

October 16, 2024

To the Audit Committee of the Board of Directors and Management
Beyond Blindness

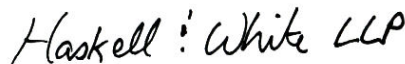
In planning and performing our audit of the financial statements of *Beyond Blindness* (the “Organization”) as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization’s internal control over financial reporting (internal control) as a basis for designing 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 Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

This communication is intended solely for the information and use of management, the Audit Committee, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



HASKELL & WHITE LLP

Financial Statements and Independent Auditors' Report



As of and For the Year Ended June 30, 2024 (With Summarized Comparative Information as of and for the Year Ended June 30, 2023)

BEYOND BLINDNESS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Beyond Blindness

Opinion

We have audited the accompanying financial statements of Beyond Blindness (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year 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 Beyond Blindness as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Beyond Blindness and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the 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 Beyond Blindness' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a 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 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 Beyond Blindness' 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 Beyond Blindness' 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Report on Summarized Comparative Information

We have previously audited Beyond Blindness' June 30, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 23, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

HASKELL & WHITE LLP

Irvine, California
October XX, 2024

BEYOND BLINDNESS

Statement of Financial Position As of June 30, 2024

(With summarized comparative information as of June 30, 2023)

	<u>2024</u>	<u>2023</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 958,984	\$ 348,530
Investments (Note 3)	1,429,981	2,021,010
Accounts receivable (Note 4)	303,265	154,198
Short-term pledge receivable	36,707	332,454
Employee retention credit receivable (Note 7)	385,350	385,350
Prepaid expenses and other current assets	47,819	38,941
	<u>3,162,106</u>	<u>3,280,483</u>
Total current assets		
	<u>3,162,106</u>	<u>3,280,483</u>
Long-term portion of pledge receivable, net of discount	-	22,640
Operating lease right-of-use assets, net	1,272,307	1,429,761
Finance lease right-of-use assets, net	6,361	11,450
Property and equipment, net:		
Buildings and improvements	121,206	121,206
Leasehold improvements	608,352	567,055
Furniture, equipment, and software	244,547	252,234
Vehicles	76,653	76,653
	<u>1,050,758</u>	<u>1,017,148</u>
Total property and equipment		
Accumulated depreciation	(599,167)	(495,909)
	<u>451,591</u>	<u>521,239</u>
Net property and equipment		
	<u>451,591</u>	<u>521,239</u>
Total assets	<u>\$ 4,892,365</u>	<u>\$ 5,265,573</u>

See independent auditors' report and notes to financial statements.

BEYOND BLINDNESS

Statement of Financial Position (continued)

As of June 30, 2024

(With summarized comparative information as of June 30, 2023)

	<u>2024</u>	<u>2023</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 82,418	\$ 83,675
Accrued payroll and payroll taxes payable	54,490	49,481
Accrued vacation payable	102,976	51,424
Deferred revenue	39,280	7,680
Short-term portion of operating lease obligations (Note 9)	153,706	143,885
Short-term portion of finance lease obligations (Note 9)	5,245	5,034
Short-term portion of debt (Note 6)	13,666	13,296
Accrued interest on debt (Note 6)	16,342	16,342
	<u>468,123</u>	<u>370,817</u>
Total current liabilities		
Long-term portion of debt (Note 6)	466,971	480,637
Long-term operating lease obligations (Note 9)	1,193,249	1,346,954
Long-term finance lease obligations (Note 9)	1,345	6,591
	<u>2,129,688</u>	<u>2,204,999</u>
Total liabilities		
Commitments and contingencies (Notes 6, 8, and 9)		
Net assets (Note 8)		
With donor restrictions	339,943	488,861
Without donor restrictions	2,422,734	2,571,713
	<u>2,762,677</u>	<u>3,060,574</u>
Total net assets		
Total liabilities and net assets		
	<u>\$ 4,892,365</u>	<u>\$ 5,265,573</u>

See independent auditors' report and notes to financial statements.

