Blind & Vision Rehabilitation Services of Pittsburgh

Consolidated Financial Statements
and Supplementary Information

Years Ended June 30, 2024 and 2023
with Independent Auditor's Report

MaherDuessel

Pursuing the profession while promoting the public good©
www.md-cpas.com

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

YEARS ENDED JUNE 30, 2024 AND 2023

TABLE OF CONTENTS

Independent Auditor's Report

Board of Directors
Blind & Vision Rehabilitation Services of Pittsburgh

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Blind & Vision Rehabilitation Services of Pittsburgh (Corporation), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Maher Duessel

Pittsburgh, Pennsylvania
December 6, 2024

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	2024	2023
Assets		
Cash and cash equivalents	$ 13,614	$ 564,991
Investments, at fair value	9,959,400	9,499,311
Third-party tuition, fees, and other receivables	914,187	614,687
Promises to give	6,687	6,687
Inventories	505,026	517,296
Other assets	78,876	103,575
Plant and equipment, net of accumulated depreciation	14,249,836	14,513,497
Total Assets	$ 25,727,626	$ 25,820,044
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$ 282,119	$ 234,046
Accrued liabilities	200,577	218,100
Deferred revenue	150,268	242,718
Line of credit	231,143	-
Loans payable	3,915,392	4,131,866
Total Liabilities	4,779,499	4,826,730
Net Assets:		
Without donor restrictions:		
Undesignated	4,101,739	4,394,638
Invested in plant and equipment, net of related debt	10,334,444	10,381,631
Board-designated	1,660,370	1,632,441
Total without donor restrictions	16,096,553	16,408,710
With donor restrictions	4,851,574	4,584,604
Total Net Assets	20,948,127	20,993,314
Total Liabilities and Net Assets	$ 25,727,626	$ 25,820,044

See accompanying notes to consolidated financial statements.

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Net Assets Without Donor Restrictions:		
Support and revenues:		
Service income	$ 2,834,800	$ 2,423,260
Sales	2,256,272	1,944,856
Donations and grants	1,541,571	1,500,027
Investment income, net	148,382	164,411
Income from trusts	190,721	200,244
Realized/unrealized gains (losses)	465,554	332,657
Other revenues	211,769	138,560
Net assets released from restrictions	551,403	334,683
Total support and revenues	8,200,472	7,038,698
Expenses:		
Program services:		
Industries	2,504,939	2,071,169
Rehabilitation	1,792,030	1,451,177
Vocational services	1,161,059	884,806
Community and support	364,964	335,186
PBA Products and Services	1,299,176	1,118,720
Total program services	7,122,168	5,861,058
Management and general	934,182	1,176,958
Development	456,279	491,997
Total expenses	8,512,629	7,530,013
Change in Net Assets Without Donor Restrictions	(312,157)	(491,315)
Net Assets with Donor Restrictions:		
Donations and grants	322,142	330,884
Investment income, net	117,942	60,476
Realized/unrealized gains (losses)	378,289	338,020
Net assets released from restrictions	(551,403)	(334,683)
Change in Net Assets With Donor Restrictions	266,970	394,697
Change in Net Assets	(45,187)	(96,618)
Net Assets:		
Beginning of year	20,993,314	21,089,932
End of year	$ 20,948,127	$ 20,993,314

See accompanying notes to consolidated financial statements.

