

THE CARROLL CENTER FOR THE BLIND, INC.

FINANCIAL STATEMENTS

For the Years Ended June 30, 2022 and 2021



The Carroll Center

FOR THE BLIND



THE CARROLL CENTER FOR THE BLIND, INC.

FINANCIAL STATEMENTS

For the Years Ended June 30, 2022 and 2021

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1 – 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities Without Donor Restrictions	4
Statements of Activities and Changes in Net Assets	5
Statements of Functional Expenses	6 – 7
Statements of Cash Flows	8
Notes to the Financial Statements	9 – 28
Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with <i>Government Auditing Standards</i>	29 - 30



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

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

Re: Independent Auditor's Report

Ladies and Gentlemen:

Opinion

We have audited the accompanying financial statements of Carroll Center for the Blind, Inc. (a Massachusetts nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Carroll Center for the Blind, Inc. as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Carroll Center for the Blind, Inc. and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Carroll Center for the Blind, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue the auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a

Auditor's Responsibility (Continued)

guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Carroll Center for the Blind, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Carroll Center for the Blind, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 12, 2022, 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 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
December 12, 2022

- 2 -





THE CARROLL CENTER FOR THE BLIND, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>
ASSETS			LIABILITIES AND NET ASSETS		
Current Assets:			Current Liabilities:		
Cash and cash equivalents	\$ 835,060	\$ 671,006	Accounts payable	\$ 130,015	\$ 85,315
Short-term investments	2,008,187	2,000,000	Accrued payroll	439,697	264,450
Accounts receivable, net	772,459	791,297	Accrued expenses	32,790	32,241
Contributions receivable	190,646	228,044	Deferred revenue	7,050	13,946
Other receivables	556,246	-	Current portion of operating lease obligations	3,256	-
Merchandise inventory	91,693	96,276	Current portion of annuity obligation	<u>13,500</u>	<u>13,500</u>
Prepaid expenses	<u>165,900</u>	<u>134,398</u>			
Total current assets	4,620,192	3,921,021	Total current liabilities	626,308	409,452
Investments	3,960,390	3,937,729	Operating Lease Obligations	11,421	-
Long-term Contributions Receivable	98,197	-	Annuity Obligation	<u>86,880</u>	<u>100,444</u>
Property, Plant, and Equipment	3,480,370	3,450,479	Total liabilities	<u>724,609</u>	<u>509,896</u>
Single Premium Life Annuity	<u>114,315</u>	<u>127,880</u>	Net Assets:		
			Without donor restrictions:		
			Undesignated	1,285,128	1,133,795
			Net investment in plant	3,480,370	3,450,479
			Designated by the Board for operating reserves	1,395,000	1,395,000
			Comprehensive campaign	2,095,923	500,000
			Designated by the Board for endowment	<u>1,841,646</u>	<u>1,810,780</u>
				<u>10,098,067</u>	<u>8,290,054</u>
			With donor restrictions:		
			Perpetual in nature	732,949	731,949
			Purpose restricted	500,367	1,754,134
			Time restricted	<u>217,472</u>	<u>151,076</u>
				<u>1,450,788</u>	<u>2,637,159</u>
			Total net assets	<u>11,548,854</u>	<u>10,927,213</u>
Total Assets	<u>\$ 12,273,463</u>	<u>\$ 11,437,109</u>	Total Liabilities and Net Assets	<u>\$ 12,273,463</u>	<u>\$ 11,437,109</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, 2022 and 2021