BEYOND BLINDNESS

Statement of Activities For the Year Ended June 30, 2024

(With summarized comparative information as of June 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Total 2023
Revenues				
Revenue and other support:				
Program fees	\$ 1,949,197	\$ -	\$ 1,949,197	\$ 1,607,366
Foundation donors	487,386	790,000	1,277,386	1,282,808
Individual and group donors	275,538	-	275,538	249,830
Special events, net of \$141,414 of direct expenses	351,638	-	351,638	301,667
Employee retention credit	-	-	-	385,350
Commercial organization donors	38,753	50,000	88,753	78,891
Legacies and bequests	158,871	-	158,871	85,000
Grants and other contributions	23,909	-	23,909	18,796
Contributions of non-financial assets	880	-	880	77,308
Investment gain, net	151,737	-	151,737	102,914
Miscellaneous income	8,000	-	8,000	8,000
Net assets released from restrictions	988,918	(988,918)	-	-
	<u>4,434,827</u>	<u>(148,918)</u>	<u>4,285,909</u>	<u>4,197,930</u>
Expenses				
Functional expenses:				
Program services	3,637,427	-	3,637,427	2,895,028
Support services:				
Management and general	324,214	-	324,214	461,344
Fundraising	622,165	-	622,165	570,020
	<u>4,583,806</u>	<u>-</u>	<u>4,583,806</u>	<u>3,926,392</u>
Change in net assets				
Increase (decrease) in net assets	(148,979)	(148,918)	(297,897)	271,538
Net assets, beginning of year	2,571,713	488,861	3,060,574	2,789,036
	<u>\$ 2,422,734</u>	<u>\$ 339,943</u>	<u>\$ 2,762,677</u>	<u>\$ 3,060,574</u>

See independent auditors' report and notes to financial statements.

BEYOND BLINDNESS

Statement of Functional Expenses For the Year Ended June 30, 2024

(With summarized comparative information as of June 30, 2023)

	Program Services		Support Services		Totals 2024	Totals 2023
	Early Intervention and Education	Management and General	Fund- raising			
Salaries and Related	\$ 2,498,362	\$ 112,727	\$ 325,372		\$ 2,936,461	\$ 2,460,820
Rent	161,426	23,405	17,826		202,657	198,839
Employee Benefits	100,695	26,466	5,716		132,877	132,712
Human Resources	118,527	8,242	5,636		132,405	25,500
Fund Development Support	7,760	-	113,440		121,200	71,264
Depreciation	91,971	9,372	8,348		109,691	95,085
Marketing	59,400	11,936	12,475		83,811	76,268
Technology Software	45,859	9,526	25,305		80,690	54,116
Staff Development and Training	56,387	6,972	12,059		75,418	118,835
Public Relations	26,826	320	47,184		74,330	66,924
Enrichment / Education	66,586	126	112		66,824	60,766
Travel and Mileage	61,690	935	328		62,953	44,456
Legal	54,420	348	80		54,848	1,013
Utilities / Gas / Electric	39,787	4,498	3,769		48,054	47,724
Accounting Fees	-	45,964	-		45,964	61,738
Business Insurance	28,545	7,298	2,751		38,594	36,156
Telephone / Internet	29,075	1,932	1,875		32,882	34,487
Audit and Tax Preparation	-	32,700	-		32,700	40,675
Janitorial Services	25,603	2,755	2,449		30,807	27,619
Repairs and Maintenance	21,567	2,233	2,047		25,847	34,621
Program Contractors	24,322	-	-		24,322	58,750
Supplies-Program and Office	20,139	1,136	2,446		23,721	42,082
Dues, Fees and Subscriptions	18,396	1,528	3,206		23,130	27,250
Bank / Credit Card Fees	11,290	498	9,970		21,758	10,822
Interest Expense	11,125	4,797	1,072		16,994	14,328
Substitute Teachers / Therapists	16,631	-	-		16,631	531
Printing and Postage	3,125	729	9,535		13,389	12,344
Information Technology	10,222	1,464	1,272		12,958	14,667
Food / Consumables	6,520	1,631	1,658		9,809	10,982
Promotional Products / Mailings	5,147	677	3,484		9,308	3,242
Meetings	4,130	854	1,252		6,236	5,269
Taxes / Licenses	5,605	268	137		6,010	5,091
Amortization	3,313	960	816		5,089	3,817
Copier / Equipment Rental	600	557	199		1,356	6,500
Loss Fixed Asset Disposal	-	1,232	-		1,232	-
Bad Debt	955	-	-		955	-
Vehicle Gas and Repairs	606	128	-		734	1,149
Credentialing and Other Fees	646	-	-		646	4,714
Volunteer Services	169	-	123		292	1,036
Special Event Expenses	-	-	223		223	14,200
Total expenses	\$ 3,637,427	\$ 324,214	\$ 622,165		\$ 4,583,806	\$ 3,926,392

