

**CENTER FOR THE VISUALLY  
IMPAIRED, INC.  
AND CENTER FOR THE VISUALLY  
IMPAIRED FOUNDATION, INC.**

**COMBINED FINANCIAL REPORT**

**JUNE 30, 2014**

**CENTER FOR THE VISUALLY IMPAIRED, INC.  
AND CENTER FOR THE VISUALLY IMPAIRED FOUNDATION, INC.  
COMBINED FINANCIAL REPORT  
JUNE 30, 2014**

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## INDEPENDENT AUDITOR'S REPORT

**To the Boards of Trustees  
of Center for the Visually Impaired, Inc. and  
Center for the Visually Impaired Foundation, Inc.**

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

We have audited the accompanying combined financial statements of **Center for the Visually Impaired, Inc. and Center for the Visually Impaired Foundation, Inc.** (the "Organizations"), which comprise the combined statements of financial position as of June 30, 2014 and 2013, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for the Visually Impaired, Inc. and Center for the Visually Impaired Foundation, Inc., as of June 30, 2014 and 2013, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary statements of functional expenses and the schedule of state contractual assistance are presented for purposes of additional analysis and are not required parts of the financial statements of the Organizations. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2014, on our consideration of the Organizations' internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organizations' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Atlanta, Georgia  
December 9, 2014

**CENTER FOR THE VISUALLY IMPAIRED, INC.  
AND CENTER FOR THE VISUALLY IMPAIRED FOUNDATION, INC.  
COMBINED STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2014**

<u>Assets</u>	<u>CVI, Inc.</u>	<u>CVI Foundation, Inc.</u>	<u>Combined 2014</u>
Cash and cash equivalents	\$ 182,173	\$ 193,299	\$ 375,472
Grants receivable	341,880	-	341,880
Other accounts receivable, net	40,698	-	40,698
Pledges receivable, net	-	30,213	30,213
Inventories of visual aids	221,268	-	221,268
Investments	-	6,644,839	6,644,839
Prepaid expenses	66,451	2,655	69,106
Property and equipment, net	6,572,009	-	6,572,009
Due (to) from affiliate	298,334	(298,334)	-
<b>Total assets</b>	<b><u>\$ 7,722,813</u></b>	<b><u>\$ 6,572,672</u></b>	<b><u>\$ 14,295,485</u></b>
<b><u>Liabilities and Net Assets</u></b>			
Liabilities:			
Accounts payable	\$ 58,021	\$ -	\$ 58,021
Accrued employee benefits	166,190	-	166,190
Other accrued expenses	21,470	7,978	29,448
<b>Total liabilities</b>	<b><u>245,681</u></b>	<b><u>7,978</u></b>	<b><u>253,659</u></b>
Net assets:			
Unrestricted	7,477,132	(15,048)	7,462,084
Temporarily restricted	-	4,000,253	4,000,253
Permanently restricted	-	2,579,489	2,579,489
<b>Total net assets</b>	<b><u>7,477,132</u></b>	<b><u>6,564,694</u></b>	<b><u>14,041,826</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 7,722,813</u></b>	<b><u>\$ 6,572,672</u></b>	<b><u>\$ 14,295,485</u></b>

See Notes to Combined Financial Statements.

**CENTER FOR THE VISUALLY IMPAIRED, INC.  
AND CENTER FOR THE VISUALLY IMPAIRED FOUNDATION, INC.  
COMBINED STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2013**

<u>Assets</u>	<u>CVI, Inc.</u>	<u>CVI Foundation, Inc.</u>	<u>Combined 2013</u>
Cash and cash equivalents	\$ 136,763	\$ 1,148,350	\$ 1,285,113
Grants receivable	73,418	-	73,418
Other accounts receivable, net	41,069	-	41,069
Pledges receivable, net	-	318,214	318,214
Inventories of visual aids	231,553	-	231,553
Investments	-	6,726,225	6,726,225
Prepaid expenses	82,274	2,528	84,802
Property and equipment, net	6,759,918	-	6,759,918
Due (to) from affiliate	698,509	(698,509)	-
<b>Total assets</b>	<b>\$ 8,023,504</b>	<b>\$ 7,496,808</b>	<b>\$ 15,520,312</b>
<b><u>Liabilities and Net Assets</u></b>			
Liabilities:			
Accounts payable	\$ 54,545	\$ -	\$ 54,545
Accrued employee benefits	223,939	-	223,939
Other accrued expenses	25,422	10,724	36,146
<b>Total liabilities</b>	<b>303,906</b>	<b>10,724</b>	<b>314,630</b>
Net assets:			
Unrestricted	7,719,598	(7,264)	7,712,334
Temporarily restricted	-	4,914,359	4,914,359
Permanently restricted	-	2,578,989	2,578,989
<b>Total net assets</b>	<b>7,719,598</b>	<b>7,486,084</b>	<b>15,205,682</b>
<b>Total liabilities and net assets</b>	<b>\$ 8,023,504</b>	<b>\$ 7,496,808</b>	<b>\$ 15,520,312</b>

**See Notes to Combined Financial Statements.**

**CENTER FOR THE VISUALLY IMPAIRED, INC.  
AND CENTER FOR THE VISUALLY IMPAIRED FOUNDATION, INC.  
COMBINED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>CVI, Inc.</u>	<u>CVI Foundation, Inc.</u>	<u>Combined 2014</u>
Changes in unrestricted net assets:			
Support and revenue:			
Public support:			
Received directly	\$ -	\$ 653,124	\$ 653,124
Received from United Way	218,011	-	218,011
Total public support	<u>218,011</u>	<u>653,124</u>	<u>871,135</u>
Fees from government agencies for professional service contracts	<u>1,277,624</u>	<u>-</u>	<u>1,277,624</u>
Other revenue:			
Fees for professional services	16,461	-	16,461
Medical, net	102,280	-	102,280
Retail store (net of cost of goods sold of \$281,689)	50,638	-	50,638
In-kind contributions	9,114	25,807	34,921
Investment income	6	1,409	1,415
Other income	100,226	141,216	241,442
Total other revenue	<u>278,725</u>	<u>168,432</u>	<u>447,157</u>
Total support and revenue	<u>1,774,360</u>	<u>821,556</u>	<u>2,595,916</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	-	2,005,714	2,005,714
Transfer from CVI Foundation, Inc.	<u>2,280,831</u>	<u>(2,280,831)</u>	<u>-</u>
Total net assets released from restrictions	<u>2,280,831</u>	<u>(275,117)</u>	<u>2,005,714</u>
Total support, revenue, and net assets released from restrictions	<u>4,055,191</u>	<u>546,439</u>	<u>4,601,630</u>