OPERATING ACTIVITIES:	<u>2022</u>	<u>2021</u>
Revenues:		
Operating revenues:		
Program services	\$ 4,993,123	\$ 4,219,766
Contributions and grants:		
General donations and grants	1,092,830	1,712,951
In-kind contributions	23,025	-
Retail store gross margin	44,590	63,570
Investment income	24,496	29,856
Other income	3,954	5,329
Total operating revenues	<u>6,182,018</u>	<u>6,031,473</u>
Net assets released from restrictions:		
Satisfaction of program restrictions	2,506,338	1,407,639
Satisfaction of property acquisition restrictions	62,530	14,971
Satisfaction of time restrictions	189,958	280,510
Total net assets released from restrictions	<u>2,758,826</u>	<u>1,703,120</u>
Total revenues, gains, and other support	<u>8,940,843</u>	<u>7,734,593</u>
Expenses:		
Program services:		
Education services	2,080,125	2,197,669
Rehabilitation services	1,902,383	1,375,473
Community services	555,479	421,362
Computer training	264,922	259,338
Other	329,443	363,721
Support services:		
General and administrative	1,354,640	1,165,826
Fundraising	804,553	535,511
Total expenses	<u>7,291,545</u>	<u>6,318,900</u>
Change in Net Assets Without Donor Restrictions from Operating Activities	<u>1,649,298</u>	<u>1,415,693</u>
NONOPERATING ACTIVITIES:		
Bequests	212,635	528,117
Net realized and unrealized gain/(loss) on investments	(60,220)	46,803
Net gain on sale of property, plant, and equipment	6,300	-
Change in Net Assets Without Donor Restrictions from Nonoperating Activities	<u>158,715</u>	<u>574,920</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>\$ 1,808,013</u>	<u>\$ 1,990,614</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, 2022 and 2021

	<u>2022</u>			<u>2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT:						
Program services	\$ 4,993,123	\$ -	\$ 4,993,123	\$ 4,219,766	\$ -	\$ 4,219,766
Contributions and grants	1,328,490	1,572,454	2,900,944	2,241,069	2,952,438	5,193,507
Retail store gross margin	44,590	-	44,590	63,570	-	63,570
Investment income	24,496	-	24,496	29,857	-	29,857
Net realized and unrealized gain/(loss) on investments	(60,220)	-	(60,220)	46,803	-	46,803
Net gain on sale of property, plant, and equipment	6,300	-	6,300	-	-	-
Other income	3,954	-	3,954	5,329	-	5,329
Net assets released from restrictions	<u>2,758,826</u>	<u>(2,758,826)</u>	<u>-</u>	<u>1,703,120</u>	<u>(1,703,120)</u>	<u>-</u>
Total revenues, gains, and other support	<u>9,099,558</u>	<u>(1,186,371)</u>	<u>7,913,187</u>	<u>8,309,514</u>	<u>1,249,318</u>	<u>9,558,832</u>
EXPENSES:						
Program services	5,132,352	-	5,132,352	4,617,563	-	4,617,563
General and administrative	1,354,640	-	1,354,640	1,165,826	-	1,165,826
Fundraising	<u>804,553</u>	<u>-</u>	<u>804,553</u>	<u>535,511</u>	<u>-</u>	<u>535,511</u>
Total expenses	<u>7,291,545</u>	<u>-</u>	<u>7,291,545</u>	<u>6,318,900</u>	<u>-</u>	<u>6,318,900</u>
CHANGE IN NET ASSETS	1,808,013	(1,186,371)	621,642	1,990,614	1,249,318	3,239,932
NET ASSETS - Beginning of Year	<u>8,290,054</u>	<u>2,637,159</u>	<u>10,927,213</u>	<u>6,299,440</u>	<u>1,387,841</u>	<u>7,687,281</u>
NET ASSETS - End of Year	<u>\$ 10,098,067</u>	<u>\$ 1,450,788</u>	<u>\$ 11,548,854</u>	<u>\$ 8,290,054</u>	<u>\$ 2,637,159</u>	<u>\$ 10,927,213</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, 2022