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

	Total	Program Services					Management and General	Development
		Industries	Rehabilitation	Vocational Services	Community and Support	PBA Products and Services		
Salaries and benefits	$ 4,772,299	$ 743,326	$ 953,722	$ 644,151	$ 199,245	$ 1,147,460	$ 851,038	$ 233,357
Materials and supplies	1,386,818	1,000,253	194,074	60,515	4,131	80,547	39,920	7,378
Special event costs	114,603	-	-	-	-	-	-	114,603
Service fees	688,791	43,676	124,942	69,167	65,852	38,408	325,380	21,366
Occupancy	267,713	3,955	8,774	20,696	15,637	17,418	200,708	525
Meeting and travel	164,645	12,611	14,875	69,971	27,979	3,460	34,484	1,265
Depreciation	615,006	196,050	139,882	90,115	29,881	7,799	115,700	35,579
Postage and shipping	100,938	95,749	-	86	138	11	4,054	900
Equipment rental	157,057	10,445	36,432	34,432	-	433	41,507	33,808
Insurance	66,594	1,128	-	2,284	5,390	2,712	55,080	-
Interest expense	127,959	41,314	29,478	18,990	6,297	-	24,382	7,498
Miscellaneous	50,206	-	-	-	-	928	49,278	-
Total before admin	8,512,629	2,148,507	1,502,179	1,010,407	354,550	1,299,176	1,741,531	456,279
Allocation of admin	-	356,432	289,851	150,652	10,414	-	(807,349)	-
Total	$ 8,512,629	$ 2,504,939	$ 1,792,030	$ 1,161,059	$ 364,964	$ 1,299,176	$ 934,182	$ 456,279

See accompanying notes to consolidated financial statements.

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

		Program Services						
	Total	Industries	Rehabilitation	Vocational Services	Community and Support	PBA Products and Services	Management and General	Development
Salaries and benefits	$ 4,100,968	$ 631,678	$ 688,806	$ 522,719	$ 191,778	$ 977,093	$ 842,236	$ 246,658
Materials and supplies	1,117,201	789,845	178,012	21,750	10,677	76,042	32,864	8,011
Special event costs	144,283	-	-	-	-	-	-	144,283
Service fees	676,461	36,855	133,113	55,673	23,652	35,385	373,919	17,864
Occupancy	281,781	3,611	10,865	16,674	16,204	10,698	223,729	-
Meeting and travel	109,200	11,214	11,884	34,657	29,328	4,801	16,827	489
Depreciation	664,191	191,669	129,066	76,155	38,495	10,348	175,254	43,204
Postage and shipping	70,525	65,346	802	15	71	-	4,078	213
Equipment rental	136,602	15,357	27,601	20,167	6,762	1,248	42,868	22,599
Insurance	64,951	1,094	-	2,216	5,516	2,699	53,426	-
Interest expense	123,371	36,524	25,590	15,603	5,911	52	31,015	8,676
Miscellaneous	40,479	-	-	-	-	354	40,125	-
Total before admin	7,530,013	1,783,193	1,205,739	765,629	328,394	1,118,720	1,836,341	491,997
Allocation of admin	-	287,976	245,438	119,177	6,792	-	(659,383)	-
Total	$ 7,530,013	$ 2,071,169	$ 1,451,177	$ 884,806	$ 335,186	$ 1,118,720	$ 1,176,958	$ 491,997

See accompanying notes to consolidated financial statements.

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash Flows From Operating Activities:		
Cash received from:		
Services to trainees	$ 2,579,660	$ 2,339,011
Sales	2,211,680	1,848,150
Donations and grants	1,863,713	1,959,192
Investment income	457,045	425,131
Other receipts	211,769	138,560
Cash paid to employees	(4,772,299)	(4,005,784)
Cash paid to suppliers	(3,022,064)	(2,647,494)
Interest paid	(127,959)	(123,371)
Net cash provided by (used in) operating activities	(598,455)	(66,605)
Cash Flows From Investing Activities:		
Purchase of plant and equipment	(351,345)	(91,639)
Investment sales	383,754	439,082
Net cash provided by (used in) investing activities	32,409	347,443
Cash Flows From Financing Activities:		
Repayments on loans payable	(216,474)	(216,475)
Borrowings on line of credit	1,996,692	-
Repayments on line of credit	(1,765,549)	-
Net cash provided by (used in) financing activities	14,669	(216,475)
Net Increase (Decrease) in Cash and Cash Equivalents	(551,377)	64,363
Cash and Cash Equivalents:		
Beginning of year	564,991	500,628
End of year	$ 13,614	$ 564,991

(Continued)

See accompanying notes to consolidated financial statements.