**CENTER FOR THE VISUALLY IMPAIRED, INC.  
AND CENTER FOR THE VISUALLY IMPAIRED FOUNDATION, INC.  
COMBINED STATEMENT OF ACTIVITIES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>CVI, Inc.</u>	<u>CVI Foundation, Inc.</u>	<u>Combined 2014</u>
Expenses:			
Program services	3,621,303	-	3,621,303
Supporting services:			
Management and general	676,354	43,964	720,318
Fundraising	-	510,259	510,259
Total supporting services	676,354	554,223	1,230,577
Total expenses	4,297,657	554,223	4,851,880
(Decrease) in unrestricted net assets	(242,466)	(7,784)	(250,250)
Changes in temporarily restricted net assets:			
Public support	-	235,150	235,150
Investment income	-	94,414	94,414
Realized gain on sale of investments	-	127,311	127,311
Unrealized gain on investments	-	634,733	634,733
Satisfaction of program restrictions	-	(2,005,714)	(2,005,714)
(Decrease) in temporarily restricted net assets	-	(914,106)	(914,106)
Changes in permanently restricted net assets:			
Contributions	-	500	500
Increase in permanently restricted net assets	-	500	500
(Decrease) in total net assets	(242,466)	(921,390)	(1,163,856)
Total net assets at beginning of year	7,719,598	7,486,084	15,205,682
Total net assets at end of year	<u>\$ 7,477,132</u>	<u>\$ 6,564,694</u>	<u>\$ 14,041,826</u>

**See Notes to Combined Financial Statements.**



**CENTER FOR THE VISUALLY IMPAIRED, INC.  
AND CENTER FOR THE VISUALLY IMPAIRED FOUNDATION, INC.  
COMBINED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>CVI, Inc.</u>	<u>CVI Foundation, Inc.</u>	<u>Combined 2013</u>
Changes in unrestricted net assets:			
Support and revenue:			
Public support:			
Received directly	\$ -	\$ 608,523	\$ 608,523
Received from United Way	280,834	-	280,834
Total public support	<u>280,834</u>	<u>608,523</u>	<u>889,357</u>
Fees from government agencies for professional service contracts	<u>1,460,924</u>	<u>-</u>	<u>1,460,924</u>
Fees from government agencies for professional service authorization and invoices	<u>10,043</u>	<u>-</u>	<u>10,043</u>
Other revenue:			
Fees for professional services	32,841	-	32,841
Medical, net	67,864	-	67,864
Retail store (net of cost of goods sold of \$333,862)	85,741	-	85,741
In-kind contributions	117,113	4,320	121,433
Investment income	164	699	863
Other income	96,687	99,444	196,131
Total other revenue	<u>400,410</u>	<u>104,463</u>	<u>504,873</u>
Total support and revenue	<u>2,152,211</u>	<u>712,986</u>	<u>2,865,197</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	-	1,755,387	1,755,387
Transfer from CVI Foundation, Inc.	2,204,130	(1,969,254)	234,876
Total net assets released from restrictions	<u>2,204,130</u>	<u>(213,867)</u>	<u>1,990,263</u>
Total support, revenue, and net assets released from restrictions	<u>4,356,341</u>	<u>499,119</u>	<u>4,855,460</u>

**CENTER FOR THE VISUALLY IMPAIRED, INC.  
AND CENTER FOR THE VISUALLY IMPAIRED FOUNDATION, INC.  
COMBINED STATEMENT OF ACTIVITIES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>CVI, Inc.</u>	<u>CVI Foundation, Inc.</u>	<u>Combined 2013</u>
Expenses:			
Program services	4,357,940	-	4,357,940
Supporting services:			
Management and general	807,732	36,984	844,716
Fundraising	-	477,616	477,616
Total supporting services	807,732	514,600	1,322,332
Total expenses	5,165,672	514,600	5,680,272
(Decrease) in unrestricted net assets	(809,331)	(15,481)	(824,812)
Changes in temporarily restricted net assets:			
Public support	-	687,976	687,976
Investment income	-	238,005	238,005
Realized gain on sale of investments	-	118,414	118,414
Unrealized gain on investments	-	412,110	412,110
Satisfaction of program restrictions	-	(1,755,387)	(1,755,387)
Transfer to CVI, Inc.	-	(234,876)	(234,876)
(Decrease) in temporarily restricted net assets	-	(533,758)	(533,758)
Changes in permanently restricted net assets:			
Contributions	-	500	500
Increase in permanently restricted net assets	-	500	500
(Decrease) in total net assets	(809,331)	(548,739)	(1,358,070)
Total net assets at beginning of year	8,528,929	8,034,823	16,563,752
Total net assets at end of year	<u>\$ 7,719,598</u>	<u>\$ 7,486,084</u>	<u>\$ 15,205,682</u>

**See Notes to Combined Financial Statements.**

**CENTER FOR THE VISUALLY IMPAIRED, INC.  
AND CENTER FOR THE VISUALLY IMPAIRED FOUNDATION, INC.  
COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2014**

	Supporting Services		Supporting Services		Total CVI, Inc.	Supporting Services		Total CVI Foundation, Inc.	Combined 2014
	Program Services	Management and General	Management and General	Fund- Raising		Management and General	Fund- Raising		
Salaries and wages	\$ 2,094,985	\$ 494,650	\$ -	\$ -	2,589,635	\$ -	\$ 325,530	\$ 325,530	\$ 2,915,165
Employee benefits	305,648	(4,265)	-	-	301,383	-	33,651	33,651	335,034
Payroll taxes	167,947	39,456	-	-	207,403	-	23,555	23,555	230,958
Total salaries and related expenses	2,568,580	529,841	-	-	3,098,421	-	382,736	382,736	3,481,157
Professional fees	163,407	9,530	172,937	43,964	336,838	-	43,964	43,964	216,901
Supplies	32,210	4,635	36,845	-	41,480	86	86	86	36,931
Telephone	58,409	2,703	61,112	-	63,815	42	42	42	61,154
Postage and shipping	15,042	1,343	16,385	-	17,728	2,625	2,625	2,625	19,010
Occupancy	160,880	21,282	182,162	-	203,444	12,077	12,077	12,077	194,239
Printing	5,396	848	6,244	-	7,092	9,479	9,479	9,479	15,723
Staff transportation	24,935	1,804	26,739	-	28,543	57	57	57	26,796
Client transportation	173,596	202	173,798	-	174,000	-	-	-	173,798
Conferences	8,481	988	9,469	-	10,457	800	800	800	10,269
Internal meetings	4,292	3,712	8,004	-	11,716	422	422	422	8,426
Dues and subscriptions	12,059	9,053	21,112	-	30,165	499	499	499	21,611
Client activities	21,766	-	21,766	-	21,766	-	-	-	21,766
Equipment maintenance	3,967	746	4,713	-	5,459	-	-	-	4,713
Noncapitalized equipment	6,157	196	6,353	-	6,549	-	-	-	6,353
Software and computer	89,629	9,366	98,995	-	108,361	6,310	6,310	6,310	105,305
Bad debt expense	15,752	-	15,752	-	15,752	18,383	18,383	18,383	34,135
Marketing	33,899	3,927	37,826	-	41,753	71,975	71,975	71,975	109,801
Other expense	16,430	27,759	44,189	-	71,948	4,768	4,768	4,768	48,957
Total expenses before depreciation	3,414,887	627,935	4,042,822	43,964	4,519,768	510,259	554,223	554,223	4,597,045
Depreciation	206,416	48,419	254,835	-	303,254	-	-	-	254,835
Total expenses	\$ 3,621,303	\$ 676,354	\$ 4,297,657	\$ 43,964	\$ 4,745,928	\$ 510,259	\$ 554,223	\$ 554,223	\$ 4,851,880

See Notes to Combined Financial Statements.