See independent auditors' report and notes to financial statements.

BEYOND BLINDNESS

Statement of Cash Flows For the Year Ended June 30, 2024

(With summarized comparative information as of June 30, 2023)

	2024	2023
Cash flows from operating activities		
Change in net assets	\$ (297,897)	\$ 271,538
Non-cash items included in change in net assets:		
Realized and unrealized gain on securities	(110,496)	(47,203)
Depreciation	109,691	95,085
Loss on fixed asset disposal	1,232	-
Donated vehicle	-	(35,000)
Donated stock	5,183	(20,933)
Amortization of right-of-use assets (Operating)	157,454	181,524
Amortization of right-of-use assets (Financing)	5,089	3,817
Discount on long-term pledges receivable	-	2,360
Changes in operating assets and liabilities		
Accounts receivable	(149,067)	(8,628)
Pledge receivable	318,387	(143,595)
Employee retention credit receivable	-	(385,350)
Prepaid expenses and other current assets	(8,878)	11,897
Accounts payable	(1,257)	29,093
Accrued payroll and payroll taxes payable	5,009	15,124
Accrued vacation payable	51,552	(25,392)
Accrued interest	-	7,044
Deferred revenue	31,600	(770)
Deferred rent	-	(28,010)
Operating lease obligations	(143,885)	(120,446)
Net cash used in operating activities	(26,283)	(197,845)
Cash flows from investing activities		
Purchases of investments in equity shares and bonds	(42,396)	(300,758)
Sales of investments in equity shares and bonds	738,738	234,109
Acquisition of property and equipment	(41,275)	(238,149)
Net cash provided by (used in) investing activities	655,067	(304,798)
Cash flows from financing activities		
Principal payments on EIDL loan	(13,296)	(6,067)
Payments on finance lease obligations	(5,034)	(3,642)
Net cash used in financing activities	(18,330)	(9,709)
Net increase (decrease) in cash and cash equivalents	610,454	(512,352)
Cash and cash equivalents - beginning of year	348,530	860,882
Cash and cash equivalents - end of year	\$ 958,984	\$ 348,530
<i>Supplemental disclosures of cash flow information</i>		
Cash paid for interest	\$ 13,404	\$ 6,838
Donated stock	\$ 5,183	\$ -
Operating lease right-of-use assets recorded upon adoption of ASC 842	\$ -	\$ 1,583,276
Operating lease obligations recorded upon adoption of ASC 842	\$ -	\$ 1,611,286
Donated vehicle	\$ -	\$ 35,000

See independent auditors' report and notes to financial statements.

BEYOND BLINDNESS

Notes to Financial Statements (continued) For the Year Ended June 30, 2024

(With summarized comparative information as of June 30, 2023)

1. Nature of Operations

Beyond Blindness (the “Organization”) was incorporated in 1962 in California as a not-for-profit corporation. The Organization has been classified as a publicly supported organization, which is not a private foundation, under Section 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code.

