

**BUCKS COUNTY ASSOCIATION
FOR THE
BLIND AND VISUALLY IMPAIRED**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

YEAR ENDED June 30, 2020

(See Independent Auditors' Report)

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Independent Auditors' Report

Board of Directors
Bucks County Association for the Blind and Visually Impaired
Newtown, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the Bucks County Association for the Blind and Visually Impaired (a non-profit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bucks County Association for the Blind and Visually Impaired, as of June 30, 2020 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

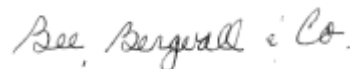
As discussed in Note 12 the spread of the COVID-19 coronavirus is affecting the United States and global economies and may have an impact on Bucks County Association for the Blind and Visually Impaired's operational and financial performance. At this point, Bucks County Association for the Blind and Visually Impaired cannot reasonably estimate the impact on its operations or financial results. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Bucks County Association for the Blind and Visually Impaired's 2019 financial statements, and in our report dated September 18, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of TSS and PSE Grant DHS Contract #4100084587, on page 22 are presented for purposes of additional analysis and are 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.



Bee, Bergvall and Company, P.C.
Certified Public Accountants

Warrington, PA
September 15, 2020

BUCKS COUNTY ASSOCIATION FOR THE
BLIND AND VISUALLY IMPAIRED
Statements of Financial Position

For the Years Ended June 30, 2020 and 2019

	<u>ASSETS</u>	
	<u>2020</u>	<u>2019</u>
Current Assets		
Cash and Cash Equivalents	\$ 212,378	\$ 144,569
Accounts Receivable	6,784	9,191
Contributions Receivable	439,229	21,532
Investments	4,109,115	3,947,658
Inventories	78,407	91,752
Prepaid Expenses	11,139	8,952
Total Current Assets	<u>4,857,052</u>	<u>4,223,654</u>
Property and Equipment, Net	<u>1,095,727</u>	<u>1,136,464</u>
Other Assets		
Restricted Investments	63,180	63,180
Beneficial Interest in Perpetual Trust	1,698,813	1,781,160
Total Other Assets	<u>1,761,993</u>	<u>1,844,340</u>
TOTAL ASSETS	<u><u>\$ 7,714,772</u></u>	<u><u>\$ 7,204,458</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accrued Expenses	\$ 4,966	\$ 1,968
Accrued Salaries	15,130	10,202
Accrued Vacation	25,571	23,429
Loans Payable	115,865	-
Total Current Liabilities	<u>161,532</u>	<u>35,599</u>
Net Assets		
Without Donor Restrictions		
Undesignated	1,881,332	1,482,826
Board Designated Endowment	3,906,165	3,841,693
	<u>5,787,497</u>	<u>5,324,519</u>
With Donor Restrictions		
Perpetual in Nature	1,761,993	1,844,340
Purpose Restrictions	3,750	-
	<u>1,765,743</u>	<u>1,844,340</u>
Total Net Assets	<u>7,553,240</u>	<u>7,168,859</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 7,714,772</u></u>	<u><u>\$ 7,204,458</u></u>