**CENTER FOR THE VISUALLY IMPAIRED, INC.  
AND CENTER FOR THE VISUALLY IMPAIRED FOUNDATION, INC.  
COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2013**

	Program Services	Supporting Services		Supporting Services		Total CVI, Inc.	Supporting Services		Total CVI Foundation, Inc.	Combined 2013
		Management and General		Management and General			Fund-Raising			
		Management and General		Management and General			Fund-Raising			
Salaries and wages	\$ 2,497,975	\$ 581,135	\$ 3,079,110	\$ -	\$ 319,252	\$ 319,252	\$ -	\$ 319,252	\$ 3,398,362	
Client stipends	12,716	-	12,716	-	-	-	-	-	12,716	
Employee benefits	402,894	70,953	473,847	-	40,655	40,655	-	40,655	514,502	
Payroll taxes	191,240	41,137	232,377	-	22,485	22,485	-	22,485	254,862	
Total salaries and related expenses	3,104,825	693,225	3,798,050	-	382,392	382,392	-	382,392	4,180,442	
Professional fees	194,494	(30,612)	163,882	36,984	-	36,984	-	36,984	200,866	
Supplies	33,632	6,602	40,234	-	215	215	-	215	40,449	
Telephone	49,931	960	50,891	-	-	-	-	-	50,891	
Postage and shipping	20,349	2,683	23,032	-	5,147	5,147	-	5,147	28,179	
Occupancy	183,600	22,363	205,963	-	-	-	-	-	205,963	
Printing	7,882	7,492	15,374	-	9,627	9,627	-	9,627	25,001	
Staff transportation	27,414	1,595	29,009	-	298	298	-	298	29,307	
Client transportation	118,413	120	118,533	-	-	-	-	-	118,533	
Conferences	12,764	3,961	16,725	-	51	51	-	51	16,776	
Internal meetings	3,506	3,380	6,886	-	672	672	-	672	7,558	
Entertainment and meals	478	(225)	253	-	-	-	-	-	253	
Dues and subscriptions	13,046	9,024	22,070	-	325	325	-	325	22,395	
Client activities	31,014	-	31,014	-	-	-	-	-	31,014	
Equipment maintenance	7,017	432	7,449	-	-	-	-	-	7,449	
Noncapitalized equipment	33,785	595	34,380	-	451	451	-	451	34,831	
Software and computer	188,176	23,349	211,525	-	3,148	3,148	-	3,148	214,673	
Bad debt expense	16,957	-	16,957	-	5,750	5,750	-	5,750	22,707	
Marketing	40,469	4,207	44,676	-	67,326	67,326	-	67,326	112,002	
Other expense	18,503	27,473	45,976	-	2,214	2,214	-	2,214	48,190	
Total expenses before depreciation	4,106,255	776,624	4,882,879	36,984	477,616	514,600	-	514,600	5,397,479	
Depreciation	251,685	31,108	282,793	-	-	-	-	-	282,793	
Total expenses	\$ 4,357,940	\$ 807,732	\$ 5,165,672	\$ 36,984	\$ 477,616	\$ 514,600	\$ -	\$ 514,600	\$ 5,680,272	

See Notes to Combined Financial Statements.

**CENTER FOR THE VISUALLY IMPAIRED, INC.  
AND CENTER FOR THE VISUALLY IMPAIRED FOUNDATION, INC.  
COMBINED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>CVI, Inc.</u>	<u>CVI Foundation, Inc.</u>	<u>Combined 2014</u>
Cash flows from operating activities:			
Decrease in total net assets	\$ (242,466)	\$ (921,390)	\$ (1,163,856)
Adjustments to reconcile (decrease) in total net assets to net cash used in operating activities:			
Depreciation	254,835	-	254,835
Realized gain on sale of investments	-	(127,311)	(127,311)
Unrealized gain on investments	-	(634,733)	(634,733)
Changes in assets and liabilities:			
(Increase) decrease in:			
Grants receivable	(268,462)	-	(268,462)
Pledges receivable	-	288,001	288,001
Other accounts receivable	371	-	371
Inventories of visual aids	10,285	-	10,285
Prepaid expenses	15,823	(161)	15,662
Due (to) from affiliate	400,175	(400,175)	-
Increase (decrease) in:			
Accounts payable	3,476	-	3,476
Accrued expenses and other liabilities	(61,701)	(2,746)	(64,447)
Total adjustments	<u>354,802</u>	<u>(877,125)</u>	<u>(522,323)</u>
Net cash provided by (used in) operating activities	<u>112,336</u>	<u>(1,798,515)</u>	<u>(1,686,179)</u>
Cash flows from investing activities:			
Purchase of property and equipment	(66,926)	-	(66,926)
Purchase of investments	-	(85,720)	(85,720)
Proceeds from the sale of investments	-	929,184	929,184
Net cash provided by (used in) investing activities	<u>(66,926)</u>	<u>843,464</u>	<u>776,538</u>
Net increase (decrease) in cash and cash equivalents	45,410	(955,051)	(909,641)
Cash and cash equivalents at beginning of year	<u>136,763</u>	<u>1,148,350</u>	<u>1,285,113</u>
Cash and cash equivalents at end of year	<u>\$ 182,173</u>	<u>\$ 193,299</u>	<u>\$ 375,472</u>

**See Notes to Combined Financial Statements.**

**CENTER FOR THE VISUALLY IMPAIRED, INC.  
AND CENTER FOR THE VISUALLY IMPAIRED FOUNDATION, INC.  
COMBINED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>CVI, Inc.</u>	<u>CVI Foundation, Inc.</u>	<u>Combined 2013</u>
Cash flows from operating activities:			
Decrease in total net assets	\$ (809,331)	\$ (548,739)	\$ (1,358,070)
Adjustments to reconcile (decrease) in total net assets to net cash used in operating activities:			
Depreciation	282,793	-	282,793
Realized gain on sale of investments	-	(118,414)	(118,414)
Unrealized gain on investments	-	(412,110)	(412,110)
Changes in assets and liabilities:			
(Increase) decrease in:			
Grants receivable	164,038	-	164,038
Pledges receivable	-	192,433	192,433
Other accounts receivable	(10,716)	-	(10,716)
Inventories of visual aids	2,892	-	2,892
Prepaid expenses	11,461	269	11,730
Due (to) from affiliate	(31,939)	31,939	-
Increase (decrease) in:			
Accounts payable	(16,877)	-	(16,877)
Accrued expenses and other liabilities	5,886	7,174	13,060
Total adjustments	<u>407,538</u>	<u>(298,709)</u>	<u>108,829</u>
Net cash (used in) operating activities	<u>(401,793)</u>	<u>(847,448)</u>	<u>(1,249,241)</u>
Cash flows from investing activities:			
Purchase of investments	-	(3,308,988)	(3,308,988)
Proceeds from the sale of investments	-	4,113,197	4,113,197
Net cash provided by investing activities	<u>-</u>	<u>804,209</u>	<u>804,209</u>
Net decrease in cash and cash equivalents	(401,793)	(43,239)	(445,032)
Cash and cash equivalents at beginning of year	<u>538,556</u>	<u>1,191,589</u>	<u>1,730,145</u>
Cash and cash equivalents at end of year	<u>\$ 136,763</u>	<u>\$ 1,148,350</u>	<u>\$ 1,285,113</u>