	Program Services								Supporting Services				Grand Total
	Education	Rehabilitation	Community	Computer	Accessibility	Retail Store	Low Vision	Total	Plant	General	Fundraising	Total	
	Services	Services	Services	Training	Services				Operations	and Admin			
Salaries	\$ 1,561,201	\$ 1,093,566	\$ 374,806	\$ 162,374	\$ 89,376	\$ 58,779	\$ 34,885	\$ 3,374,986	\$ 143,160	\$ 863,432	\$ 419,362	\$ 1,425,954	\$ 4,800,940
Employee benefits	178,550	115,526	27,382	22,338	19,865	11,270	3,813	378,744	44,901	93,794	44,766	183,461	562,205
Payroll taxes	114,277	80,745	28,088	12,013	6,650	4,183	2,576	248,531	9,819	54,795	30,798	95,412	343,943
	<u>1,854,027</u>	<u>1,289,838</u>	<u>430,276</u>	<u>196,725</u>	<u>115,891</u>	<u>74,231</u>	<u>41,273</u>	<u>4,002,261</u>	<u>197,880</u>	<u>1,012,020</u>	<u>494,926</u>	<u>1,704,827</u>	<u>5,707,088</u>
Accounting and audit	-	-	-	-	-	-	-	-	-	36,610	-	36,610	36,610
Bank charges	-	-	122	55	-	4,558	-	4,736	-	1,145	7,149	8,294	13,030
Conferences	7,431	2,158	-	-	341	50	-	9,981	-	11,109	222	11,331	21,311
Consultants	885	14,666	75,000	-	42,568	-	-	133,119	-	1,915	137,930	139,845	272,964
Depreciation	9,872	8,976	155	1,256	101	-	-	20,359	158,082	26,242	2,485	186,809	207,168
Dining service	3,988	215,063	95	692	-	-	-	219,838	93	5,005	4,752	9,850	229,688
Dues and subscriptions	1,416	488	-	-	15	-	-	1,918	55	9,198	7,633	16,887	18,805
Equipment rental	2,072	5,167	-	2	-	-	-	7,240	-	4,524	11,431	15,955	23,196
Events	-	-	-	-	-	-	-	-	-	1,108	3,109	4,217	4,217
Insurance	6,603	6,904	1,811	929	704	500	121	17,571	24,461	24,430	300	49,191	66,762
Legal	785	-	-	-	-	-	-	785	-	8,003	3,845	11,848	12,633
Marketing	-	-	-	-	-	-	-	-	-	5,075	-	5,075	5,075
Occupancy	7,000	21,496	-	-	-	-	-	28,496	-	-	-	-	28,496
Postage	1,166	693	57	6	-	3,559	5	5,485	1	800	8,367	9,167	14,652
Printing	-	590	235	-	-	40	-	865	-	2,454	33,876	36,331	37,196
Professional fees	1,574	1,300	-	-	-	250	-	3,124	-	6,150	6,255	12,405	15,529
Publications	-	-	-	-	-	-	-	-	-	-	-	-	-
Recruitment	-	96	-	-	-	-	-	96	-	14,832	-	14,832	14,928
Repairs and maintenance	-	3,641	-	-	-	-	-	3,641	105,527	1,448	-	106,975	110,616
Scholarships	1,950	-	1,605	-	-	-	750	4,305	-	-	-	-	4,305
Supplies	9,242	20,447	8,025	1,307	71	1,563	310	40,965	1,059	25,722	13,198	39,979	80,943
Technical support	8,451	4,133	2,748	(20)	-	3,170	497	18,979	-	43,903	21,141	65,044	84,023
Travel	91,059	10,758	20,014	94	-	-	-	121,925	564	3,668	9	4,241	126,166
Utilities	22,245	6,772	3,018	3,356	159	-	-	35,550	109,696	10,899	-	120,595	156,145
	<u>2,029,766</u>	<u>1,613,184</u>	<u>543,160</u>	<u>204,402</u>	<u>159,849</u>	<u>87,921</u>	<u>42,956</u>	<u>4,681,238</u>	<u>597,417</u>	<u>1,256,260</u>	<u>756,630</u>	<u>2,610,307</u>	<u>7,291,545</u>
Plant operations allocated	<u>50,359</u>	<u>289,199</u>	<u>12,319</u>	<u>60,520</u>	<u>12,183</u>	<u>13,267</u>	<u>13,267</u>	<u>451,114</u>	<u>(597,417)</u>	<u>98,380</u>	<u>47,923</u>	<u>(451,114)</u>	<u>-</u>
	<u>\$ 2,080,125</u>	<u>\$ 1,902,383</u>	<u>\$ 555,479</u>	<u>\$ 264,922</u>	<u>\$ 172,033</u>	<u>\$ 101,188</u>	<u>\$ 56,223</u>	<u>\$ 5,132,352</u>	<u>\$ -</u>	<u>\$ 1,354,640</u>	<u>\$ 804,553</u>	<u>\$ 2,159,193</u>	<u>\$ 7,291,545</u>
	28.5%	26.1%	7.6%	3.6%	2.4%	1.4%	0.8%	70.4%	0.0%	18.6%	11.0%	29.6%	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.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021