The accompanying notes are an integral part of these financial statements

BUCKS COUNTY ASSOCIATION FOR THE
BLIND AND VISUALLY IMPAIRED

Statements of Activities and Changes in Net Assets

For the Year Ended June 30, 2020

With Summarized Comparative Totals for the Year Ended June 30, 2019

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public Support and Revenue				
Contributions	\$ 72,253	\$ -	\$ 72,253	\$ 86,256
Thrift Shop Gross Sales	337,945	-	337,945	385,239
Transportation Fees	29,670	-	29,670	45,088
Contract Fees	80,217	-	80,217	74,732
Grants	295	5,000	5,295	17,890
Vision and Hearing Screening Fees	6,973	-	6,973	9,465
Low Vision Center Income	41,752	-	41,752	40,960
Investment Income, Net of Management Fees	96,074	-	96,074	121,734
Trust Investment Income	87,630	-	87,630	78,617
Bequests from Estates	561,567	-	561,567	18,323
Program Income	2,017	-	2,017	1,794
Miscellaneous Income	2,570	-	2,570	2,775
Net Realized/Unrealized Gain (Loss) on Investments	37,641	-	37,641	175,949
Change in Fair Value of Perpetual Trust	-	(82,347)	(82,347)	438,290
Net Assets Released from Restrictions	1,250	(1,250)	-	-
Total Public Support and Revenue	<u>1,357,854</u>	<u>(78,597)</u>	<u>1,279,257</u>	<u>1,497,112</u>
Functional Expenses				
Program Services				
Client Services	424,782	-	424,782	440,044
Transportation	116,429	-	116,429	128,441
Thrift Shop	212,064	-	212,064	227,114
Total Program Services	<u>753,275</u>	<u>-</u>	<u>753,275</u>	<u>795,599</u>
Support Services				
General and Administrative	125,329	-	125,329	129,493
Fundraising	16,272	-	16,272	16,057
Total Supporting Services	<u>141,601</u>	<u>-</u>	<u>141,601</u>	<u>145,550</u>
Total Expenses	<u>894,876</u>	<u>-</u>	<u>894,876</u>	<u>941,149</u>
Change in Net Assets	462,978	(78,597)	384,381	555,963
Net Assets at Beginning of Year	<u>5,324,519</u>	<u>1,844,340</u>	<u>7,168,859</u>	<u>6,612,896</u>
Net Assets at End of Year	<u>\$ 5,787,497</u>	<u>\$ 1,765,743</u>	<u>\$ 7,553,240</u>	<u>\$ 7,168,859</u>

The accompanying notes are an integral part of these financial statements

**BUCKS COUNTY ASSOCIATION FOR THE
BLIND AND VISUALLY IMPAIRED**

Statements of Functional Expenses

For the Year Ended June 30, 2020

With Summarized Comparative Totals for the Year Ended June 30, 2019

	Program Services				Support Services			2020 Total Expenses	2019 Total Expenses
	Client Services	Transportation Services	Thrift Shop	Total Program Expenses	General & Admin	Fund Raising	Total Support Services		
Salaries	\$ 214,152	\$ 67,555	\$ 133,053	\$ 414,760	\$ 85,489	\$ 10,403	\$ 95,892	\$ 510,652	\$ 507,728
Payroll Taxes	18,097	5,351	10,767	34,215	6,669	756	7,425	41,640	43,211
Employee Benefits	15,508	2,588	3,266	21,362	7,286	1,093	8,379	29,741	38,379
Pension Expense	7,671	904	3,235	11,810	4,043	451	4,494	16,304	15,736
Payroll and Related Expenses	255,428	76,398	150,321	482,147	103,487	12,703	116,190	598,337	605,054
Vehicle Fuel	-	7,502	-	7,502	-	-	-	7,502	10,773
Vehicle Maintenance	-	2,690	-	2,690	-	-	-	2,690	4,232
Contracted Services	2,970	-	-	2,970	-	-	-	2,970	4,960
Liability Insurance	17,340	2,890	5,780	26,010	2,890	-	2,890	28,900	28,697
Postage	2,359	-	-	2,359	-	329	329	2,688	3,026
Thrift Shop Credit Card Fees	-	-	5,344	5,344	-	-	-	5,344	4,977
Thrift Shop Cost of Goods Sold	-	-	20,503	20,503	-	-	-	20,503	34,756
Printing and Supplies	11,611	68	4,222	15,901	43	2,486	2,529	18,430	20,396
Travel	5,320	-	-	5,320	-	-	-	5,320	8,460
Interest Expense	-	-	-	-	165	-	165	165	-
Utilities	13,887	2,265	4,629	20,781	2,315	-	2,315	23,096	25,170
Building Maintenance	18,427	2,472	6,657	27,556	2,472	-	2,472	30,028	35,734
Equipment Maintenance	12,995	1,280	3,063	17,338	1,221	-	1,221	18,559	15,446
Professional and Consulting Fees	4,873	750	1,003	6,626	8,598	-	8,598	15,224	14,001
Dues and Subscriptions	13,855	136	483	14,474	-	601	601	15,075	15,336
Advertising	175	205	604	984	-	48	48	1,032	2,824
Low Vision COGS	20,682	-	-	20,682	-	-	-	20,682	24,747
Other Low Vision Expenses	3,394	-	-	3,394	-	-	-	3,394	4,297
Staff and Client Expense	4,220	-	304	4,524	775	-	775	5,299	7,005
Miscellaneous	-	-	-	-	555	105	660	660	4,100
	132,108	20,258	52,592	204,958	19,034	3,569	22,603	227,561	268,937
Depreciation Expense	37,246	19,773	9,151	66,170	2,808	-	2,808	68,978	67,158
Total Expenses by Function	\$ 424,782	\$ 116,429	\$ 212,064	\$ 753,275	\$ 125,329	\$ 16,272	\$ 141,601	\$ 894,876	\$ 941,149