**See Notes to Combined Financial Statements.**

**CENTER FOR THE VISUALLY IMPAIRED, INC.  
AND CENTER FOR THE VISUALLY IMPAIRED FOUNDATION, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**NOTE 1. NATURE OF ORGANIZATIONS AND SIGNIFICANT ACCOUNTING POLICIES**

**The Organizations**

The mission of the Center for the Visually Impaired, Inc. (CVI) is *to empower people impacted by vision loss to live with independence and dignity*. Each year CVI offers a combination of vision rehabilitation, education and counseling to 5,000 individuals with severe vision loss and their family members. With a staff of 65 and more than 300 volunteers, CVI helps people who are blind or visually impaired to excel academically, graduate from high school and college, succeed in their careers, connect with their communities, and discover hope for the future. Throughout every stage of life and all degrees of vision loss, CVI offers individualized services through its program areas:

- The **BEGIN early childhood program** provides essential services to enhance development and potential for newborn and preschool-aged children with severe visual impairments. BEGIN helps parents learn about their children's visual conditions and become advocates to seek the best opportunities for them. BEGIN's year-round programming includes individual vision rehabilitation, classes, parent support groups and counseling, and family activities.
- **STARS (Social, Therapeutic, Academic and Recreational Services)** is an educational, recreational, and social skills program for students ages 5 to 21. This year-round program includes the After School Enrichment Program, summer enrichment day camps, a mentoring program and monthly activities on the weekend. Through these programs, STARS challenges the isolation and inactivity that many blind or visually impaired youth experience, helping them adjust to their vision loss and prepare for college and/or vocational success.
- The **Florence Maxwell Low Vision Clinic** enables individuals to make the best use of their remaining vision so that they can continue to lead productive, enjoyable and independent lives. A low vision optometrist assesses the vision of clients ages five and older and prescribes optical and non-optical devices to maximize their remaining vision. Occupational therapists offer counseling, training in the use of prescribed devices, and information and referral to help clients with low vision pursue their goals.
- **The New View Adult Rehabilitation Services Program** offers classes at the Center and services in the community to help adult clients achieve greater independence at home and at work. Classes include learning to travel independently and safely, independent living skills, braille, computer technology, communication skills and career services, including job readiness training and job placement.
- **VisAbility** is a nonprofit, accessible, street-level retail shop catering to the needs of people with vision loss. VisAbility provides immediate access to low vision aids, assistive technology and other adaptive devices that allow people with vision loss to maintain independent lifestyles. Products sold in VisAbility are also available for purchase on CVI's website [www.cviga.org](http://www.cviga.org).
- **ClearAnswer** is a contact center enterprise started in 2011 to create a revenue stream and to provide employment for people with vision loss to fund CVI's mission. ClearAnswer provided outsourced contact center services (phone, chat, email, text) staffed by highly trained, dedicated associates who specialize in customer satisfaction and use the latest technology to offer superior services to area businesses and government agencies. As discussed in Note 11, the center closed in September 2014.

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NOTE 1. NATURE OF ORGANIZATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### The Organizations (Continued)

The combined financial statements include the accounts of CVI and its supporting affiliate Center for the Visually Impaired Foundation, Inc. (CVI Foundation, Inc.) (collectively, the Organizations). CVI Foundation, Inc. was formed in 1989 as a supporting organization for CVI in order to manage CVI's portfolio of investments and oversee fundraising policies and procedures. In addition, CVI Foundation, Inc. serves the role of receiving gifts on behalf of CVI and investing them until utilized for the purpose intended by the donor.

Since CVI Foundation, Inc. was funded initially with the transfer of CVI's endowment funds and since there is shared control and management of these entities, it is the policy of the Organizations to present combined financial statements.

#### Economic Dependence

During the years ended June 30, 2014 and 2013, CVI received approximately 72% and 68%, respectively, of its total support and revenue from government agencies. Additionally, the Organization received approximately 12% and 13% of its total support and revenue for the years ended June 30, 2014 and 2013, respectively, from United Way. Although the Organization relies on these contracts for support and revenues, the mix of funding sources and the number of contracts does reduce the risk of economic dependence on one contract.

#### Basis of Accounting

The accompanying combined financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### Basis of Presentation

The Organizations present their financial statements in accordance with *Financial Statements for Not-For-Profit Organizations* as promulgated by the Financial Accounting Standards Board (FASB). Under this guidance, the Organizations are required to report information regarding their financial position and activities according to three categories of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.



## NOTES TO COMBINED FINANCIAL STATEMENTS

### NOTE 1. NATURE OF ORGANIZATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Principles of Combination

The combined financial statements include the accounts of CVI and CVI Foundation, Inc. All material related party balances and transactions have been eliminated in combination.

#### Contributions

In accordance with *Financial Statements for Not-For-Profit Organizations*, contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

#### Donated Assets

Non-cash contributions of marketable securities or other assets are recorded at fair market value on the date of receipt.

#### Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organizations report expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

#### Donated Services

Donated services are recognized as contributions in accordance with *Financial Statements for Not-For-Profit Organizations*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organizations. Volunteers provide a significant amount of services to the Organizations throughout the year that are not recognized as contributions since the recognition criteria under this standard were not met.

#### Promises to Give

Unconditional promises to give are recognized as support in the period in which the promise is made by the donor. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NOTE 1. NATURE OF ORGANIZATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the receivable account. Changes in the valuation allowance have not been material to the financial statements.

Grants receivable consist of amounts due to the Organizations in connection with various contracts with state agencies in Georgia.

Other accounts receivables consist of accrued interest, contributions, and outside project billings due to the Organizations.

#### Investments

The Organizations carry their investments with readily determinable fair values at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. It is the policy of the Organizations' Boards of Trustees to invest in such a manner as to achieve a balanced approach.

