deferred revenue	3,252	39,688
Cash received from contributors restricted for long-term investment	-	95,682	Total adjustments	<u>610,727</u>	<u>101,991</u>
Net cash used in financing activities	<u>(572)</u>	<u>88,471</u>	Net cash provided from operating activities	<u>\$ 730,723</u>	<u>\$ 506,121</u>
Net Change in Cash and Cash Equivalents	472,128	21,506	Supplemental disclosures for noncash investing and financing activities:		
Cash and Cash Equivalents - Beginning of Year	<u>778,656</u>	<u>757,150</u>	Gifts of marketable securities	\$ 15,769	\$ 253,983
Cash and Cash Equivalents - End of Year	<u>\$ 1,250,784</u>	<u>\$ 778,656</u>	Gifts of property, plant, and equipment	\$ 15,000	\$ -
			Capital acquisitions included in accounts payable	\$ 4,186	\$ -
			Financed acquisition of property, plant, and equipment	\$ -	\$ 1,129

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

THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 1. Nature of the Organization

The Carroll Center for the Blind (the “Center”) is a Massachusetts not-for-profit corporation chartered in 1947. It was founded in 1936 as the Catholic Guild for All the Blind. The Center is the first civilian-operated organization in the United States designed specifically to meet the needs of blind adult citizens where individuals can learn to be independent.

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. The Center also manages the Massachusetts Accessible Instructional Materials Library (“AIM”), which provides Braille and large print books to blind children in Massachusetts-based public and private schools, and operates a retail store.

Funding sources for payment of fees for services to individual clients are derived from government units and other third parties. The Center supplements the cost of programs through fundraising and gifts from friends, foundations, and businesses. Individuals serviced are principally from the Commonwealth of Massachusetts, with a significant number of residential rehabilitation clients originating from throughout the U.S.

Note 2. Significant Accounting Policies

a) Basis of Presentation

The Center’s financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

- Without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions. Assets restricted solely through the actions of the Board of Directors (the “Board”) are reported as net assets without donor restrictions, board designated.
- With Donor Restrictions – Net assets subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources be maintained in perpetuity.

THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 2. Significant Accounting Policies (continued)

Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities, other than endowment and similar funds, are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of time restriction on net assets (i.e., the donor-stipulated purposes have been fulfilled and/or the stipulated time period has elapsed) are reported as releases of the restrictions and therefore reclassifications between the applicable classes of net assets.

b) Cash and Cash Equivalents

The Center considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Money market funds and certificates of deposit which are maintained for long-term investment are not considered to be cash equivalents.

The Center maintains cash balances at financial institutions which at times may exceed federally insured limits. The Center has not experienced any losses in such accounts. The Center believes it is not exposed to any significant credit risk on cash and cash equivalents.

c) Accounts Receivable

The timing of revenue recognition, billings, and cash collections results in accounts receivable. Accounts receivable are recorded when the right to consideration becomes unconditional.

Receivables are carried at original invoice amount less an allowance made for doubtful accounts based on a monthly review of all outstanding amounts. Many client services are provided under contractual terms with state and local governments and agencies. Such contracts may be subject to limits in allowances and/or audits which could produce adjustments to revenues.

A receivable is considered past due if any portion of its balance is outstanding for more than 90 days. It is the Center's policy to write off delinquent accounts when management determines the receivable will not be collected. Interest is not charged on past due receivables and they are not collateralized.

THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 2. Significant Accounting Policies (continued)

d) Inventories

Inventories include items held for resale at the Center's low vision retail store and are carried at the lower of cost (first-in, first-out method) or net realizable value.

e) Contributions and Contributions Receivable

Contributions, including unconditional promises to give, are recognized as revenues as either without or with donor restrictions in the period verifiably committed by the donor. New pledges and contributions of assets other than cash are recorded at their estimated fair value and per the fair value policies described elsewhere in these policies.

The presence of both a barrier and a right of return make a contribution conditional. Conditional promises to give to the Center are not recognized until the conditions are satisfied.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows using a risk adjusted discount rate depending on the time period involved. Amortization of the discount is included in contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment of potential defaults. This determination includes such factors as prior collection history, type of contribution, and nature of fundraising activity. Management has determined that no allowance is required.

Contributions with donor-imposed restrictions that can be met through the passage of time or upon the incurring of expenses consistent with the purposes are recorded as net assets with restrictions and reclassified to net assets without donor restrictions unless the donor explicitly states how such assets should be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions.