	Program Services								Supporting Services				Grand Total
	Education	Rehabilitation	Community	Computer	Accessibility	Retail Store	Low Vision	Total	Plant	General	Fundraising	Total	
	Services	Services	Services	Training	Services				Operations	and Admin			
Salaries	\$ 1,311,703	\$ 753,184	\$ 318,248	\$ 150,357	\$ 125,934	\$ 49,056	\$ 25,605	\$ 2,734,088	\$ 110,552	\$ 730,591	\$ 242,019	\$ 1,083,162	\$ 3,817,250
Employee benefits	146,064	97,202	28,393	34,635	22,558	11,421	4,970	345,243	37,963	99,458	51,054	188,475	533,718
Payroll taxes	107,485	92,703	33,205	10,670	8,980	3,719	1,984	258,746	17,814	55,751	16,276	89,840	348,586
	<u>1,565,252</u>	<u>943,089</u>	<u>379,847</u>	<u>195,662</u>	<u>157,472</u>	<u>64,196</u>	<u>32,558</u>	<u>3,338,076</u>	<u>166,329</u>	<u>885,800</u>	<u>309,349</u>	<u>1,361,477</u>	<u>4,699,554</u>
Accounting and audit	-	-	-	-	-	-	-	-	-	31,710	-	31,710	31,710
Bank charges	-	-	68	81	30	4,289	-	4,467	-	446	9,023	9,470	13,937
Conferences	650	425	-	-	35	-	-	1,110	-	-	-	-	1,110
Consultants	713	10,929	-	-	59,602	-	-	71,244	-	-	85,645	85,645	156,889
Depreciation	3,887	8,527	414	1,453	128	167	-	14,577	152,446	30,853	2,025	185,324	199,901
Dining service	393	113,582	27	-	-	-	-	114,002	28	5,124	99	5,250	119,252
Dues and subscriptions	340	110	48	-	-	-	-	498	46	6,938	3,538	10,522	11,020
Equipment rental	-	495	-	-	-	-	-	495	-	7,187	-	7,187	7,682
Events	-	-	-	-	-	-	-	-	-	179	392	571	571
Insurance	7,563	7,187	1,966	857	874	743	152	19,341	22,123	22,294	300	44,717	64,057
Legal	350	-	-	-	-	-	-	350	-	-	997	997	1,347
Marketing	-	-	-	-	-	-	-	-	-	3,870	-	3,870	3,870
Occupancy	50	-	-	-	-	-	-	50	-	-	-	-	50
Postage	1,734	632	71	-	16	2,573	1	5,027	1	1,106	10,938	12,045	17,072
Printing	-	-	-	-	-	-	-	-	55	220	34,580	34,855	34,855
Professional fees	4,244	-	-	-	-	763	-	5,008	-	6,032	5,407	11,439	16,446
Publications	487,002	-	-	-	-	-	-	487,002	-	-	-	-	487,002
Recruitment	-	90	-	-	-	-	-	90	-	6,916	-	6,916	7,006
Repairs and maintenance	-	1,590	-	-	-	-	-	1,590	94,564	890	-	95,454	97,044
Scholarships	1,195	200	1,213	-	-	-	-	2,608	-	-	-	-	2,608
Supplies	7,173	8,938	4,275	4,394	830	376	304	26,290	1,474	21,307	4,904	27,686	53,975
Technical support	5,540	2,501	2,148	482	-	4,193	357	15,222	-	38,052	26,670	64,722	79,944
Travel	49,525	12,464	17,980	54	-	-	-	80,023	106	22	-	128	80,151
Utilities	18,318	5,279	2,511	2,317	308	-	-	28,733	91,903	11,130	80	103,113	131,847
	<u>2,153,929</u>	<u>1,116,039</u>	<u>410,567</u>	<u>205,299</u>	<u>219,295</u>	<u>77,300</u>	<u>33,373</u>	<u>4,215,801</u>	<u>529,075</u>	<u>1,080,077</u>	<u>493,946</u>	<u>2,103,098</u>	<u>6,318,900</u>
Plant operations allocated	<u>43,740</u>	<u>259,434</u>	<u>10,795</u>	<u>54,038</u>	<u>10,878</u>	<u>11,437</u>	<u>11,437</u>	<u>401,762</u>	<u>(529,075)</u>	<u>85,749</u>	<u>41,565</u>	<u>(401,762)</u>	<u>-</u>
	<u>\$ 2,197,669</u>	<u>\$ 1,375,473</u>	<u>\$ 421,362</u>	<u>\$ 259,338</u>	<u>\$ 230,173</u>	<u>\$ 88,738</u>	<u>\$ 44,810</u>	<u>\$ 4,617,563</u>	<u>\$ -</u>	<u>\$ 1,165,826</u>	<u>\$ 535,511</u>	<u>\$ 1,701,337</u>	<u>\$ 6,318,900</u>
	34.8%	21.8%	6.7%	4.1%	3.6%	1.4%	0.7%	73.1%	0.0%	18.4%	8.5%	26.9%	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, 2022 and 2021