The mission of the Organization is to empower children with visual impairments and other disabilities to achieve their fullest potential. The primary sources of revenue for the Organization are program fees and charitable contributions.

The Organization provides the following core programs:

Early Intervention: Early Intervention Services provide comprehensive support and resources to children ages 0 to 3 to overcome early obstacles, meet key milestones, and establish a foundation for each child to reach their fullest potential. Home-based and center-based services offer vision stimulation and therapy services that help to minimize developmental delays and optimize growth towards an independent future while toddler classrooms, located onsite, focus on healthy development and school readiness.

Education + Enrichment: Through the Organization’s Education + Enrichment services, students receive itinerant (within their public-school classroom) education support with a dedicated teacher of the visually impaired, orientation & mobility training, and the opportunity to attend fun and valuable summer camps. Additional Education + Enrichment services include assistive technology training, peer groups, expanded core curriculum, and life-skills development.

Family Support: Family Support services enable the Organization to be a resource for families of children with visual impairments and other disabilities throughout the child’s entire journey of care. These services not only offer necessary and comforting support to parents, grandparents, siblings, children and more in the form of education, training and inclusive family events, but they also help provide guidance, a sense of community, and more.

2. Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles in the United States of America (“GAAP”). A summary of significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

See independent auditors’ report and notes to financial statements.

BEYOND BLINDNESS

Notes to Financial Statements (continued) For the Year Ended June 30, 2024

(With summarized comparative information as of June 30, 2023)

2. Significant Accounting Policies (continued)

Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended 6/30/23, from which the summarized information was derived

Cash and Cash Equivalents

Cash and cash equivalents are defined as all highly liquid instruments with maturities of less than three months for which the intended purpose is other than facilitating longer term investment objectives.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions — Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions — Net assets subject to donor-imposed restrictions. 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. 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 was restricted has been fulfilled, or both.

Accounts Receivable

Accounts receivable consists primarily of non-interest-bearing amounts due for program service fees. Management continually monitors collections and payments and maintains a provision for estimated credit losses based upon historical experience, reasonable forecasts, and any specific collection issues that have been identified. Although credit losses have historically been within expectations, the Organization cannot guarantee that it will continue to experience the same credit loss rates that it has in the past. As of June 30, 2024 and 2023, the Organization did not recognize a provision for estimated credit losses.

BEYOND BLINDNESS

Notes to Financial Statements (continued) For the Year Ended June 30, 2024

(With summarized comparative information as of June 30, 2023)

2. Significant Accounting Policies (continued)

Pledge Receivable

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in revenue in the statement of activities. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. As of June 30, 2024 and June 30, 2023, the present value discount was \$0 and \$2,360 using an interest rate of 0% and 3.36%, respectively.

Contributions of Nonfinancial Assets

The Organization follows ASC 948, *Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*, where they present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. Additionally, the Organization reports both qualitative and quantitative disclosures about contributed nonfinancial assets received, by category, as applicable. Contributed nonfinancial assets provided to the Organization for the years ended June 30, 2024 and 2023 were \$880 and \$77,308. Contributed nonfinancial assets for the year ended June 30, 2024 consist of donated goods and materials. Contributed nonfinancial assets for the year ended June 30, 2023 consist of an unrestricted donation of a vehicle with a fair market value of \$35,000, donated landscaping services with a fair value of \$9,222 and donated goods and materials of \$33,086.

Property and Equipment

The Organization records property and equipment additions of single items over \$3,000 at cost, or if donated, at estimated fair value on the date of donation. Such donations are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 30 years. Property construction-in-progress is recorded at cost and not depreciated. The property is transferred to property and equipment upon completion. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are charged to expense as incurred. The Organization recorded depreciation expense of \$109,691 and \$95,085 for the years ended June 30, 2024 and 2023, respectively.