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023
(Continued)

	2024	2023
Reconciliation of Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Change in net assets	$ (45,187)	$ (96,618)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	615,006	664,191
Realized/unrealized (gains) losses	(843,843)	(670,677)
Change in:		
Accounts receivable	(299,500)	(182,705)
Promises to give	-	5,063
Inventory	12,270	(50,181)
Other assets	24,699	(4,977)
Accounts payable and accrued liabilities	30,550	146,081
Deferred revenue	(92,450)	123,218
Total adjustments	(553,268)	30,013
Net cash provided by (used in) operating activities	$ (598,455)	$ (66,605)

(Concluded)

See accompanying notes to consolidated financial statements.

1. Corporation

Blind & Vision Rehabilitation Services of Pittsburgh (Corporation), formerly known as Pittsburgh Vision Services, was incorporated on July 1, 1997 as a result of the consolidation of the Greater Pittsburgh Guild for the Blind (Guild) and Pittsburgh Blind Association (PBA). The Corporation changes the lives of persons with vision loss and other disabilities by fostering independence and individual choice.

The mission of the Corporation is accomplished through a variety of programs:

<u>Rehabilitation Program</u>

- Residential and community-based personal adjustment services that enable people to learn how to use their other senses along with specialized equipment and procedures to perform the usual activities of daily living.

- Comprehensive, interdisciplinary low vision services that enable people with vision impairments to learn how to effectively use their vision in their daily activities.

- Providing access to technology services.

<u>Vocational Services/Industries Programs</u>

- Vocational assessment, training, placement, and employment support, which permit people with vision impairments to work successfully in the community or in specialized work programs within the facility.

<u>Community and Support Program</u>

- Coordinated and comprehensive information and referral and case management services which enable people to identify, consider, and select services which they feel will be of greatest assistance to them.

- Information and screening services designed to prevent loss of vision.

PBA Industries/PBA Products and Services

- Provide employment opportunities to those with a broad spectrum of disabilities.

Management and General

- Administrative support to all programmatic services as well as a vehicle for community education activities designed to improve the attitudes toward and expectations for people with visual impairments.

Development

- Fundraising and other activities designed to provide additional support for all the Corporation's programs.

The Corporation is a private, not-for-profit corporation, governed by an elected and self-sustaining Board of Directors (Board) who volunteer their efforts. The Corporation has been determined to be a charitable corporation exempt from federal taxes in accordance with Internal Revenue Code Section 501(c)(3).

During fiscal year 2009, the Board of the Corporation formed PBA Products and Services, Inc. (PBA), a non-profit entity, and Med-Tec Textiles, Inc. (Med-Tec), a for-profit entity. In August of 2014, the Corporation formed 1816 Locust, LLC (Locust), a not-for-profit entity which was treated as a disregarded entity for federal tax purposes. Locust was fully dissolved in 2022. The financial activity for PBA is reported as part of these consolidated financial statements. As of June 30, 2024 and 2023, there was no financial activity for Med-Tec. See Note 15 for further discussion of PBA and Med-Tec.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Corporation's consolidated financial statements are prepared using the accrual basis of accounting. Expenses are recognized in the period incurred. Revenues are recognized in the period in which they are earned.

Basis of Presentation

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

Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

With Donor Restrictions - Net assets whose use is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of the Corporation pursuant to those stipulations. Also included in this category are net assets subject to donor-imposed stipulations to be maintained in perpetuity by the Corporation.

Auxiliary

The activity of the Auxiliary has been reflected in the consolidated financial statements of the Corporation, as it has been determined that the Auxiliary is legally a part of the Corporation. The majority of the activity relates to unrestricted bequests and contributions received by the Auxiliary on behalf of the Corporation. As of June 30, 2024 and 2023, respectively, cash and investment balances of the Auxiliary were $1,660,370 and $1,632,441.