	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</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	\$ 5,173,169	\$ 4,029,806	Change in net assets	\$ 621,642	\$ 3,239,932
Cash received from contributors and grantors	2,190,641	3,746,772	Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Proceeds from sales of donated securities	64,432	1,495,358	Depreciation	207,168	199,901
Interest and dividends received	24,478	29,857	Net realized and unrealized (gain)/loss on investments	60,220	(46,803)
Interest paid	-	(0)	Net gain on sale of property, plant, and equipment	(6,300)	-
Cash paid to employees	(5,089,136)	(4,309,036)	Noncash contributions received	(66,591)	(1,460,329)
Cash paid to suppliers	(1,257,709)	(1,365,689)	Proceeds from sales of contributed marketable securities	64,432	1,495,358
Cash paid to benefit plan providers	(643,451)	(578,934)	Contributions restricted for long-term investment	(1,000)	(50,000)
Net cash provided from operating activities	<u>462,424</u>	<u>3,048,132</u>	(Increase)/decrease in operational assets:		
Cash Flows from Investing Activities:			Accounts receivable	18,838	(309,119)
Purchases of property, plant, and equipment	(216,761)	(102,598)	Contributions receivable	(60,799)	59,042
Proceeds from sale of property, plant, and equipment	6,300	-	Other receivables	(556,246)	47
Proceeds from maturities and redemptions of investments	1,982,062	-	Merchandise inventory	4,583	5,691
Purchases of investments	(2,070,971)	(3,575,214)	Prepaid expenses	(31,502)	26,053
Net cash used in investing activities	<u>(299,371)</u>	<u>(3,677,812)</u>	Increase/(decrease) in operational liabilities:		
Cash Flows from Financing Activities:			Accounts payable	24,402	(8,199)
Principal payments on long-term debt	-	(97)	Accrued payroll	175,247	(74,856)
Cash received from contributors restricted for long-term investment	1,000	50,000	Accrued expenses	549	409
Net cash provided from financing activities	<u>1,000</u>	<u>49,903</u>	Deferred revenue	(6,896)	(28,994)
Net Change in Cash and Cash Equivalents	164,053	(579,778)	Operating lease obligations	14,677	-
Cash and Cash Equivalents - Beginning of Year	<u>671,006</u>	<u>1,250,784</u>	Total adjustments	<u>(159,218)</u>	<u>(191,800)</u>
Cash and Cash Equivalents - End of Year	<u>\$ 835,060</u>	<u>\$ 671,006</u>	Net cash provided from operating activities	<u>\$ 462,424</u>	<u>\$ 3,048,132</u>
			Supplemental disclosures for noncash investing and financing activities:		
			Gifts of marketable securities	<u>\$ 66,591</u>	<u>\$ 1,460,329</u>
			Capital acquisitions included in accounts payable	<u>\$ 40,326</u>	<u>\$ 20,028</u>
			Gifts of property, plant, and equipment	<u>\$ -</u>	<u>\$ -</u>

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, 2022 and 2021

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. Up through the year ended June 30, 2021, the Center managed the Massachusetts Accessible Instructional Materials Library (“AIM”), which provides Braille and large print books to blind children in Massachusetts-based public and private schools. The Center also 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, 2022 and 2021

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, 2022 and 2021

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, 2022 and 2021

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, 2022 and 2021.



THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

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) Program 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, 2022 and 2021

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, 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, 2021, 2020, and 2019.

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, 2022 and 2021

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) Leases

During the year ended June 30, 2022, the Center entered into two new long-term leases. Management therefore early-adopted a new accounting standard for lease reporting which is required for fiscal years beginning after December 31, 2021. These two new leases are the only leases that are required to be included on the Statements of Financial Position. As a result, the early adoption of the new accounting standard had no impact to prior year statement of financial position information, and because these leases are operating leases, the adoption of this standard has no impact on the results of operations. The Center has no finance leases.

The Center determines whether an arrangement is a lease at inception. The operating leases' right of use assets are included with prepaid expenses within current assets, current lease liabilities, and long-term lease liabilities. Leases with initial terms of 12 months or less are not included on the Statements of Financial Position and are recognized as lease expense on a straight-line basis over the lease term.

q) Advertising

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

r) 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.



THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note 2. Significant Accounting Policies (continued)

s) 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 12, 2022, which is the date the financial statements were available to be issued.

Note 3. Accounts Receivable

The following summarizes accounts receivable at June 30, 2022 and 2021:

	2022	2021
0 - 30 days	\$ 467,938	\$ 453,845
31 - 60 days	256,912	303,427
61 - 90 days	36,406	31,688
91 - 120 days	16,818	11,054
Over 120 days	4,524	1,923
	782,598	801,936
Allowance for doubtful accounts	(10,139)	(10,639)
	\$ 772,459	\$ 791,297

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.

Credit risk for the Center for the years ended June 30, 2022 and 2021, was concentrated in the following clients who each comprised more than 10% of the Center’s program services revenues:



THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note 3. Accounts Receivable (continued)

	<u>2022</u>	<u>2021</u>
Massachusetts public and private school systems	42%	34%
Massachusetts Commission for the Blind	41%	36%
Massachusetts Department of Elementary and Secondary Education	0%	18%

On June 30, 2022 and 2021, the significant clients accounted for the following amounts of the Center’s accounts receivable.

	<u>2022</u>		<u>2021</u>	
Massachusetts public and private school systems	\$ 392,439	51%	\$ 276,582	34%
Massachusetts Commission for the Blind	\$ 314,584	41%	\$ 308,355	38%
Massachusetts Department of Elementary and Secondary Education	\$ -	0%	\$ 64,138	8%

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 long-term investment to function as endowment funds. The Center’s long-term and short-term investments are summarized as follows at June 30, 2022 and 2021:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 4,004,018	\$ 4,004,018	\$ 5,396,842	\$ 5,396,842
US Treasury notes	1,969,641	1,964,559	-	-
Fixed income mutual funds	-	-	566,590	540,888
	<u>\$ 5,973,658</u>	<u>\$ 5,968,577</u>	<u>\$ 5,963,432</u>	<u>\$ 5,937,729</u>

The scheduled maturities of United States Treasury notes as of June 30, 2022, are all within one year. Accrued interest receivable at June 30, 2022, totals \$8,187 and is included in the cost and fair values of the investments.

THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

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, 2022 and 2021

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 \$0 and \$30,575 as of June 30, 2022 and 2021, respectively.



THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note 5. Liquidity and Availability of Resources

The Center has \$6.5 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	\$	406,063
Accounts receivable		778,176
Contributions receivable		119,275
Short-term investments		2,008,187
Long-term investments		<u>3,227,441</u>
	\$	<u>6,539,142</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.

The Center has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due; and to maintain an operating reserve of 75 days of recurring operating expenses calculated on a 3-year average, which total approximately \$1.4 million. As part of the Center’s liquidity management, excess cash is invested in short-term investments, including money market accounts. Refer to the Statements of Cash Flows which identify the sources and uses of the Center’s cash and shows positive cash provided from operations for each of the years ended June 30, 2022 and 2021.