#### Investment Income and Gains

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

CVI Foundation, Inc.'s Board of Trustees has approved and implemented an annual spending policy related to its invested funds. The spending policy stipulates that five percent (5%) of the three-year average market value of the investment portfolio, determined at December 31<sup>st</sup> of each year, shall be available to CVI during its next fiscal year. Investment income consisting of dividends and interest (as well as any principal that may be necessary to achieve the five percent (5%) allocation) are transferred to CVI in the subsequent year. Interest, dividends, realized and unrealized gains or losses in excess of the five percent (5%) allocation are recorded as increases or decreases in the appropriate net asset class.

#### Inventories

Inventories consist of low vision aids and appliances. All low vision aids and appliances are sold through the VisAbility store. Inventories are carried at the lower of cost or market under the average cost method, which values inventory at the weighted average of all units available for sale during the period.

#### Property and Equipment

The Organizations follow the practice of capitalizing all expenditures for property and equipment in excess of \$5,000; the fair value of donated property and equipment is similarly capitalized. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. These lives are estimated at three years for computer equipment and software, five years for furniture and equipment, fifteen years for building improvements, and forty years for the building. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any gain or loss resulting from the disposition is reported in the statement of activities.

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NOTE 1. NATURE OF ORGANIZATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Functional Allocation of Expenses

The costs of providing the various programs and other activities are summarized on a functional basis in the combined statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### 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 affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Income Tax Status

As provided under Internal Revenue Code Section 501(c)(3) for nonprofit organizations, CVI, Inc. and CVI Foundation, Inc. are exempt from federal income taxes related to their exempt function activities. They are, however, required to file Federal Form 990 - Return of Organization Exempt from Income Tax. This is an information return only. Accordingly, no provision for income taxes is made in the financial statements. With few exceptions, the Organizations are no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years before 2011.

#### Fair Value of Financial Instruments

The Organizations adopted FASB's *Fair Value Measurement* and disclosure guidance, which provides a framework for measuring fair value under generally accepted accounting principles. This standard applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in FASB's *Fair Value Measurement*, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organizations use various methods including market, income and cost approaches. Based on these approaches, the Organizations often utilize certain assumptions that market participants would use in pricing the assets or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organizations utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Organizations are required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

*Level 1* – Valuations for assets and liabilities traded in active markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

*Level 2* – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services identical or similar assets or liabilities.

*Level 3* – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities.

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NOTE 1. NATURE OF ORGANIZATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Fair Value of Financial Instruments (Continued)**

For the fiscal years ended June 30, 2014 and 2013, the application of valuation techniques applied to similar assets and liabilities has been consistent. The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers.

If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of these instruments.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organizations believe their valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Organizations adopted the provisions of *Investments in Certain Entities that Calculate Net Asset Value Per Share (or its Equivalent)* to certain investments in funds that do not have readily determinable fair values. The guidance allows for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value, using net asset value per share or its equivalent. Net asset value, in many instances, may not equal fair value that would be calculated under the standards. The funds held in the Multi-Asset Fund are subject to this guidance and classified as Level 2 investments.

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NOTE 2. CASH AND CASH EQUIVALENTS

It is the Boards' intention that the invested cash held in the portfolios of the Organizations are a component of long-term investments. Therefore, the invested cash included in investment portfolios is not considered to be a cash equivalent.

The Organizations have balances in both deposit accounts at banks and investment money markets at brokerage firms. The Organizations have a policy that no more than \$230,000 will accumulate in any one Federal Deposit Insurance Corporation (FDIC) account. FDIC insures up to \$250,000 per bank or savings institution. The Securities Investor Protection Corporation (SIPC) insures up to \$500,000 (including \$100,000 for claims for cash) per brokerage firm.

### NOTE 3. PLEDGES RECEIVABLE, NET

Unconditional promises to give at net realizable value are as follows at June 30:

	2014	2013
Pledges:		
Receivable in less than one year	\$ 15,000	\$ 314,501
Receivable in one to five years	20,500	5,000
Total unconditional promises to give	35,500	319,501
Less unamortized discount	(287)	(287)
Less allowance for uncollectible pledges receivable	(5,000)	(1,000)
Pledges receivable, net	\$ 30,213	\$ 318,214

### NOTE 4. INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, the Organizations' investments at fair value as of June 30, 2014:

	Level 1	Level 2	Level 3	Total
Cash and money markets	\$ 77,238	\$ -	\$ -	\$ 77,238
Mutual funds:				
Large funds	591,437	-	-	591,437
Mid funds	87,782	-	-	87,782
Small funds	34,098	-	-	34,098
International	529,703	-	-	529,703
Fixed income	508,212	-	-	508,212
Multi-Asset Fund	-	4,816,369	-	4,816,369
Total investments at fair value	\$ 1,828,470	\$ 4,816,369	\$ -	\$ 6,644,839

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NOTE 4. INVESTMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2013:

	Level 1	Level 2	Level 3	Total
Cash and money markets	\$ 582,083	\$ -	\$ -	\$ 582,083
Mutual funds:				
Large funds	960,206	-	-	960,206
Mid funds	161,940	-	-	161,940
Small funds	87,553	-	-	87,553
International	194,443	-	-	194,443
Fixed income	488,472	-	-	488,472
Multi-Asset Fund	-	4,251,528	-	4,251,528
Total investments at fair value	<u>\$ 2,474,697</u>	<u>\$ 4,251,528</u>	<u>\$ -</u>	<u>\$ 6,726,225</u>

Investment expenses incurred totaled \$9,505 and \$11,425 for the years ended June 30, 2014 and 2013, respectively.

The Multi-Asset Fund includes investments in funds that invest primarily in equities and fixed income securities. There are no unfunded commitments as of June 30, 2014. The fund has a daily redemption frequency. The fair value of the investments has been estimated using the net asset value per share of the investments.

Total investment return reported in the statements of activities for the year ended June 30 are as follows:

2014	CVI, Inc.	CVI Foundation, Inc.	Total
<b>Interest and dividends</b>	\$ 6	\$ 95,823	\$ 95,829
<b>Net realized gain</b>	-	127,311	127,311
<b>Net unrealized gain</b>	-	634,733	634,733
	<u>\$ 6</u>	<u>\$ 857,867</u>	<u>\$ 857,873</u>
2013			
Interest and dividends	\$ 164	\$ 238,704	\$ 238,868
Net realized gain	-	118,414	118,414
Net unrealized gain	-	412,110	412,110
	<u>\$ 164</u>	<u>\$ 769,228</u>	<u>\$ 769,392</u>

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NOTE 5. PROPERTY AND EQUIPMENT, NET

Components of property and equipment consist of the following at June 30:

	2014	2013
Land	\$ 1,025,000	\$ 1,025,000
Building	7,688,361	7,688,361
Vehicles	17,739	17,739
Furniture and equipment	909,880	842,954
	9,640,980	9,574,054
Less accumulated depreciation	3,068,971	2,814,136
	\$ 6,572,009	\$ 6,759,918

Depreciation expense for the years ended June 30, 2014 and 2013 was \$254,835 and \$282,793, respectively.