The accompanying notes are an integral part of these financial statements

BUCKS COUNTY ASSOCIATION FOR THE
BLIND AND VISUALLY IMPAIRED

Statements of Cash Flows

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ 384,381	\$ 555,963
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	68,978	67,158
Net Realized and Unrealized (Gains) Loss on Investments	(37,641)	(175,949)
Change in Fair Value of Perpetual Trust (Increase) Decrease	82,347	(438,290)
Changes in Operating Assets		
Decrease (Increase) in Accounts Receivable	2,407	(2,919)
Increase in Contributions Receivable	(417,697)	(17,145)
Decrease in Grants Receivable	-	5,000
Decrease in Thrift Shop Inventory	20,503	34,756
(Increase) Decrease in Low Vision Inventory	(7,158)	2,274
(Increase) in Prepaid Expenses	(2,187)	(4,130)
Changes in Operating Liabilities		
Increase in Accrued Expenses	2,998	68
Increase (Decrease) in Accrued Payroll	4,928	(6,724)
Increase in Accrued Vacation	2,142	943
Increase in Loans Payable	115,865	-
Net Cash Provided by (Used in) Operating Activities	<u>219,866</u>	<u>21,005</u>
Cash Flows From Investing Activities		
Purchase of Property and Equipment	(28,242)	(79,748)
Purchase of Investments	(621,619)	(906,364)
Proceeds from Sale of Investments	497,804	895,989
Net Cash Provided by (Used in) Investing Activities	<u>(152,057)</u>	<u>(90,123)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	67,809	(69,118)
Cash and Cash Equivalents at Beginning of Year	<u>144,569</u>	<u>213,687</u>
Cash and Cash Equivalents at End of Year	<u>\$ 212,378</u>	<u>\$ 144,569</u>

The accompanying notes are an integral part of these financial statements

BUCKS COUNTY ASSOCIATION FOR THE
BLIND AND VISUALLY IMPAIRED

Notes to Financial Statements
June 30, 2020

NOTE 1. Summary of Significant Accounting Policies

Organization: The Bucks County Association for the Blind and Visually Impaired, (The Association), is a nonprofit organization, and was established in 1945. The Association provides services that assist people with blindness and visual impairments live rich, vibrant and independent lives. Specialized vision clinics, support groups, free vision screenings, in home supports, activities and community education are offered to Bucks County, PA residents experiencing vision loss.

Accounting Basis: The Association uses the accrual basis of accounting. Under this basis, revenues are recognized when earned and expenses are recognized when incurred.

Comparative Information: The 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 accounting policies generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Cash and Cash Equivalents: Cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturity of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

Accounts Receivable: Accounts receivables consist primarily of noninterest-bearing amounts due for Thrift Shop, low vision, and DHS contracts. We determine the allowance for uncollectible accounts receivables based on historical experience, an assessment of economic conditions, and our review of subsequent collections. Historically, accounts receivables have been fully collectible; accordingly, no allowance for doubtful accounts has been recorded.

Contributions Receivable: We record contributions receivable 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 contribution revenue in the statements of activities. We determine the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Historically, contributions receivable have been fully collectible; accordingly, no allowance for doubtful accounts has been recorded.

BUCKS COUNTY ASSOCIATION FOR THE
BLIND AND VISUALLY IMPAIRED

Notes to Financial Statements
June 30, 2020

NOTE 1. Summary of Significant Accounting Policies (Continued)

Inventories: Thrift shop revenue and inventory comprises program-related sales and is recorded at the date of contribution based on estimated net realizable value. Thrift shop related expenses are included in program service expenses. Low Vision Inventory also comprises program-related sales. Low vision related expenses are also included in program service expenses.