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. At June 30, 2022, that rate was 3.25% per annum. All contributions receivable are expected to be collected within the next four years as follows:

<u>Year Ending June 30,</u>	<u>Gross</u>	<u>Discount</u>	<u>Net</u>
2023	\$ 191,905	\$ 1,259	\$ 190,646
2024	43,000	2,573	40,427
2025	43,000	4,845	38,155
2026	23,500	3,885	19,615
Total	<u>\$ 301,405</u>	<u>\$ 12,562</u>	<u>\$ 288,843</u>



THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note 7. Property, Plant, and Equipment

Property, plant, and equipment are summarized as follows at June 30, 2022 and 2021:

	2022	2021
Land and improvements	\$ 191,393	\$ 191,393
Buildings and improvements	5,880,964	5,787,007
Equipment and fixtures	880,326	758,649
	6,952,684	6,737,049
Accumulated depreciation	(3,472,314)	(3,286,570)
	\$ 3,480,370	\$ 3,450,479

Depreciation expense totaled \$207,168 in 2022 and \$199,901 in 2021. In 2021 the Center retired \$73,883 of fully depreciated fixed assets.

Note 8. 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.

	2022	2021
Education services	47.0%	55.6%
Rehabilitation services	33.4%	26.6%
Community services	13.4%	9.0%
Computer training services	4.1%	5.3%
Accessibility services	1.7%	3.0%
Low Vision services	0.4%	0.5%
	100.0%	100.0%

Note 9. Split Interest Agreement

The Center received a \$250,000 gift in 2018, the terms of which 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 as of June 30, 2022 and 2021, is \$100,380 and \$113,944, respectively. After the receipt of the gift the Center used the proceeds to purchase a single premium life annuity to collateralize the liability to the annuitant.



THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note 10. Leasing Activities

The Center is under contract on two operating leases for office equipment. The leases have remaining lease terms of three to six years. The leases have no residual value, and upon termination Management plans to return the underlying equipment to the lessors. The following summarizes the items in the Statements of Financial Position which include amounts for operating leases as of June 30, 2022 and 2021:

	2022	2021
Operating lease right-of-use assets	\$ 14,677	\$ -
Operating lease obligation liabilities:		
Due within one year	\$ 3,256	\$ -
Due within more than one year	11,421	-
	\$ 14,677	\$ -

The maturities of lease liabilities as of June 30, 2022, are as follows:

Year Ending June 30,		
2023	\$	3,778
2024		3,778
2025		3,778
2026		2,183
2027		2,038
Thereafter		510
Total lease payments		16,065
Less: interest		1,389
Present value of lease liabilities	\$	14,677



THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note 11. 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, 2022 and 2021, the Center’s contributions to the plan were \$64,912 and \$62,863, 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, 2022 and 2021, the Center’s contributions to the plan were \$32,034 and \$20,362, respectively.

Note 12. Restrictions and Limitations on Net Asset Balances

Net assets with donor-imposed restrictions that are not invested in perpetuity at June 30, 2022 and 2021, were allocated as follows:

	2022	2021
Time restricted	\$ 217,472	\$ 151,076
Capital projects	182,570	-
Internships	82,723	69,968
Education services	74,292	57,500
Summer programs	64,958	16,500
User tester training	40,000	40,000
Community services	22,653	28,749
Low vision	17,225	13,500
Employee recognition	5,996	7,796
Scholarships	5,000	5,000
Rehabilitation services	4,950	13,921
Building rededication	-	1,500,000
Computer training services	-	200
Accessibility services	-	1,000
	\$ 717,839	\$ 1,905,210



THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note 12. 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:

	2022	2021
Program restrictions:		
Building rededication	\$ 1,500,000	\$ -
Coronavirus Aid, Relief, and Economic Security Act	550,530	1,097,596
Education services	162,535	115,974
Internships	67,931	46,135
Accessibility services	46,000	40,000
Rehabilitation services	41,971	48,912
User tester training	40,000	-
Community services	37,345	6,443
Low vision	25,125	31,785
Summer programs	16,500	7,500
Information technology	11,400	7,500
Job readiness	5,000	5,000
Employee recognition	1,801	793
Computer training services	200	-
	2,506,338	1,407,639
Expiration of time restrictions	189,958	280,510
Property and equipment acquisition restrictions	62,530	14,971
	\$ 2,758,826	\$ 1,703,120



THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note 13. 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, 2022 and 2021:

	2022	2021
Donor restricted endowment funds	\$ 732,949	\$ 731,949
Board designated endowment funds	1,841,646	1,810,780
	\$ 2,574,595	\$ 2,542,729

The changes in endowment net asset fair values for the years ended June 30, 2022 and 2021 were as follows:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at beginning of fiscal year	\$ 1,810,780	\$ 731,949	\$ 2,542,729
Investment return:			
Interest and dividends net of fees	9,314	15,182	24,496
Net realized depreciation	(2,159)	(47,038)	(49,196)
Net unrealized depreciation	(1,833)	(9,191)	(11,024)
Net investment gain	5,322	(41,047)	(35,724)
Contributions	66,591	1,000	67,591
Appropriation of funds	(41,047)	41,047	-
Transfers from operations	-	-	-
Net increase in endowment net assets	30,866	1,000	31,866
Endowment net assets at end of fiscal year	\$ 1,841,646	\$ 732,949	\$ 2,574,595



THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note 13. Endowment Fund (continued)

	2021		Total
	Without Donor Restrictions	With Donor Restrictions	
Endowment net assets at beginning of fiscal year	\$ 273,791	\$ 681,949	\$ 955,740
Investment return:			
Interest and dividends net of fees	8,856	21,001	29,856
Net realized appreciation	35,028	-	35,028
Net unrealized appreciation	1,971	9,803	11,775
Net investment gain	45,855	30,804	76,659
Contributions	1,460,329	50,000	1,510,329
Appropriation of funds	30,804	(30,804)	-
Transfers from operations	-	-	-
Net increase in endowment net assets	1,536,989	50,000	1,586,989
Endowment net assets at end of fiscal year	<u>\$ 1,810,780</u>	<u>\$ 731,949</u>	<u>\$ 2,542,729</u>

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, 2022 and 2021, totaled \$4,818 and \$894, respectively. There were no amounts payable to this vendor at June 30, 2022 and 2021. The unrelated organization terminated its business relationship with the Center subsequent to the end of the fiscal year ended June 30, 2022.



THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note 15. Coronavirus Aid, Relief, and Economic Security Act

In 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. A second draw on the PPP occurred in 2021 in the amount of \$920,400. The loans 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 first PPP draw was forgiven in its entirety in 2021, while the second PPP draw was forgiven in its entirety during fiscal 2022. The Center’s management is treating both loan proceeds as government grants. 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. The amount of such expenses incurred totaled \$167,196 applied to the first draw and \$920,400 applied to the second draw in 2021; and \$676,804 applied to the first draw in 2020.

Subsequent to the fiscal year ended June 30, 2022, the Center applied for additional relief under the CARES Act. The Employee Retention Credit, as administered by the IRS, encourages businesses to keep employees on their payroll. The refundable tax credit is 50% of up to \$10,000 in wages paid by an eligible employer whose business has been financially impacted by COVID-19. Federal tax law allows for an eligible entity to file for refunds available from the IRS on this credit up to three years after the affected time period has passed.

The Center applied for \$16,011 of credits applicable to the fiscal year ended June 30, 2020; \$7,297 of credits applicable to the fiscal year ended June 30, 2021; and \$527,220 of credits applicable to the fiscal year ended June 30, 2022. The Center’s management is treating the credit proceeds as government grants. Accordingly, the credit proceeds are recorded on the financial statements as donor-imposed restricted revenue, with all restrictions released in the fiscal year ended June 30, 2022. The total amount refundable is included with Other Receivables on the Statements of Financial Position.



THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note 16. 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, 2022 and 2021.

	2022	2021
Sales	\$ 156,052	\$ 150,500
Cost of goods sold:		
Inventory - beginning	\$ 96,275	\$ 101,967
Purchases	106,879	81,239
	203,154	183,206
Inventory - end	91,693	96,275
	111,462	86,931
Gross margin	44,590	63,570
Expenses:		
Direct	87,421	76,391
Indirect	13,767	12,347
	101,188	88,738
Net margin	\$ (56,598)	\$ (25,168)

Note 17. 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.

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, 2022 or 2021, 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, 2022, 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 12, 2022.

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 12, 2022