### NOTE 6. RESTRICTED NET ASSETS

Temporarily and permanently restricted net assets are available for the following purposes at June 30:

	2014	2013
Temporarily restricted:		
BEGIN - preschool children	\$ 34,621	\$ 43,830
STARS - school age children	3,846	17,606
Community adult services	-	7,429
Low vision program	622	60,873
VisAbility store	14,305	73,528
Adult rehabilitation	1,979	79
CVI van operations	-	178
Contact center	65,428	648,898
Children's programs	932,450	1,222,532
Endowment earnings	2,937,130	2,781,448
Planned giving initiative	9,210	9,210
Various others	662	48,748
Total temporarily restricted net assets	\$ 4,000,253	\$ 4,914,359
Permanently restricted:		
General programs	\$ 800,000	\$ 800,000
BEGIN - preschool children	165,000	165,000
Building maintenance	75,000	75,000
Community adult services	1,523,055	1,523,055
Internship	16,434	15,934
Total permanently restricted net assets	\$ 2,579,489	\$ 2,578,989

Net assets were released from donor restrictions during 2014 and 2013 by incurring expenses satisfying the restricted purposes specified by donors as follows:

#### Purpose restrictions accomplished:

Program grants	\$ 2,005,714	\$ 1,755,387
	\$ 2,005,714	\$ 1,755,387

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NOTE 6. RESTRICTED NET ASSETS (Continued)

Temporarily restricted net assets consist of the following at June 30:

	2014	2013
Cash	\$ 280,501	\$ 528,698
Pledges receivable	30,213	238,426
Investments	3,689,539	4,147,235
Total temporarily restricted net assets	\$ 4,000,253	\$ 4,914,359

Permanently restricted net assets consist of the following at June 30:

	2014	2013
Investments	\$ 2,579,489	\$ 2,578,989

### NOTE 7. ENDOWMENT

#### Interpretation of Relevant Law

In approving endowment, spending and related policies, as part of the prudent and diligent discharge of its duties, the Board of Trustees of the Organizations, as authorized by the UPMIFA, has relied upon the actions, reports, information, advice and counsel taken or provided by its duly constituted committees and the duly appointed officers of the Organizations' and in doing so has interpreted the law to require the preservation of the historic dollar value of donor-restricted endowment funds, absent explicit donor directions to the contrary.

As a result of this interpretation, for accounting and financial statement purposes, the Organizations classify as permanently restricted net assets the historic dollar value of assets held as donor-restricted endowment, including any subsequent gifts and any accumulations to donor-restricted endowments made in accordance with the direction of the applicable gift instruments.

The portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified for accounting and financial statement purposes in accordance with requirements of the Financial Accounting Standards Board and the law.

#### Funds with Deficiencies

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organizations to retain as a fund of perpetual duration. The Organizations' did not have any deficiencies of this nature as of June 30, 2014 or 2013.

#### Return Objectives and Risk Parameters

The Organizations have 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 historic dollar value of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of benchmark indexes of similar assets classes while assuming a moderate level of investment risk. The following are benchmark indexes: Lipper Blended Benchmark, the S&P 500 Index, Barclays Aggregate Bond Index, the Lipper Intermediate Investment Grade, and the 91-Day T Bill Rate.



## NOTES TO COMBINED FINANCIAL STATEMENTS

### NOTE 7. ENDOWMENT (Continued)

#### Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organizations rely 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 Organizations target a diversified asset allocation to achieve their long-term return objectives within prudent risk constraints.

#### Spending Policy and How the Investment Objectives Related to Spending Policy

CVI Foundation, Inc.'s Board of Trustees has approved and implemented an annual spending policy related to their invested funds. The spending policy stipulates that five percent (5%) of the three-year average market value of the investment portfolio, determined at December 31<sup>st</sup> of each year, shall be available to the Organizations during their next fiscal year. Investment income consisting of dividends and interest (as well as any principal that may be necessary to achieve the five percent (5%) allocation) are transferred to CVI in the subsequent year. Interest, dividends, realized and unrealized gains or losses in excess of the five percent (5%) allocation are recorded as increases or decreases in the appropriate net asset class. The Organizations' Boards of Trustees review spending policies annually and approve distributions they deem to be prudent.

The Endowment Net Asset Composition by type of Fund at June 30, 2014 and 2013 is as follows:

#### Endowment Net Asset Composition by Type of Fund as of June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 2,937,130	\$ 2,579,489	\$ 5,516,619
<b>Total funds</b>	<b>\$ -</b>	<b>\$ 2,937,130</b>	<b>\$ 2,579,489</b>	<b>\$ 5,516,619</b>

#### Endowment Net Asset Composition by Type of Fund as of June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 2,781,448	\$ 2,578,989	\$ 5,360,437
<b>Total funds</b>	<b>\$ -</b>	<b>\$ 2,781,448</b>	<b>\$ 2,578,989</b>	<b>\$ 5,360,437</b>

The Changes in Endowment Net Assets for the years ended June 30, 2014 and 2013 are:

#### Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 2,781,448	\$ 2,578,989	\$ 5,360,437
Investment gain:				
Investment gain	-	670,614	-	670,614
Appropriation of endowment assets		(539,932)	-	(539,932)
Contributions	-	25,000	500	25,500
<b>Endowment net assets, end of year</b>	<b>\$ -</b>	<b>\$ 2,937,130</b>	<b>\$ 2,579,489</b>	<b>\$ 5,516,619</b>

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NOTE 7. ENDOWMENT (Continued)

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2013				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 2,454,050	\$ 2,578,489	\$ 5,032,539
Investment gain:				
Investment gain	-	573,210	-	573,210
Appropriation of endowment assets	-	(245,812)	-	(245,812)
Contributions	-	-	500	500
Endowment net assets, end of year	\$ -	\$ 2,781,448	\$ 2,578,989	\$ 5,360,437

### NOTE 8. UNITED WAY FUNDING

Revenues received from the United Way consist of funding for the Center for the Visually Impaired's operating budget and special allocations as requested by the Organization from time to time to meet certain nonrecurring expenses. For the years ended June 30, 2014 and 2013, these revenues consist of funding for the Organization's operating budget in the amount of \$218,011 and \$280,834, respectively.

### NOTE 9. RETIREMENT PLAN

All eligible employees of the Organizations are included in a trustee, noncontributory, defined contribution retirement plan. The plan stipulates that the Organizations fund an amount equal to 1% of each eligible employee's salary. The Organizations' policy is to fund all retirement costs as accrued. Under this plan, employees become eligible after two years of service and are fully vested. Retirement plan expense for the years ended June 30, 2014 and 2013 was \$17,453 and \$49,910, respectively.

### NOTE 10. IN-KIND CONTRIBUTIONS

The Organizations received recognizable contributed equipment, supplies and services with a fair market value of \$34,921 and \$121,433 during the years ended June 30, 2014 and 2013, respectively.