The Auxiliary amounts noted above will be disbursed from the Auxiliary to the Corporation at such time and for such purposes as recommended by the Auxiliary and approved by the Board. The Auxiliary functions as a board-designated endowment, with the dividends and interest accruing thereon to be expended at the Corporation's discretion. Capital gains and losses are designated by the Board for future use. The endowment is further discussed in Note 6.

Inventories

Inventories are stated at the lower of cost or net realizable value.

Use of Estimates in the Preparation of Financial Statements

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Plant and Equipment

Plant and equipment purchases are recorded at cost for assets greater than $1,000. Donations of plant and equipment are capitalized at fair value. Depreciation is provided on the straight-line method over each asset's estimated useful life, which ranges from three to forty years.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include all highly liquid instruments with maturities of three months or less when purchased. All amounts included in the consolidated statements of financial position captions of cash and cash equivalents meet these criteria.

Uninsured Cash Balances

Cash and cash equivalents are deposited at local banks. At June 30, 2024 and 2023, the carrying amounts of the Corporation’s deposits were $13,614 and $564,991, respectively, and the bank balances were $51,192 and $673,577, respectively. Of the bank balances for June 30, 2024 and 2023, $51,192 and $335,488, respectively, were insured by federal depository insurance. There were no amounts uninsured and uncollateralized. The solvency of the financial institutions is not a concern of management at this time.

Investments

Investments are recorded at fair value. Interest and dividends are reflected as investment income on the consolidated statements of activities.

Accounts Receivable

Trade receivables are shown net of uncollectible accounts. Management determines the allowance for doubtful accounts based on specific identification of accounts. When it has been determined that amounts are not collectible, they are charged off. At June 30, 2024 and 2023, management has determined that an allowance for uncollectible accounts is not material.

Contributions and Revenue Recognition

The Corporation recognizes unconditional promises to give in the year that the promise is received. Gifts of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as revenue and net assets without donor restrictions. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. At June 30, 2023, there was a conditional grant of $100,000 from a Foundation, that will be recognized as revenue when expenses are incurred. The revenue was recognized in 2024, and there are no other conditional grants as of June 30, 2024.

A portion of the Corporation's revenue is derived from cost-reimbursable federal and state governmental contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Corporation incurs expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. No amounts have been received in advance under these federal and state contracts and grants.

Fee-for-service governmental revenues are reported at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing services to consumers. These amounts are generally due from governmental payors. Generally, the organizations bill the third-party payors subsequent to the performance of services. Revenue is recognized as the performance obligations are satisfied when services are provided to consumers. The Corporation does not believe it is required to provide additional services related to revenue being recognized. The Corporation determines the transaction price based on a negotiated rate per unit of service, while other fee-based contracts are State set rates. The Corporation receives funding for several of their programs from the Allegheny County MH/IDD Program (County), Commonwealth of Pennsylvania's Department of Human Services (DHS), and other various government agencies on a contractual basis. The Corporation is reimbursed based on units of service billed to the County and DHS at established payment rates for eligible services. The Commonwealth of Pennsylvania's Bureau of Blindness and Visual Services (Bureau) is the most significant third-party payor for the Corporation's services. The Bureau reimburses based on a rate negotiated between the Commonwealth of Pennsylvania and the Corporation. Trainees are also sponsored by other states or have charges covered by private insurance. Trainees without state support or insurance coverage are supported by donations, income from endowments, or are self-pay. Governmental grants and contracts are entered into annually and could be significantly changed based upon government spending patterns. Beginning of year June 30, 2024 and 2023 receivables, net of reserves, related to the governmental contracts discussed above were $228,467 and $140,763, respectively. End of year June 30, 2024 and 2023 receivables, net of reserves, related to the governmental contracts discussed above were $369,840 and $228,467, respectively. There were no refundable advances related to the governmental contracts for the years ended June 30, 2024 and 2023.