Property, Plant and Equipment: Property, plant and equipment are recorded at cost if purchased and fair value if donated at the date of contribution less accumulated depreciation. Only fixed assets cost or fair value of \$1,000 and over are capitalized and depreciated. Depreciation is provided on the straight-line method based on estimated useful lives of the assets ranging from 4 to 40 years.

Beneficial Interests in Perpetual Trusts: We have been named as an irrevocable beneficiary of a perpetual trust held and administered by independent trustees. We have neither possession nor control over the assets of the trust. The Perpetual Trust provides for the distribution of the net income of the trust to us; however, we will never receive the assets of the trust. At the date we receive notice of a beneficial interest, a contribution with donor restrictions of a perpetual nature is recorded in the statements of activities, and a beneficial interest in perpetual trust is recorded in the statements of financial position at the fair value of the underlying trust assets. Thereafter, beneficial interests in the trusts are reported at the fair value of the trust's assets in the statements of financial position, with trust distributions and changes in fair value recognized in the statements of activities. The Association received \$87,630 in distributions for the year ended June 30, 2020.

Investments: We record 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 gain/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organizations.

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

Net Assets Without Donor Restrictions - Net assets that are available for use in general operations and not subject to donor (or certain grantor) stipulations. The governing board has designated, from net assets without donor restrictions, a board-designated endowment.

BUCKS COUNTY ASSOCIATION FOR THE
BLIND AND VISUALLY IMPAIRED

Notes to Financial Statements
June 30, 2020

NOTE 1. Summary of Significant Accounting Policies (Continued)

Net Assets (continued)

Net Assets Without Donor Restrictions - Net assets subject to donor-imposed (or certain grantor) stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events/actions specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue and Revenue Recognition: The Association has implemented FASB ASU No. 2018-08 (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance is intended to clarify and improve accounting for contributions received and made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) or as an exchange (reciprocal) transactions subject to other guidance and (2) determining if a contribution is conditional. Analysis of various provisions of this standard resulted in no significant changes in the way the Association reported contributions; therefore, no changes to the previously issued audited financial statements were required on a retroactive basis. The Association's financial statements reflect the application of this guidance for the year ended June 30, 2020.

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Revenues are reported as increases in Net Assets Without Donor Restrictions unless the related assets are limited by donor-imposed restrictions. Expenses are reported as decreases in Net Assets Without Donor Restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in Net Assets Without Donor Restrictions unless their use is restricted by explicit donor stipulation or by law.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions.

BUCKS COUNTY ASSOCIATION FOR THE
BLIND AND VISUALLY IMPAIRED

Notes to Financial Statements
June 30, 2020

NOTE 1. Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition (continued)

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Support received under grants and contracts with state and local agencies is recorded as public support when the related costs are incurred and services performed. Grants and contracts receivable represent amounts due for expenditures incurred or services provided prior to year-end.

Donated Services and Facilities: The Association generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Association at the residents' facilities, but these services do not meet the criteria for recognition as contributed services. During the fiscal year ended June 30, 2020, \$3,750 of in-kind donations were recorded. The fair value of donated rental space for the Telford Clinic was \$1,200 and the fair value of informational services was \$2,550.

Advertising: All advertising costs are expensed when incurred.

Functional Allocation of Expenses: The financial statements report certain categories of expenses that are attributed to more than one program of supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation which are allocated on a square footage basis, as well as salaries and wages; benefits; payroll taxes; professional services; office expenses; supplies; repairs and maintenance; and other, which are allocated on the basis of estimates of time.

Income Tax: The Association is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Association has been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(A)(VI). The Association files Federal Form 990 and has not filed a Form 990T. The Association's informational tax returns are subject to review and examination by taxing authorities. The Association is not aware of any activities that would jeopardize its tax-exempt status.

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications: Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

BUCKS COUNTY ASSOCIATION FOR THE
BLIND AND VISUALLY IMPAIRED

Notes to Financial Statements

June 30, 2020

NOTE 1. Summary of Significant Accounting Policies (Continued)

Compensated Absences: Employees of the Association are entitled to paid vacation and sick days, depending on length of service, and other factors. As of June 30, 2020 the unpaid vacation days and related costs of \$ 25,571 have been accrued.