BEYOND BLINDNESS

Notes to Financial Statements (continued) For the Year Ended June 30, 2024

(With summarized comparative information as of June 30, 2023)

2. Significant Accounting Policies (continued)

Property and Equipment (continued)

Property and equipment are reviewed for impairment whenever management believes that events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. To the extent that the carrying value is determined to be unrecoverable, an impairment loss is recognized through a charge to expense. There was no impairment of property and equipment during the years ended June 30, 2024 and 2023.

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment income is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Support and Contributions

General support, including pledges, as well as any other unconditional promises to give, are recognized as revenue in the period pledged. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Special event revenues are recognized when earned, whereas expenses are recognized when incurred.

Grants represent contributions if the resource provider receives no value in exchange for the assets transferred, or if the value received is incidental to the potential public benefit to be provided by using the assets. Grants represent an exchange transaction if the potential public benefit to be derived is secondary to the potential benefit received by the resource provider.

Special Event Revenue

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognized special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Organization recognized the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

Program Fee Revenues and Receivables

The Organization recognizes revenue in accordance with ASC 606, *Revenue from Contracts with Customers*. ASC 606 applies to exchange transactions and requires the Organization to follow a five-step process: (1) identifying a contract with a customer; (2) identifying the performance obligations in the contract; (3) determining the transaction price; (4) allocating the transaction

BEYOND BLINDNESS

Notes to Financial Statements (continued) For the Year Ended June 30, 2024

(With summarized comparative information as of June 30, 2023)

2. Significant Accounting Policies (continued)

Program Fee Revenues and Receivables (continued)

price among the performance obligations; and (5) recognizing revenue as each of the various performance obligations are satisfied.

Program fee revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for services provided to children with visual impairments and other disabilities. These amounts are due from regional centers, school districts and insurance payments. All non-covered amounts for additional services are due from the parents/guardians of the children. The Organization bills the program fees on a monthly basis, according to contract. Revenue is recognized over time as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Each contract contains only one performance obligation which is to provide services to children. Such performance obligations to provide services over time are recognized when goods or services are provided and the Organization does not believe it is required to provide additional goods or services to the child. Program fees receivable are primarily amounts due from fees billed to children of the Organization's programs and are presented net of allowance for credit losses.

Payments received in advance for future services are deferred and recognized as revenue when the performance obligations are met. Advanced payments are included in deferred revenue in the accompanying statement of financial position and is considered a contract liability under ASC 606.

Functional Allocation of Expenses

The costs of program and support services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited. The expenses that are allocated include rent, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and others, which are allocated on the basis of estimates of time and effort. Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities.

Income Taxes

The Organization is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service ("IRS") as exempt from federal income taxes under Internal Revenue

BEYOND BLINDNESS

Notes to Financial Statements (continued) For the Year Ended June 30, 2024

(With summarized comparative information as of June 30, 2023)

2. Significant Accounting Policies (continued)

Income Taxes (continued)

Code (“IRC”) Section 501(c)(3) and California Code Section 23701d, qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be private foundation under IRC Sections 509(a)(1) and (3). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. Management has determined that the Organization is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Organization follows ASC 740, *Accounting for Uncertain Taxes*. Under ASC 740, the Organization is required to evaluate the tax positions taken or expected to be taken in the course of preparing the Organization’s tax returns to determine whether the tax positions are “more-likely-than-not” of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold are required to be recorded as a tax benefit or expense in the current year. For the years ended June 30, 2024 and 2023, the Organization concluded that there was no impact from ASC 740.

The Organization’s income tax filings are subject to routine audits by taxing jurisdictions; however, there are no audits for any tax periods in progress.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Leases

In February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-02, *Leases (Topic 842)*, which requires lease assets and liabilities to be recorded on the balance sheet. The Organization adopted this ASU and related amendments as of July 1, 2022 under the modified retrospective approach and elected certain practical expedients permitted under the transition guidance, including to retain the historical lease classification. The impact of adoption was to add approximately \$1.6 million of right-of-use assets, as well as corresponding operating lease liabilities to the balance sheet as of implementation date.