The Industries Division of the Corporation provides employment opportunities for people with visual impairments by producing a variety of products that are sold externally. These sales are recorded as such on the consolidated statements of activities and are recognized as revenue when the performance obligation of transferring the products is met. The largest customer of the Corporation's Industries Division includes Unique Source Products, formerly Pennsylvania Industries for the Blind and Handicapped, which represented $1,221,781 and $1,214,287 of the annual sales for the years ended June 30, 2024 and 2023, respectively. Beginning of year June 30, 2024 and 2023 receivables, net of reserves, related to product sales were $245,202 and $150,202, respectively. End of year June 30, 2024 and 2023 receivables, net of reserves, related to product sales were $289,711 and $245,202, respectively.

There have been no changes in the significant judgements related to the amount or timing of revenue from these transactions, and there are no impairment losses to recognize.

Expense Allocation

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such expenses require allocation on a reasonable basis that is consistently applied as reflected on the allocation of admin line. The expenses that are allocated include occupancy, equipment rental, and depreciation, which are allocated on a square footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

Income Taxes

As mentioned in Note 1, the Corporation is a tax-exempt charitable organization under Section 501(c)(3) of the Internal Revenue Code. In addition, the Corporation qualifies for the charitable contribution deduction under section 170(b)(1)(A) and has been classified as an organization other than a private foundation. Further, the Corporation annually files a Form 990.

Liquidity and Availability of Resources

The following reflects the Corporation's financial assets (cash and cash equivalents; investments; accounts receivable and promises to give) as of June 30, 2024 and 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date:

	2024	2023
Financial assets	$ 10,893,888	$ 10,685,676
Less: those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Purpose and time restrictions	(334,199)	(369,793)
Perpetual in nature	(4,517,375)	(4,214,811)
	(4,851,574)	(4,584,604)
Board designations	(1,660,370)	(1,632,441)
Financial assets available to meet cash needs for general expenditures within one year	$ 4,381,944	$ 4,468,631

As discussed in Notes 10 and 11, the Corporation's loans payable and lines of credit are secured by the Corporation's investments and other business assets.

The Corporation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Corporation prepares detailed budgets, has been very active in cutting costs, and anticipates collecting sufficient revenue to cover general expenditures.

As discussed in Note 11, the Corporation maintains a revolving line of credit to assist in meeting cash needs.

Adopted Accounting Standards

The provisions of these Standards Updates have been adopted and incorporated into these financial statements:

ASU 2016-13, *"Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments."* These amendments and related amendments require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. This includes loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the consolidated financial statements were available to be issued.

3. Inventories

A summary of inventories is as follows:

	2024	2023
Workshop:		
Raw materials	$ 417,549	$ 423,870
Finished goods	87,477	93,426
	$ 505,026	$ 517,296

4. Net Assets

Net assets with donor restrictions are available for the following purposes:

	2024	2023
Somerset County	$ 945	$ 11,163
Low vision	238,580	71,109
Program expansion	58,485	257,744
Education	6,268	7,190
Other	29,921	22,587
Total net assets with purpose restrictions	$ 334,199	$ 369,793

Net assets with donor restrictions totaling $4,517,375 and $4,214,811 as of June 30, 2024 and 2023, respectively, bear a donor restriction that the donated amount be held in perpetuity, while interest and dividends thereon can be expended at the Corporation's discretion. Realized and unrealized gains have remained with the principal as net assets with donor restrictions to be held in perpetuity.

5. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the following restrictions:

	2024	2023
Somerset County	$ 10,218	$ 52,002
Low vision	49,188	23,574
Program expansion	228,132	2,500
Education	922	200
Other	19,276	12,900
Total restrictions released	$ 307,736	$ 91,176

During the years ended June 30, 2024 and 2023, net assets in the amount of $221,060 and $221,824, respectively, were released as endowment earnings appropriated for expenditure and $22,607 and $21,683, respectively were released for miscellaneous expenses.