Recent Accounting Guidance: The Association is deferring implementation of Accounting Standards Update (ASU) No. 2014-09-Revenue from Contracts with Customers (Topic 606) until next fiscal year, as management believes the standard will improve the usefulness and understandability of the Association's financial reporting. The presentation and disclosures of revenue will be enhanced in accordance with the standard. The Association receives revenue from a variety of revenue streams.

Subsequent Events: The Association has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date of this report, which is the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

NOTE 2. Liquidity and Availability

Financial assets of the Association available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Financial Assets at June 30, 2020:	
Cash and Cash Equivalents	\$ 124,748
Accounts Receivable	6,784
Contributions Receivable	439,229
Distributions from Beneficial Interest In Assets Held By Others	87,630
Investments	4,172,295
Beneficial Interest In Trust	<u>1,698,813</u>
	6,529,499
Less Amounts Not Available to be used within one year:	
Net Assets with Donor Restrictions	(1,765,743)
Board Designated Net Assets and Other Appropriations	<u>(4,021,865)</u>
Total Assets available to meet general expenditures within one year:	<u>\$ 741,891</u>

BUCKS COUNTY ASSOCIATION FOR THE
BLIND AND VISUALLY IMPAIRED

Notes to Financial Statements
June 30, 2020

NOTE 2. Liquidity and Availability (Continued)

The Association's investments consist of donor-restricted funds, stocks without donor-restrictions and funds designated by the Board as endowments. Donor restricted funds of \$63,180 are not available for general expenditure. Income generated from these donor-restricted funds is available for general use. Although the Board does not intend to spend from the \$3,906,165 board-designated endowment funds, other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation, these amounts could be made available if necessary. As part of its liquidity management plan, the Association invests cash in excess of daily requirements into a savings account. Cash reserves in excess of three months of operating expenses are invested into short-term investments and money market funds.

NOTE 3. Investments

As discussed in Note 1, investments are carried at fair value. Investments at June 30, 2020 consist of the following:

	<u>Cost</u> <u>Basis</u>	<u>Fair</u> <u>Value</u>
Cash and Cash Equivalents	\$ 171,308	\$ 171,308
Fixed Income Securities	1,557,638	1,617,251
Mutual Funds	223,302	243,775
Common Stock Equities	<u>1,130,932</u>	<u>2,139,961</u>
Total	<u>\$ 3,083,180</u>	<u>\$ 4,172,295</u>

For the year ended June 30, 2020, the net realized losses are \$47,350 and the unrealized gains are \$84,991 for a total net realized and unrealized gains of \$37,641. Investment income (interest, dividends, and capital gain distributions less management fees) of \$96,074 was earned on cash equivalents and investments during the year ended June 30, 2020. Investment management fees in the amount of \$17,523 have been incurred as of June 30, 2020.

NOTE 4. Fair Value Measurements

We report certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable.

BUCKS COUNTY ASSOCIATION FOR THE
BLIND AND VISUALLY IMPAIRED

Notes to Financial Statements
June 30, 2020

NOTE 4. Fair Value Measurements (Continued)

Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 - Inputs are other than quoted prices that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.

Level 3 - Inputs that are unobservable inputs based on the Association's assumptions used to measure assets and liabilities at fair value. 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.

A significant portion of our investments are classified within Level 1 because they comprise money markets, mutual funds and equity securities with readily determinable fair values based on daily redemption values. The fair value of our beneficial interest in perpetual trust is based on the fair values of trust investments as reported by the trustee. These are considered to be Level 3 measurements.

The following table summarizes the assets of the Association for which fair values are determined on a recurring basis as of June 30, 2020.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Cash and Cash Equivalents	\$ 171,308	\$ -	\$ -	\$ 171,308
Fixed Income	1,617,251	-	-	1,617,251
Mutual Funds	243,775	-	-	243,775
Common Stock Equities	2,139,961	-	-	2,139,961
Total Investments	<u>\$ 4,172,295</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,172,295</u>
Beneficial Interest in Perpetual Trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,698,813</u>	<u>\$ 1,698,813</u>

BUCKS COUNTY ASSOCIATION FOR THE
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Notes to Financial Statements
June 30, 2020

NOTE 4. Fair Value Measurements (Continued)

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2020:

Balance, beginning of the year	\$ 1,781,160
Net unrealized loss	<u>(82,347)</u>
Balance end of year	<u>\$ 1,698,813</u>

NOTE 5. Property and Equipment

Property and equipment consists of the following at June 30, 2020:

Land	\$ 23,300
Buildings and Improvements	1,636,843
Equipment and Fixtures	46,720
Vehicles	<u>167,715</u>
	1,874,578
Less: Accumulated Depreciation	<u>(778,851)</u>
	<u>\$ 1,095,727</u>

For the year ended June 30, 2020 depreciation expense totaled \$68,978.