The Center reports expirations of donor restrictions when the donated or acquired long-lived asset is placed in service. Conditional contributions are recorded as revenue when such amounts become unconditional, which generally involves the meeting of a barrier to entitlement. A barrier can include meeting a matching provision or incurring specified allowable expenses in accordance with a framework of allowable costs.

Contributions of works of art, historical treasures, and similar assets held as part of a collection for exhibition purposes rather than for sale or financial gain are not recognized or capitalized.

THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 2. Significant Accounting Policies (continued)

f) Investments

Investments consist primarily of money market securities and mutual funds and are stated at fair value. Interest and dividend income yielded on investments and the net realized and unrealized gains or losses on investments are recorded in the statements of activities and changes in net assets. Investment returns are reported as revenue based on the fair value of such investments at year end. Such returns are allocated ratably based on the relative proportion of funds invested with donor-imposed restrictions and those without donor-imposed restrictions. Investment returns allocated to net assets with donor-imposed restrictions remain in such category until appropriated by the Board unless otherwise required by the terms of the gift that they be added to the principal of the endowment.

g) Fair Value Measurements

Fair value refers to the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The Center establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three levels:

- Level 1 – quoted prices in active markets accessible at the measurement date for assets of liabilities.
- Level 2 – observable prices based on inputs not quoted in active markets but corroborated by market data.
- Level 3 – unobservable inputs are used when little or no market data is available.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. All of the Center's fair value measures are Level 1 inputs.

h) Impairment of Long-Lived Assets

Long-lived assets, such as buildings, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated discounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount exceeds the fair value of the asset. No impairments were recognized for the years ended June 30, 2020 and 2019.

THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 2. Significant Accounting Policies (continued)

i) Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost, or if received by donation, at estimated fair value at the time such items are received. Expenditures for major renewals and improvements exceeding \$500 are capitalized, while ordinary expenditures for repairs and maintenance are expensed as incurred.

When assets are retired or otherwise disposed, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

<u>Description</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	10 – 45 Years
Land Improvements	15 Years
Equipment and Fixtures	3 – 20 Years

j) Revenue Recognition

Revenue under grants, contracts, and similar agreements comprises federal and non-federal (e.g., state, private foundation, etc.) grants and contracts. The funding may represent a reciprocal transaction in which the resources provided are for the benefit of the Center, the funding organization's mission, or the public at large. Federal grants and non-federal grants with similar restrictions on spending are conditional and revenue is recognized at the time expenditures are incurred. Unconditional non-exchange revenue is recognized in full when a qualifying promise to give has been made, generally when the agreement is finalized. Revenues from exchange transactions are recognized as performance obligations are satisfied, which may be as milestones are achieved or as related costs are incurred.

k) Measure of Operations

The Center separates its activities without donor restrictions between operating and non-operating segments. Operating activities represent those revenues and expenses incurred in the day-to-day operation of the Center. They also include income yielded from the Center's investments, which are generally used to fund program expenses. Non-operating activities represent those transactions having no effect on the Center's day-to-day performance, which include, but are not limited to, contributions received from decedents' estates under testamentary bequests; investment gains or losses; and gains or losses on the dispositions of property, plant, and equipment.

THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 2. Significant Accounting Policies (continued)

l) Split-Interest Agreements

The Center's split-interest agreements with donors consist of charitable gift annuities, charitable remainder trusts, and beneficial interest in perpetual trusts. Assets related to charitable gift annuities are recorded at their fair values when received and an annuity payment liability is recognized at the present value of future cash flows expected to be paid to the donor or other designee. At the time of the gift, the Center recognizes contribution revenue in an amount equal to the difference between these two amounts. Discount rates and actuarial assumptions used to determine the liability are those contained in mortality tables published by the Internal Revenue Service and are typically based on factors such as applicable federal interest rates and donor life expectancies. The liabilities are adjusted annually for changes in the estimates of future benefits, and the changes in the value of these agreements are included in the statements of activities.

m) Functional Allocation of Expenses

The Center allocates expenses by functional responsibility. In not-for-profit accounting, these functions are designated Programming, Management, and Fundraising. The Center's programming expenses are segmented between its individual programs and the operation of its retail store.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Expenses therefore require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include plant operations and depreciation, which are allocated on a square footage basis, as well as compensation, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

n) Income Taxes

The Center is recognized as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is not a private foundation. The Center's Federal tax returns are open to examination by Federal authorities for the fiscal years ended June 30, 2019, 2018, and 2017.