For any new or modified lease, the Organization, at the inception of the contract, determines whether a contract is or contains a lease. The Organization records right-of-use (“ROU”) assets and lease obligations for its finance and operating leases, which are initially recognized

BEYOND BLINDNESS

Notes to Financial Statements (continued) For the Year Ended June 30, 2024

(With summarized comparative information as of June 30, 2023)

2. Significant Accounting Policies (continued)

Leases (continued)

based on the discounted future lease payments over the term of the lease. As the rate implicit in the Organization's leases is not easily determinable, the Organization uses the risk-free rate at the time the lease is entered into in calculating the present value of the sum of the lease payments.

Lease expense for operating leases is recognized on a straight-line basis over the lease term as an operating expense, while the expense for finance leases is recognized as amortization expense and interest expense using the accelerated interest method of recognition. Lease term is defined as the non-cancelable period of the lease plus any options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option. The Organization has elected not to recognize ROU asset and lease obligations for its short-term leases, which are defined as leases with an initial term of 12 months or less.

Changes in Accounting Principles

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which modifies the measurement of expected credit losses of certain financial instruments. The Organization adopted this new ASU on July 1, 2023, with no material impact on the financial statements.

Subsequent events

Management has evaluated subsequent events through **October XX, 2024**, the date the financial statements were available to be issued, noting no events requiring disclosure.

3. Investments

Investments are required to be reported at fair market value. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure for value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1- Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2- Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in

BEYOND BLINDNESS

Notes to Financial Statements (continued) For the Year Ended June 30, 2024

(With summarized comparative information as of June 30, 2023)

3. Investments (continued)

inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3- Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The assets measured at fair value as of June 30, 2024 and 2023 are as follows:

	June 30, 2024			
	Total Fair Value	Level 1	Level 2	Level 3
Municipal Bonds	\$ 812,551	\$ 812,551	\$ -	\$ -
Equities	617,430	617,430	-	-
Total	\$ 1,429,981	\$ 1,429,981	\$ -	\$ -
	June 30, 2023			
	Total Fair Value	Level 1	Level 2	Level 3
Municipal Bonds	\$ 1,114,601	\$ 1,114,601	\$ -	\$ -
Equities	906,409	906,409	-	-
Total	\$ 2,021,010	\$ 2,021,010	\$ -	\$ -

Investment income consisted of, for the years ended:

	June 30, 2024	June 30, 2023
Interest and dividends	\$ 60,844	\$ 74,180
Realized and unrealized gains	110,496	47,203
Less: Investment fees	(19,603)	(18,469)
	\$ 151,737	\$ 102,914

BEYOND BLINDNESS

Notes to Financial Statements (continued) For the Year Ended June 30, 2024

(With summarized comparative information as of June 30, 2023)

4. Accounts Receivable

Accounts receivable consisted of, as of year-end:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Regional centers	\$ 125,011	\$ 105,909
School districts	53,646	45,225
Private pay	<u>124,608</u>	<u>3,064</u>
	<u>\$ 303,265</u>	<u>\$ 154,198</u>

As of June 30, 2024 and 2023, there was no allowance for estimated credit losses as all amounts were deemed fully collectible.

5. Concentrations of Risks

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash, cash equivalents, investments, accounts receivable and pledges. The Organization places its cash and investments with high credit quality financial institutions and generally limits the amount of credit exposure to the amount in excess of the Federal Deposit Insurance Corporation (“FDIC”) insurance coverage limit of \$250,000. Throughout the years and as of year-end, the Organization may maintain cash balances in banks in excess of federally-insured limits. The Organization does not anticipate nonperformance by the institutions. No FDIC protection exists for brokerage account balances.

Investments are exposed to various risks, such as interest rate, market and credit risk. Risk is managed through frequent monitoring of macroeconomic conditions, investment valuations and communication with investment managers. It is at least reasonably possible that changes in the near term could materially affect the amounts reported in the financial statements.