### NOTE 11. SUBSEQUENT EVENTS

The Organizations have evaluated subsequent events occurring through December 9, 2014, the date on which the financial statements were available to be issued.

In September 2014 CVI closed the ClearAnswer contact center enterprise discussed in Note 1.

## **SUPPLEMENTARY INFORMATION**

**CENTER FOR THE VISUALLY IMPAIRED, INC.**  
**SUPPLEMENTARY STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	The New View			Children's Programs					Clear Answer		Client Services and Counseling		Supporting Services Management and General		Total 2014	
	Independent Living Services	Career Services	Community Based Services	Low Vision Clinic	VisAbility Store	BEGIN	STARS	Training	Contact Center	Volunteer Services	Total Program Services	Client Services and Counseling	Volunteer Services	Total Program Services		Supporting Services Management and General
Salaries and wages	\$ 344,567	\$ 270,354	\$ 225,826	\$ 254,384	\$ 67,520	\$ 309,024	\$ 216,742	\$ -	\$ 376,417	\$ 301,51	\$ 2,094,985	\$ -	\$ 301,51	\$ 2,094,985	\$ 494,650	\$ 2,589,635
Employee benefits	30,330	37,183	35,620	40,838	11,679	48,866	25,380	-	72,873	6,079	305,648	-	6,079	305,648	(42,05)	301,383
Payroll taxes	27,132	21,449	18,307	20,431	5,345	24,813	17,856	-	30,176	2,438	167,947	-	2,438	167,947	39,456	207,403
Total salaries and related expenses	402,029	328,986	279,553	315,653	84,544	379,703	259,978	-	479,466	38,668	2,568,580	-	38,668	2,568,580	529,841	3,098,421
Professional fees	26,505	8,088	6,923	86,746	614	9,326	7,086	-	17,087	1,032	163,407	-	1,032	163,407	9,530	172,937
Supplies	3,606	848	570	7,596	3,679	7,828	7,110	-	884	89	32,210	-	89	32,210	4,635	36,845
Telephone	4,762	3,567	3,359	3,102	637	3,823	2,805	-	35,970	404	58,409	-	404	58,409	2,703	61,112
Postage and shipping	425	508	90	2,391	10,072	967	462	-	56	71	15,042	-	71	15,042	1,343	16,385
Occupancy	12,769	9,205	1,703	6,810	2,312	12,769	7,661	-	106,800	851	160,880	-	851	160,880	21,282	182,162
Printing	381	361	64	2,549	54	295	813	-	602	277	5,396	-	277	5,396	848	6,244
Staff transportation	5,523	1,283	10,711	3,268	173	1,818	452	-	1,570	137	24,935	-	137	24,935	1,804	26,739
Client transportation	11,439	306	32	74	-	131	161,605	-	-	9	173,596	-	9	173,596	202	173,798
Conferences	337	347	197	3,391	1,586	296	159	-	2,143	25	988	-	25	988	9,469	9,469
Internal meetings	363	132	109	146	118	482	386	-	1,282	1,274	4,292	-	1,274	3,712	8,004	8,004
Dues and subscriptions	4,904	4,999	26	158	-	74	24	-	1,024	850	12,059	-	850	12,059	9,053	21,112
Client activities	1,485	-	413	226	-	1,956	17,686	-	-	-	21,766	-	-	21,766	-	21,766
Equipment maintenance	1,847	746	60	259	165	447	433	-	-	30	3,967	-	30	3,967	746	4,713
Noncapitalized equipment	117	196	16	62	570	4,311	877	-	-	8	6,157	-	8	6,157	196	6,353
Software and computer	4,804	3,292	3,093	8,057	10,043	3,933	3,539	-	52,571	297	89,629	-	297	89,629	9,366	98,995
Bad debt expense	-	-	-	15,200	546	-	-	-	6	-	15,752	-	-	15,752	-	15,752
Marketing	-	-	-	542	47	-	-	-	33,310	-	33,899	-	-	33,899	3,927	37,826
Other expense	1,195	1,872	231	1,695	71,05	1,279	2,338	-	-	715	16,430	-	-	16,430	27,759	44,189
Total expenses before depreciation	482,491	364,736	307,130	457,905	122,265	429,438	473,414	-	732,771	44,737	3,414,887	-	44,737	3,414,887	627,935	4,042,822
Depreciation	40,774	68,804	5,097	22,935	-	40,774	25,484	-	-	2,548	206,416	-	2,548	206,416	48,419	254,835
Total expenses	\$ 523,265	\$ 433,540	\$ 312,227	\$ 480,840	\$ 122,265	\$ 470,212	\$ 498,898	\$ -	\$ 732,771	\$ 47,285	\$ 3,621,303	\$ -	\$ 47,285	\$ 3,621,303	\$ 676,354	\$ 4,297,657

See Independent Auditor's Report.