The Center's policies for income taxes help determine the proper recognition, classification, and disclosure of taxes, interest, and penalties. Management has evaluated significant tax positions against criteria established by professional standards and believes there are no tax positions that require accounting recognition in the financial statements, nor are there any material uncertainties regarding income taxes.

THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 2. Significant Accounting Policies (continued)

o) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include, but are not limited to, fair value of investments, carrying amount of property and equipment, and allowances for receivables balances. Although these estimates are based on management's best knowledge of current events and actions the Center may undertake in the future, actual results could differ from those estimates.

p) Advertising

The Center expenses advertising as incurred. The Center includes advertising expenses on the statements of functional expenses with marketing expenses.

q) 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.

r) Management's Review of Subsequent Events

The Center recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the Statement of Financial Position, including the estimates inherent in the process of preparing financial statements. Subsequent events have been evaluated through December 15, 2020, which is the date the financial statements were available to be issued.

THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 2. Significant Accounting Policies (continued)

s) Recent Accounting Pronouncements

In 2014 the FASB issued standards for recognition of revenue from contracts with customers, which were subsequently clarified six times. The Center adopted these standards with the financial statements for the fiscal year beginning July 1, 2019. Analysis of various provisions of this standard resulted in no significant changes to the way the Center recognizes revenue, and therefore no changes to previously issued audited financial statements were required on a retrospective basis.

In February 2016 the FASB issued an updated standard on leases, that requires a lessee to record all leases with a term of more than 12 months as an asset representing its right to use the underlying asset and a liability to make lease payments. The update is effective for annual financial statements issued for fiscal years beginning after December 15, 2021.

Note 3. Accounts Receivable

The following summarizes accounts receivable at June 30, 2020 and 2019:

	2020	2019
0 - 30 days	\$ 261,932	\$ 386,486
31 - 60 days	97,139	344,460
61 - 90 days	10,775	38,536
91 - 120 days	43,788	10,101
Over 120 days	79,333	12,065
	492,967	791,647
Allowance for doubtful accounts	(10,789)	(10,789)
	<u>\$ 482,178</u>	<u>\$ 780,858</u>

The Center receives a significant portion of funding for its programs as cost reimbursement contracts with the United States Department of Education, Office of Special Education and Rehabilitation Services (the "DOE"). These awards are passed through to the Commonwealth of Massachusetts Department of Education and Executive Office of Health and Human Services.

The pricing and terms for contracts for education, orientation and mobility, and rehabilitation services are set by the Commonwealth of Massachusetts and individual municipalities. The contracts do not contain a financing component and generally require payment within 30 days from the invoice date, which are typically billed monthly.

THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 3. Accounts Receivable (continued)

Credit risk for the Center for the years ended June 30, 2020 and 2019, was concentrated in the following clients who each comprised more than 10% of the Center's program services revenues:

	<u>2020</u>	<u>2019</u>
Massachusetts Commission for the Blind	45%	38%
Massachusetts public and private school systems	25%	24%
Massachusetts Department of Elementary and Secondary Education	16%	15%

At June 30, 2020 and 2019, the significant clients accounted for the following amounts of the Center's accounts receivable.

	<u>2020</u>		<u>2019</u>	
Massachusetts Commission for the Blind	\$ 167,696	34%	\$ 271,771	34%
Massachusetts public and private school systems	\$ 215,573	44%	\$ 218,155	28%
Massachusetts Department of Elementary and Secondary Education	\$ 45,286	9%	\$ 20,705	3%

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 money market funds, fixed income funds, and equity funds.

The Board considers its assets held for investment to function as endowment funds. The Center's investments are summarized as follows at June 30, 2020 and 2019:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 1,771,628	\$ 1,771,628	\$ 1,666,272	\$ 1,666,272
Corporate bonds	50,000	51,508	50,001	51,211
Fixed income mutual funds	571,085	527,604	571,502	552,092
	<u>\$ 2,392,713</u>	<u>\$ 2,350,740</u>	<u>\$ 2,287,775</u>	<u>\$ 2,269,575</u>

THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 4. Investments (continued)

a) Interpretation of Relevant Law

The Center is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the Commonwealth of Massachusetts. Under UPMIFA, the Board has discretion to determine appropriate expenditures of a donor-restricted endowment fund in accordance with a robust set of guidelines about what constitutes prudent spending. UPMIFA permits the Center to appropriate for expenditure as much of an endowment fund as the Board determines to be prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Seven criteria are used to guide the Board in determining whether to appropriate from or accumulate to a fund:

- 1) the duration and preservation of the fund
- 2) the purposes of the Center and the endowment fund
- 3) general economic conditions
- 4) the possible effect of inflation or deflation
- 5) the expected total return from income and the appreciation of investments
- 6) other resources of the Center
- 7) the investment policy of the Center

The Board 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 donor stipulations to the contrary. As a result of this interpretation, the Center classifies as donor-imposed restricted net assets that are perpetual in nature:

- a) the original value of gifts donated to the permanent endowment
- b) the original value of subsequent gifts donated to the permanent endowment
- c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund

The remaining portion of the donor-imposed restricted endowment fund that is not classified as perpetual in nature is classified as donor-imposed purpose restricted net assets, until appropriated for spending by the Board.

THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 4. Investments (continued)

b) 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.

To satisfy its long-term objectives, the Center relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The ongoing short-term needs of the Center will be achieved by investing in money market funds and certificates of deposit.

c) 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 money markets and maintained separately 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 for the Center, to utilize the elements of the invested assets that are without donor restrictions.

d) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below their original contributed value. These deficiencies result from unfavorable market fluctuation that occurred after the investment of new contributions with donor restrictions that are perpetual in nature. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in net assets with donor restrictions. Deficiencies of this nature that are reported as reductions in net assets with donor restrictions totaled \$43,480 and \$23,863 as of June 30, 2020 and 2019, respectively.

The scheduled maturities of corporate fixed income securities as of June 30, 2020 and 2019 are as follows:

	2020	2019
Less than 1 year	\$ 51,508	\$ -
1 to 5 years	-	51,211
	<u>\$ 51,508</u>	<u>\$ 51,211</u>

THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 5. Liquidity and Availability of Resources

The Center has \$3.25 million of financial assets available within one year of the Statement of Financial Position date to meet cash needs for general expenditure. They comprise the following:

Cash and cash equivalents	\$ 830,545
Accounts receivable	488,694
Contributions receivable	287,086
Short-term investments	<u>1,668,791</u>
	<u>\$ 3,275,117</u>

None of the financial assets listed are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the Statement of Financial Position date. The contributions receivable are subject to implied time restrictions but are expected to be collected within one year.

As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In 2020 the Board instituted a policy to maintain an operating reserve of 75 days of recurring operating expenses calculated on a 3-year average, which total approximately \$1.4 million.

Note 6. Contributions Receivable

Unconditional promises to give (pledges) are included in the financial statements as contributions receivable and revenue of the appropriate net asset category. Generally, receivables are discounted at an interest rate equivalent to the Center's prevailing cost of short-term borrowing; however, no discount was recorded during 2020 and 2019. All contributions receivable are expected to be collected within the next 12 months.

THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 7. Property, Plant, and Equipment

Property, plant, and equipment are summarized as follows at June 30, 2020 and 2019:

	2020	2019
Land and improvements	\$ 191,393	\$ 191,393
Buildings and improvements	5,762,974	5,672,902
Equipment and fixtures	<u>738,124</u>	<u>656,342</u>
	6,692,491	6,520,637
Accumulated depreciation	<u>(3,160,552)</u>	<u>(2,963,100)</u>
	<u><u>\$ 3,531,939</u></u>	<u><u>\$ 3,557,537</u></u>

Depreciation expense totaled \$197,452 in 2020 and \$183,039 in 2019.

Note 8. Long-Term Debt

The Center acquired plant equipment in September 2018 with a value of \$2,630 to be paid over two years with an unsecured interest-free loan. The loan is recorded on the financial statements at its net present value at the time of the transaction. Imputed interest on the loan totaled \$15 in 2020, and \$27 in 2019.

Note 9. Paycheck Protection Program

On April 17, 2020, the Center received loan proceeds from Century Bank in the amount of \$844,000 under the Paycheck Protection Program ("PPP"). The PPP was established as part of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), which was enacted in March 2020. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll and benefits, within a certain time frame.

The Center's management believes it is probable that conditions for forgiveness of all of the loan will be met after the balance sheet date, and is treating the loan proceeds as a government grant. Accordingly, the loan proceeds are recorded on the financial statements as donor-imposed restricted revenue. The restrictions were released based on the timing of qualified expenses. At June 30, 2020, the amount of such expenses incurred totaled \$676,804.

THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 10. Program Revenues

The Center has a variety of business lines which include adult rehabilitation training and primary and secondary school education. The following table summarizes the percentages of revenue derived from each of these programs.

	<u>2020</u>	<u>2019</u>
Education services	46%	42%
Rehabilitation services	31%	37%
Community services	12%	11%
Computer training services	6%	5%
Accessibility services	4%	4%
Low Vision services	<u>1%</u>	<u>1%</u>
	<u>100%</u>	<u>100%</u>

Note 11. Restrictions and Limitations on Net Asset Balances

Net assets with donor-imposed restrictions that are not invested in perpetuity at June 30, 2020 and 2019, were allocated as follows:

	<u>2020</u>	<u>2019</u>
Time restricted	\$ 287,086	\$ 316,352
Paycheck Protection Program	167,196	-
Education services	77,374	89,829
Internships	47,535	80,700
Accessibility services	40,000	24,000
Rehabilitation services	30,333	400
Low vision	21,785	13,475
Community services	10,571	19,096
Employee recognition	8,590	8,982
Information technology	7,500	-
Scholarships	5,000	5,000
Summer programs	2,500	71,550
Capital projects	221	100,000
Computer training services	200	-
Professional development	-	10,000
	<u>\$ 705,892</u>	<u>\$ 739,384</u>

THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
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Note 11. Restrictions and Limitations on Net Asset Balances (continued)

The sources of net assets released from donor-imposed restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors and grantors were as follows:

	2020	2019
Program restrictions:		
Paycheck Protection Program	\$ 676,804	\$ -
Education services	136,055	101,221
Summer programs	71,650	66,600
Internships	33,165	29,789
Low vision	28,940	15,000
Community services	28,850	7,479
Rehabilitation services	28,367	41,000
Web accessibility	24,000	12,000
Professional development	10,000	-
Emergency reparations	8,220	-
Job readiness	5,000	5,138
Employee recognition	784	585
	1,051,835	278,812
Expiration of time restrictions	309,867	114,752
Property and equipment acquisition restrictions	115,697	25,179
	<u>\$ 1,477,399</u>	<u>\$ 418,743</u>

THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 12. Endowment Fund

The Center's Endowment Fund consists of various donor-imposed restricted endowment funds and funds designated as quasi-endowment by the Board. Net assets associated with endowment funds, including funds designated to function as endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions. The following is a breakdown of endowment funds by net asset classification as of June 30, 2020 and 2019:

	2020	2019
Donor restricted endowment funds	\$ 681,949	\$ 681,949
Board designated endowment funds	273,791	1,587,626
	<u>\$ 955,740</u>	<u>\$ 2,269,575</u>

The changes in endowment net asset fair values for the years ended June 30, 2020 and 2019 were as follows:

	Without	2020 With	
	Donor Restrictions	Donor Restrictions	Total
Endowment net assets at beginning of fiscal year	<u>\$ 1,587,626</u>	<u>\$ 681,949</u>	<u>\$ 2,269,575</u>
Investment return:			
Interest and dividends net of fees	18,476	22,112	40,589
Net realized depreciation	(127)	-	(127)
Net unrealized depreciation	<u>(5,426)</u>	<u>(18,764)</u>	<u>(24,190)</u>
Net investment gain	12,923	3,348	16,271
Contributions	15,769	-	15,769
Appropriation of funds	3,348	(3,348)	-
Reclassification of funds as operating reserves	(1,395,000)	-	(1,395,000)
Transfers from operations	<u>49,125</u>	<u>-</u>	<u>49,125</u>
Net decrease in endowment net assets	<u>(1,313,834)</u>	<u>-</u>	<u>(1,313,834)</u>
Endowment net assets at end of fiscal year	<u>\$ 273,791</u>	<u>\$ 681,949</u>	<u>\$ 955,740</u>

THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 12. Endowment Fund (continued)

	2019		
	Without	With	
	Donor Restrictions	Donor Restrictions	Total
Endowment net assets at beginning of fiscal year	\$ 1,428,807	\$ 586,267	\$ 2,015,074
Investment return:			
Interest and dividends net of fees	12,535	22,112	34,647
Net realized appreciation	398	-	398
Net unrealized appreciation	-	4,317	4,317
Net investment gain	12,933	26,429	39,362
Contributions	4,626	95,682	100,308
Appropriation of funds	26,429	(26,429)	-
Transfers from operations	114,831	-	114,831
Net increase in endowment net assets	158,819	95,682	254,501
Endowment net assets at end of fiscal year	\$ 1,587,626	\$ 681,949	\$ 2,269,575