As of June 30, 2024 and 2023, accounts receivable totaled \$303,265 and \$154,198, respectively. The Organization provides a substantial portion of its services to one customer. During 2024 and 2023, program revenues from that customer represented 61% and 69%, respectively. At June 30, 2024 and 2023, the amounts due from that customer in accounts receivable was 41% and 64%, respectively. In addition, as of June 30, 2024, another customer made up 33% of total accounts receivable.

As of June 30, 2024 and 2023, pledges totaled \$36,707 and \$332,454, respectively. As of June 30, 2024 and 2023, one donor made up 68% and three donors accounted for 95% of the total pledge receivable balances, respectively.

BEYOND BLINDNESS

Notes to Financial Statements (continued) For the Year Ended June 30, 2024

(With summarized comparative information as of June 30, 2023)

6. Debt

Economic Injury Disaster Loan

In July 2020, the Organization obtained a Small Business Association (“SBA”) Economic Injury Disaster Loan (“EIDL”) totaling \$149,900. The EIDL loan has an interest rate of 2.75% and must be used to alleviate economic injury caused by COVID-19. In May 2022, the Organization received an additional EIDL loan of \$350,100 from the SBA with the same interest rate. The balance and interest will be payable over thirty years from the effective date with the first payment made in January 2023.

Economic Injury Disaster Loan (continued)

Future minimum principal payments of the EIDL loan as of June 30, 2024 are as follows:

<u>Year Ending June 30,</u>	
2025	\$ 13,666
2026	14,047
2027	14,438
2028	14,840
2029	15,253
Thereafter	408,393
	<u>\$ 480,637</u>

Line of Credit

On September 7, 2023 the Organization entered into a revolving line of credit agreement with TriState Capital Bank. The revolving line of credit has a credit limit of \$125,000 with a floating interest rate based on the adjusted one-month term SOFR, a rate per annum equal to (a) one-month term SOFR for such calculation plus (b) the term SOFR adjustment. The line of credit requires minimum monthly payments of all accrued finance charges with a balloon payment upon termination date which is the earlier of (i) the entire balance including principal, interest and fees are paid in full or the Organization notifies the bank in writing to cancel the credit line, or (ii) bank demands repayment. As of June 30, 2024 there was no outstanding balance and no draws on the line of credit occurred during the fiscal year.

7. Employee Retention Credits

The Organization recognized grant revenue of \$0 and \$385,350 in Employee Retention Credits (“ERC”) for the fiscal years ended June 30, 2024 and 2023, respectively, due to a reduction in revenue within their operations because of government limitation orders. This tax credit is a refundable tax credit against employment taxes of the qualified wages an eligible employer paid to employees after March 12, 2020 and before June 30, 2021. These

BEYOND BLINDNESS

Notes to Financial Statements (continued) For the Year Ended June 30, 2024

(With summarized comparative information as of June 30, 2023)

7. Employee Retention Credits (continued)

qualified wages were different from the wages used for the Paycheck Protection Program, which the Organization received forgiveness during the fiscal year ended June 30, 2022. As of June 30, 2024, the Organization has not received \$385,350 and as such it is recorded as a receivable. The Organization accounted for the ERC under ASC 985-605, *Not-For-Profit Entities, Revenue Recognition*, whereby revenue is recognized once the conditions of eligibility were deemed to have been substantially met. The revenue was recognized gross of related professional services expenses of \$20,000, which were recorded within management and general expenses on the accompanying statement of activities for the fiscal year ended June 30, 2023. During the fiscal year ended June 30, 2023, these professional service expenses were incurred by an outside consulting and accounting firm, in which a board member of the Organization is a partner.