NOTE 6. Loans Payable

On May 5, 2020 BCABVI received loan proceeds of \$115,700 under the Payroll Protection Program (PPP). The PPP was established as a part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). Under the Cares Act, there is a potentiality for a portion of this loan to be forgiven if certain conditions are met. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1% with deferral payments for the first six months. Interest expense has been accrued in the amount of \$165 for the year ended June 30, 2020 in accordance with this loan. The Association has expended \$49,086 of these monies for payroll and payroll related expenses for the year ended June 30, 2020. While the Association currently believes that its use of the loan proceeds will meet conditions for total forgiveness of the loan within the coming year, it is unable to determine an exact amount of forgiveness at this time.

BUCKS COUNTY ASSOCIATION FOR THE
BLIND AND VISUALLY IMPAIRED

Notes to Financial Statements
June 30, 2020

NOTE 7. Endowments

The Association's Board of Directors has designated \$3,906,165 net assets without donor restrictions as a general endowment fund to support the mission of the Association. The Association has a spending policy of appropriating for distribution each year, based on budget approval, approximately 4 to 5% of its board-designated endowment fund's fair value. In establishing this policy, the Association, over the long-term, expects its endowment assets to generate enough income to supplement the operations of BCABVI while still allowing a significant portion of the funds invested to seek additional real growth of principal through investment return over time. To achieve that objective, the Association has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make budgeted annual distributions, while growing the fund. Actual returns in any given year may vary. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. Since the board-designated endowment resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions. As of June 30, 2020 the Association had the following net asset composition by type of fund:

	<u>Without Donor Restrictions</u>
Board-Designated Endowment Funds	\$ 3,906,165
	<u>\$ 3,906,165</u>

BUCKS COUNTY ASSOCIATION FOR THE
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Notes to Financial Statements
June 30, 2020

NOTE 7. Endowments (Continued)

Changes in endowment net assets for the fiscal year ended June 30, 2020 were as follows:

	Without Donor Restrictions
Endowment Net Assets, Beginning of Year	\$ 3,841,693
Contributions	1,659
Board-Designated Transfers, Net	103,319
Investment Return	
Investment Income	112,595
Net Appreciation (Realized and Unrealized)	37,051
Total Investment Return	149,646
Amounts Appropriated for Expenditures	(190,152)
Endowment Net Assets, End of Year	\$ 3,906,165

NOTE 8. Net Assets with Donor Restrictions

Net assets with donor restrictions have donor-imposed stipulations that must be maintained by the Association. Net Assets with donor restrictions were restricted as follows for the year ended June 30, 2020:

Perpetual in Nature:

Rose Feinstone	\$ 50,000
Estate of Grace Boone	8,000
Robert Sands Memorial Fund	5,180
Louis C. Spring Trust	1,698,813
Total	\$ 1,761,993

Purpose Restrictions:

Low Vision Grant	\$ 3,750
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Net Assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2020:

Satisfaction of Purpose Restrictions:

Low Vision Clinic Services	\$ 1,250
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BUCKS COUNTY ASSOCIATION FOR THE
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Notes to Financial Statements
June 30, 2020

NOTE 9. Special Events

There was no special event income for the year ended June 30, 2020.

NOTE 10. Low Vision Sales

For the year ended June 30, 2020, the Low Vision clinics generated \$41,752 in total income. Gross product sales of Low Vision equipment were \$34,856; direct expenses related to these sales were \$20,682.