Note 13. Split Interest Agreement

The Center received a signed pledge agreement from a donor for a \$250,000 gift in 2018. The terms of the gift stipulate that the Center pay a quarterly annuity to a third party at 5.4% per annum of the corpus for life. Upon the death of the annuitant the remainder becomes the property of the Center. The net present value of the annuity liability at June 30, 2020 and 2019, is \$141,074 and \$154,606, respectively.

Note 14. Related Party Transactions

A member of the Board is employed by an unrelated organization which renders information technology services to the Center. Fees incurred to this organization for the years ended June 30, 2020 and 2019, totaled \$6,032 and \$3,673, respectively. There were no amounts payable to this vendor at June 30, 2020 and 2019.

THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 15. Retail Store

The Center operates a retail store on its campus, that specializes in providing low vision products, adaptive devices, and technology. The following is a summary of its operations for the years ended June 30, 2020 and 2019.

	2020	2019
Sales	\$ 159,203	\$ 218,963
Cost of goods sold:		
Inventory - beginning	\$ 108,443	\$ 99,340
Purchases	97,941	131,119
	206,385	230,459
Inventory - end	101,967	108,443
	104,418	122,015
Gross margin	54,786	96,948
Expenses:		
Direct	92,421	118,915
Indirect	13,347	13,534
	105,769	132,450
Net deficit	<u>\$ (50,983)</u>	<u>\$ (35,502)</u>

Note 16. Retirement and Cafeteria Plans

The Center has a 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, 2020 and 2019, the Center's contributions to the plan were \$70,784 and \$66,450, respectively.

The Center provides employees with a flexible spending plan that offer participants the choice of receiving certain health, dental, and childcare benefits through reduced taxable compensation in lieu of cash. For the years ended June 30, 2020 and 2019, the Center's contributions to the plan were \$36,760 and \$31,438, respectively.

THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 17. Coronavirus Pandemic

The COVID-19 pandemic developed rapidly in 2020, with a significant number of cases. Measures by various governments to contain the virus affected economic activity, and in compliance with mandates issued by the Commonwealth of Massachusetts, the Center curtailed its activities for safety and health reasons in March. Social distancing, working from home, and securing materials were emphasized during the remainder of the fiscal year, and continue in the subsequent months.

The impact on the Center's operations in the final four months of the year ended June 30, 2020, was a 54% reduction in program service revenue from the same time period in 2019. Foot traffic in the Retail Store, whose clientele is predominantly the senior population, came to a halt in January, thus resulting in a 43% gross margin decline from year to year. Corresponding expenses also declined due to Education and Rehabilitation services moving to remote learning and training. The Center did not contract its workforce, however, due to the procurement of the PPP (see Note 9). The Center did institute work furloughs when the PPP funding exhausted subsequent to the balance sheet date. Cash received from the PPP increased net assets by \$844,000, which was used to offset declines in operating revenues. The pandemic imposed no permanent change in investment valuations.

Note 18. Contingencies

From time to time the Center is involved in legal actions arising in the ordinary course of business. Although the ultimate outcome of the actions cannot be determined, management's opinion is that the Center has adequate legal defenses or insurance coverage with respect to these actions, and that the amount of any liability will not have a material impact on the financial statements.

The Center's management believes it is probable that conditions for forgiveness of all of the PPP loan will be met after the balance sheet date, and is treating the loan proceeds as a government grant. The Small Business Administration had not notified the Center as to whether such forgiveness had been granted as of the date of publication of the financial statements.

Federal and state funded programs are routinely subject to audit. The reports on such audit examinations, which are conducted pursuant to specific regulatory requirements by the auditors for the Center, are required to be submitted to both the Center and the DOE. The DOE has the authority to determine liabilities as well as to limit, suspend, or terminate Federal cost reimbursement programs. In the opinion of management, the results of such audits, if any, will not have a material effect on the Center's financial position as of June 30, 2020 or 2019, or on its changes in net assets for the years then ended.



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

**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, 2020, and the related statements of activities without donor restrictions, activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2020.

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.

DI PESA & COMPANY

Di Pesa & Company

Certified Public Accountants
Quincy, Massachusetts

December 15, 2020