6. Endowment

The Corporation's endowments were established for a variety of purposes including support for programs and for operating purposes without donor restrictions. Its endowments include both donor-restricted funds and funds without donor restrictions designated by the Board to function as endowments. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Corporation has interpreted Pennsylvania State Act 141 of 1998 (Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation classifies as net assets with donor restrictions held in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) net investment return including realized and unrealized appreciation and depreciation of investments and investment income, less withdrawals.

Endowment net asset composition by type of fund as of June 30, 2024 and 2023 are as follows:

	2024	2023
Board-designated without donor restrictions	$ 1,660,370	$ 1,632,441
With donor restrictions	4,517,375	4,214,811
Total	$ 6,177,745	$ 5,847,252

Changes in endowment net assets for the fiscal year ended June 30, 2024:

	Board-Designated Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	$ 1,632,441	$ 4,214,811	$ 5,847,252
Investment return:			
Investment income	45,183	117,942	163,125
Net appreciation (realized and unrealized)	133,985	378,289	512,274
Total investment return	179,168	496,231	675,399
Contributions	-	50,000	50,000
Deductions:			
Withdrawals	(142,345)	(221,060)	(363,405)
Miscellaneous income (expense)	(8,894)	(22,607)	(31,501)
Total deductions	(151,239)	(243,667)	(394,906)
Endowment Net Assets, End of Year	$ 1,660,370	$ 4,517,375	$ 6,177,745

Changes in endowment net assets for the fiscal year ended June 30, 2023:

	Board-Designated Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	$ 1,603,980	$ 4,059,822	$ 5,663,802
Investment return:			
Investment income	50,008	126,813	176,821
Net appreciation (realized and unrealized)	100,134	271,683	371,817
Total investment return	150,142	398,496	548,638
Contributions	-	-	-
Deductions:			
Withdrawals	(89,106)	(221,824)	(310,930)
Miscellaneous income (expense)	(32,575)	(21,683)	(54,258)
Total deductions	(121,681)	(243,507)	(365,188)
Endowment Net Assets, End of Year	$ 1,632,441	$ 4,214,811	$ 5,847,252

Return Objectives and Risk Parameters

Endowment assets include those assets of donor-restricted funds that the Corporation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. The Corporation has adopted policies and guidelines for endowment and restricted funds.

To satisfy its long-term rate-of-return objectives, the Corporation relies on returns in excess of the rate of inflation. For the majority of the endowment funds, the Corporation targets a diversified asset allocation portfolio with equity based and fixed income investments to achieve its long-term return objectives within prudent risk constraints.

The Corporation has a policy of appropriating for distribution each year, up to 5% of the average market value of the endowment fund balance at the end of the 12 calendar quarters that proceed the budget year. During the year ended June 30, 2021, the policy was revised to allow for a distribution of up to 7%. The presumption is that over the course of multiple years, the average investment returns will equal or exceed 7% per annum and that the endowment will meet the objective of providing ongoing financial support to the Corporation.

7. Investments

Investments are carried at fair value. The fair values are based on price quotations or published mutual fund fair values per unit as reported on related trust statements.

Fair values of assets measured on a recurring basis at June 30, 2024 and 2023 are as follows:

Description	2024	2023
Mutual funds:		
Equity	$ 3,003,483	$ 2,825,278
Fixed income	2,249,213	2,171,958
Alternative	344,586	317,516
Total mutual funds	5,597,282	5,314,752
Exchange traded funds:		
Equity	3,517,175	3,009,146
Total exchange traded funds	3,517,175	3,009,146
Common stock:		
Industrial	99,375	103,251
Consumer discretionary	31,719	25,913
Consumer staples	73,431	73,157
Energy	14,463	12,461
Financial	83,536	93,157
Materials	25,941	28,315
Information technology	84,927	89,877
Real estate	3,146	10,407
Utilities	33,166	14,905
Health care	98,830	110,434
Telecommunication services	8,810	11,598
Total common stock	557,344	573,475
Money market funds	287,599	601,938
Totals	$ 9,959,400	$ 9,499,311

Fair values for Level 1 financial instruments are determined by quoted prices in the active market for identical financial instruments. Fair values for Level 2 financial instruments are determined by other significant observable inputs (quoted prices for similar financial instruments, interest rates, prepayment speeds, credit risk, etc.). Fair values for Level 3 financial instruments are determined by significant unobservable inputs, including the Corporation's own assumptions in determining the fair value of financial instruments. All of the Corporation's investments have been classified as Level 1.