NOTE 11. Pension Expense

Effective July 1, 1994, the Association approved a defined contribution profit sharing pension plan under Internal Revenue Code Section 403(b). The plan substantially covers all employees that complete 3 months of service, with no age requirement. The employee may contribute up to a certain percentage of their pay that is allowed under IRS 403(b). Participation is voluntary. The Association may make discretionary contributions, in an amount determined by the Association each year, for employees that have completed 1,000 hours of service during the plan year and are employed by the Association on the last day of the plan year. For June 30, 2020, the percentage was 5% of eligible employee pay, which amounted to \$ 16,304.

NOTE 12. Concentrations of Credit Risks and Uncertainties

The Association's operations involve a number of risks and uncertainties. Factors that could affect the Association's future operating results and cause actual results to vary materially from expectations include, but are not limited to general economic factors, lack of government spending, and dependence on key personnel. During the fiscal year a global pandemic due to the spread of the COVID-19 virus caused the United States government to declare a national emergency. As a result, BCABVI suspended all of its programs on March 16, 2020. On June 5, 2020 the Thrift Shop re-opened. The Low Vision clinics began re-opening on June 23, 2020 and both locations (Newtown and Telford) are currently operational. Essential individual services were provided and group programs were transitioned to virtual services. The full economic impact resulting from the uncertainty of the COVID-19 pandemic that could continue to affect the Association's operations and finances, is unknown at this time.

Financial instruments that potentially expose the Bucks County Association for the Blind and Visually Impaired to concentrations of credit risk consist primarily of bank and custodial accounts. The Association maintains cash in a demand checking and savings accounts at First National Bank of Newtown (FNB), which during the year the balances may exceed the federally insured limits (FDIC).

BUCKS COUNTY ASSOCIATION FOR THE
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Notes to Financial Statements
June 30, 2020

NOTE 12. Concentrations of Credit Risks and Uncertainties (Continued)

The remaining cash and cash equivalents are deposited in custodial accounts with FNB and the Bryn Mawr Trust Company which is not insured or collateralized. The FNB operating, payroll and savings account are combined for the purpose of Federal Depository Insurance (FDIC), which is \$250,000. At times, such balances may be in excess of \$250,000 FDIC insurance limits on interest bearing accounts (SIPC insurance for investments, not including market losses) thus exposing the Association to a loss in the amount of the excess. There is no limit on FDIC insurance for non-interest bearing accounts. At June 30, 2020 the operating, payroll and savings account balances were covered by FDIC insurance.

At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. The custodial accounts with various financial investment institutions at June 30, 2020 totals \$171,308 and is not covered by collateral held at the respected institutions nor insured.

NOTE 13. Contingencies

The Association is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Association carries commercial insurance.

SUPPLEMENTAL INFORMATION

BUCKS COUNTY ASSOCIATION FOR THE
BLIND AND VISUALLY IMPAIRED

Schedules of Contracts
TSS & PSE Activities Schedule
June 30, 2020

	Contract #4100084587			
	Approved Budget	Total Program Cost	Actual DHS Funding	BCABVI Association's Subsidy
Revenue				
Department of Health Services	\$ 80,217	\$ -	\$ -	\$ -
Expenses				
Salaries	\$ 37,000	\$ 38,513	\$ 37,000	\$ 1,513
Benefits	8,000	8,729	8,000	729
Building Repair & Maintenance	7,000	7,109	7,000	109
Utilities and Telephone Landline	5,000	5,065	5,000	65
Leased Equipment's	1,000	1,033	1,000	33
Liability & Vehicle Insurance	7,000	7,225	7,000	225
Vehicle Repair	1,000	1,534	1,000	534
Payroll & Professional Fees	1,500	1,644	1,500	144
IT Services	1,000	1,275	1,000	275
Dues and Subscriptions	1,000	1,237	1,000	237
Database Maintenance	500	550	500	50
Postage	600	733	600	133
Audit	2,000	2,038	2,000	38
Printing and Reproduction	150	197	150	47
Program Supplies	1,000	1,165	1,000	165
Office Supplies	1,467	1,684	1,467	217
Administrative Overhead	2,000	2,362	2,000	362
Staff Travel	3,000	3,183	3,000	183
PAB Professional Fees	-	10,027	-	10,027
Total	<u>\$ 80,217</u>	<u>\$ 95,303</u>	<u>\$ 80,217</u>	<u>\$ 15,086</u>