**CENTER FOR THE VISUALLY IMPAIRED, INC.**  
**SUPPLEMENTARY STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	The New View				Children's Programs				Client Answer		Client Services and Counseling	Volunteer Services	Total Program Services	Supporting Services Management and General		Total 2013
	Independent Living Services	Career Services	Community Based Services	Low Vision Clinic	Visability Store	BEGIN	STARS	Training	Contact Center	Supporting Services Management and General				Total 2013		
Salaries and wages	\$ 346,387	\$ 325,645	\$ 266,826	\$ 296,505	\$ 74,583	\$ 331,933	\$ 183,171	\$ 5,151	\$ 432,857	\$ 215,312	\$ 26,205	\$ 2,497,975	\$ 581,135	\$ 3,079,110		
Client stipends	-	12,716	-	-	12,862	63,944	20,413	635	72,854	30,026	6,004	12,716	-	12,716		
Employee benefits	76,488	45,792	34,406	39,470	12,862	63,944	20,413	635	72,854	30,026	6,004	402,894	70,953	473,847		
Payroll taxes	26,116	25,307	20,046	22,322	5,551	25,478	14,225	394	33,083	16,699	2,019	191,240	41,137	232,377		
Total salaries and related expenses	449,391	409,460	315,278	357,297	92,996	421,355	217,809	6,180	538,794	262,037	34,228	3,104,825	693,225	3,798,050		
Professional fees	13,401	5,502	4,570	77,328	2,246	6,242	3,197	-	74,104	7,451	453	194,494	(30,612)	163,882		
Supplies	6,735	3,571	810	3,571	4,194	5,323	5,154	-	1,460	2,673	141	33,632	6,602	40,234		
Telephone	3,544	3,053	3,696	2,584	714	3,064	1,654	-	29,509	1,877	236	49,931	960	50,891		
Postage and shipping	522	483	66	1,411	11,809	5,384	180	-	171	166	157	20,349	2,683	23,032		
Occupancy	28,628	46,759	4,066	16,264	14,127	29,030	18,297	-	14,231	10,165	2,033	183,600	22,363	205,963		
Printing	186	67	92	1,590	-	4,053	35	-	1,729	126	4	7,882	7,492	15,374		
Staff transportation	5,274	740	13,753	2,087	123	1,653	617	-	2,536	295	336	27,414	1,595	29,009		
Client transportation	17,609	942	244	97	65	327	98,738	-	76	304	11	118,413	120	118,533		
Conferences	1,279	256	179	570	1,752	511	1,721	-	5,815	438	243	12,764	3,961	16,725		
Internal meetings	232	79	6	7	174	179	4	16	1,727	1,082	-	3,506	3,380	6,886		
Entertainment and meals	-	-	-	-	-	-	225	-	253	-	-	478	(225)	253		
Dues and subscriptions	5,031	5,031	24	199	-	193	16	-	1,572	200	780	13,046	9,024	22,070		
Client activities	3,066	-	-	15	-	5,026	22,911	-	-	-	(4)	31,014	-	31,014		
Equipment maintenance	3,468	907	137	315	487	677	514	-	276	197	39	7,017	432	7,449		
Noncapitalized equipment	4,543	2,421	915	4,066	1,323	4,883	2,599	-	12,205	738	92	33,785	595	34,380		
Software and computer	23,021	12,095	8,780	11,308	6,415	13,750	6,437	-	86,803	18,791	776	188,176	23,349	211,525		
Bad debt expense	-	-	-	1,539	318	-	-	-	15,100	-	-	16,957	-	16,957		
Marketing	-	25	-	665	1,371	-	-	-	38,408	-	-	40,469	4,207	44,676		
Other expense	1,261	1,894	370	1,439	7,552	1,344	1,781	-	2,201	556	105	18,503	27,473	45,976		
Total expenses before depreciation	567,191	493,285	352,986	482,332	145,666	502,994	381,889	6,196	826,970	307,096	39,630	4,106,255	776,624	4,882,879		
Depreciation	39,590	65,042	5,655	22,626	16,966	39,590	25,451	-	19,795	14,140	2,830	251,685	31,108	282,793		
Total expenses	\$ 606,781	\$ 558,327	\$ 358,641	\$ 504,958	\$ 162,632	\$ 542,584	\$ 407,340	\$ 6,196	\$ 846,765	\$ 321,236	\$ 42,460	\$ 4,357,940	\$ 807,732	\$ 5,165,672		

**See Independent Auditor's Report.**

**CENTER FOR THE VISUALLY IMPAIRED, INC.**

**SCHEDULE OF STATE CONTRACTUAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2014**

<u>State Contract Number</u>	<u>Receipts</u>	<u>Program Expenditures</u>	<u>Due From State Agency</u>
<b>Georgia Vocational Rehabilitation Agency:</b>			
Contract #42700-610-0000022975	\$ 177,859	\$ 177,859	\$ -
Contract #42700-610-0000023353	347,920	513,335	165,414
Contract #42700-610-0000025346	190,537	190,537	-
Contract #42700-610-0000016411	2,853	1,878	-
<b>Georgia Department of Public Health:</b>			
Contract #40500-032-14110295	102,475	108,598	46,057
<b>Georgia Department of Early Care and Learning:</b>			
Contract #GE13BEGIN0001	29,072	14,070	-
Contract #GE13BEGIN0001	7,279	14,999	7,721
<b>Atlanta Regional Commission (ARC):</b>			
ARC Contract #AG1414	<u>63,812</u>	<u>58,585</u>	<u>4,342</u>
Total state contractual assistance	921,807	1,079,861	223,534
<b>Fulton County:</b>			
Contract for services related to after school and summer camp programs			
HSG – LV Clinic	20,000	40,000	20,000
HSG – STARS	27,500	38,908	11,408
<b>DeKalb County:</b>			
Contract for services related to after school program	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total governmental assistance	<u>\$ 979,307</u>	<u>\$ 1,168,769</u>	<u>\$ 254,942</u>
Total governmental accounts receivable			<u>\$ 254,942</u>

**See Independent Auditor's Report.**

**SINGLE AUDIT**



**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 Trustees  
of Center for the Visually Impaired, 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 Center for the Visually Impaired, Inc. (CVI), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, 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 9, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered CVI'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 CVI's internal control. Accordingly, we do not express an opinion on the effectiveness of the CVI'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 CVI'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.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Atlanta, Georgia  
December 9, 2014



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

**To the Board of Trustees  
of Center for the Visually Impaired, Inc.**

**Report on Compliance for Each Major Federal Program**

We have audited Center for the Visually Impaired, Inc.'s (CVI) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of CVI's major federal programs for the year ended June 30, 2014. CVI's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of CVI's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CVI's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of CVI's compliance.

***Opinion on Each Major Federal Program***

In our opinion, CVI complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

**Report on Internal Control Over Compliance**

Management of CVI is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered CVI's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CVI's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Atlanta, Georgia  
December 9, 2014

**CENTER FOR THE VISUALLY IMPAIRED, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Section I: Summary of Audit Results**

*Financial Statements:*

Type of audit report issued	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

*Federal Awards:*

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	No

Identification of major program:

<u>Name</u>	<u>CFDA Number</u>
U.S. Department of Education passed through the Georgia Vocational Rehabilitation Agency:	
Rehabilitation Services - Vocational rehabilitation grants to states	84.126
Dollar threshold used to distinguish between type A and type B programs	\$300,000
Auditee qualified as low-risk auditee?	Yes
Financial statement findings?	No
Findings and questioned costs for Federal awards?	No

**CENTER FOR THE VISUALLY IMPAIRED, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None

**CENTER FOR THE VISUALLY IMPAIRED, INC.  
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Section II - Financial Statement Findings** None

**Section III - Federal Award Findings and Questioned Costs** None

**CENTER FOR THE VISUALLY IMPAIRED, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass Through Number</u>	<u>Federal Award Amount</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Education under the Rehabilitation Act of 1973, as amended</u></b>				
Passed Through Georgia Vocational Rehabilitation Agency:				
Rehabilitation Services - Vocational rehabilitation grants to states	84.126	CVI VR Contract #42700-610-0000023353	\$ 878,953	\$ 403,994
Rehabilitation Services - Independent living services for individuals who are blind	84.177	CVI CAS OBP NE Contract #42700-610-0000025346 Contract #42700-610-0000016411	171,483 228,677	171,483 1,725
<b><u>U.S. Department of Health and Human Services</u></b>				
Passed Through Georgia Department of Human Services:				
TANF Cluster Temporary assistance for needy families	93.558	CVI DFCS ACP Contract #42700-610-0000022511	100,000	100,000
Passed Through Georgia Department of Human Resources to Atlanta Regional Commission:				
Social services block grant	93.667	CVI ARC SSBG Contract #AG1414	23,455	<u>23,455</u>
Total expenditures of federal awards				<u>\$ 700,657</u>

NOTE: The schedule of expenditures of federal awards is prepared on the accrual basis of accounting and includes the federal grant activity for the Center for the Visually Impaired, Inc. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

**See Independent Auditor's Report.**