8. Net Assets

Net assets consisted of, as of year-end:

	June 30, 2024	June 30, 2023
With donor restrictions:		
Time	\$ 25,000	\$ 97,640
Purpose	314,943	391,221
	<u>339,943</u>	<u>488,861</u>
Without donor restrictions:		
Undesignated	1,471,142	1,550,474
Board designated reserve	500,000	500,000
Net investment in property and equipment	451,592	521,239
	<u>2,422,734</u>	<u>2,571,713</u>
Total net assets	<u>\$ 2,762,677</u>	<u>\$ 3,060,574</u>

9. Leases

The Organization is committed under a non-cancelable lease agreement for the main facility. The lease expires on August 31, 2026. The lease agreement contains an option to renew and extend the lease an additional 5 years, until August 31, 2031. The Organization is reasonably certain to exercise this option and as such recognized the lease amounts through the renewal option. The lease is classified as an operating lease in conformity with ASC 842. The lease liability is measured at a discount rate of 2.88%. Rent expenses for the facility was \$197,568 and \$198,839 for the years ended June 30, 2024 and June 30, 2023, respectively. Operating lease right-of-use assets totaled \$1,272,307 as of June 30, 2024.

In October 2022, the Organization entered into a lease for two copier machines through September 30, 2025. The lease is classified as a finance lease in conformity with ASC 842. The

BEYOND BLINDNESS

Notes to Financial Statements (continued) For the Year Ended June 30, 2024

(With summarized comparative information as of June 30, 2023)

9. Leases (continued)

lease liability is measured at a discount rate of 4.12%. Amortization expense of the right-of-use asset for the copier lease was \$5,089 for the year ended June 30, 2024. Interest expense incurred for the copier lease was \$368 for the year ended June 30, 2024. Finance lease right-of-use assets totaled \$6,361 as of June 30, 2024.

Future minimum payments for the lease obligations at June 30, 2024 are:

For the years ending June 30:	Operating Leases	Finance Leases
2025	190,035	5,398
2026	195,736	1,350
2027	201,608	-
2028	207,656	-
2029	213,886	-
Thereafter	485,219	-
Total lease payments	1,494,140	6,749
Less imputed interest	(147,185)	(159)
Total lease obligations	1,346,955	6,590
Less: current portion of lease obligations	(153,706)	(5,245)
Lease obligations, less current portion	<u>\$ 1,193,249</u>	<u>\$ 1,345</u>

10. Retirement Plan

On January 1, 2016, the Organization adopted a 401(k) Qualified Retirement Plan. All employees working at least 1,040 hours per year are eligible to participate. The plan permits employees to make voluntary contributions to the plan up to 100% of their eligible compensation or the maximum amount allowed by law. The Organization matches employee contributions at 25%, not to exceed 6% of their eligible compensation, starting in the second year of their employment. For the each of the years ended June 30, 2024 and 2023, the Organization contributed approximately \$14,000 to the plan.

11. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2024, comprise the following:

BEYOND BLINDNESS

Notes to Financial Statements (continued) For the Year Ended June 30, 2024

(With summarized comparative information as of June 30, 2023)

11. Liquidity and Availability (continued)

Cash and cash equivalents	\$ 958,984
Investments	1,429,981
Accounts receivable	303,265
Short-term pledge receivables	36,707
Employee retention credit receivable	385,350
Total current financial assets	<u>3,114,287</u>
Less: amounts with purpose related donor restrictions	(314,943)
Less: amounts board designated for reserve	<u>(500,000)</u>
Total financial assets available for general expenditures within one year	<u>\$ 2,299,344</u>

The table above reflects board designated reserve funds as unavailable because it is the Organization's intention to invest those resources for that specific designation. However, in the case of need, the Board of Directors could appropriate such resources for general expenditure.

The Organization manages its liquidity with the principle of maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met. The Organization's expenses, excluding special events, average approximately \$382,000 per month, and therefore the Organization has sufficient liquidity reserves to fund approximately six month's operations. The Organization receives program revenue in connection with those expenses, in addition to raising adequate contributions each year, and only approximately \$14,000 of debt owed within a year, leaving the Organization with sufficient resources, in management's opinion, to fund general expenditures for at least the next year from the financial statement issuance date.