Financial instruments, which potentially expose the Corporation to concentrations of credit risk, include investments in marketable securities. Concentrations of credit risk for investments in marketable securities is mitigated by the overall diversification of managed investment portfolios. Investment securities are also exposed to various other risks such as interest rate and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near-term and that such changes could materially affect the amount reported on the consolidated statements of financial position.

8. Promises to Give

Unconditional promises to give at June 30, 2024 and 2023 are summarized as follows:

	2024	2023
Receivable in less than one year	$ 3,000	$ 3,000
Receivable in one to five years	3,687	3,687
	$ 6,687	$ 6,687

As of June 30, 2024 and 2023, management has determined that no allowance is necessary and that any discount of expected future cash flows from promises that are due in more than one year is immaterial. As such, no additional fair value disclosure regarding these promises has been made.

9. Plant and Equipment

Plant and equipment balances at June 30, 2024 and 2023 are as follows:

	2024	2023
Buildings and improvements	$ 17,873,137	$ 17,838,130
Equipment and furniture	1,621,803	1,305,465
Total fixed assets	19,494,940	19,143,595
Less accumulated depreciation	5,245,104	4,630,098
Net Fixed Assets	$ 14,249,836	$ 14,513,497

10. Loans Payable

In connection with the New Market Tax Credits unwound in 2022, the Corporation entered into a loan with PNC Bank for the amount of $6,500,000 to finance the required leverage loan. This loan was set to mature on October 15, 2030. In December 2021, the Corporation refinanced the loan for the amount of $4,316,666. The loan has a variable interest rate based on the Adjusted Index Replacement-Daily Simple SOFR plus 1.20% and matures in October 2041. The loan is secured by the Corporation's investments and other business assets.

Future debt principal payments are as follows as of June 30, 2024:

2025	$ 215,833
2026	215,833
2027	215,833
2028	215,833
2029	215,833
Thereafter	2,678,650
Total	$ 3,757,815

In December 2020, a $150,000 SBA loan was received through the SBA's Economic Injury Disaster Loan (EIDL) program. This is a 30-year loan, with a 2.75% interest rate. Payment begins one year after the loan origination date, and the interest is accrued during the deferment period. The loan is a working capital loan to pay fixed debts, payroll, accounts payable, and other bills. There was a deferment period which extended the commencement of required payments for 30 months from the date of the note. Therefore, no payments were required in fiscal year 2023, and payments began in July 2023. Monthly payments of $641 will be applied to the accrued interest balance from the deferment period before being applied to principal. Future payments related to the EIDL loan are as follows:

Year Ending June 30		
2025	$	3,878
2026		3,986
2027		4,097
2028		4,211
2029		4,328
Thereafter		137,077
Total	$	157,577

Interest Rate Swap

During 2014, the Corporation entered into a pay fixed receive variable interest rate swap agreement to mitigate the risk of changes in interest rates associated with the variable interest rate on the note issued in relation to the leverage loan. Under the arrangement, the Corporation would make interest payments at a fixed rate of 3.69% and receive the variable rate payments based on the Adjusted Index Replacement – Daily Simple SOFR plus 1.00%. The intention of the interest rate swap is to effectively change the Corporation's variable interest rate on the note to a synthetic fixed rate of 3.69%. The agreement was amended on March 16, 2020 and the fixed rate was adjusted to 2.972%.

The interest payments on the interest rate swap are calculated based on the notional amount, which reduces monthly by $18,056 beginning November 15, 2015, so that the notional amount on the interest rate swap approximates the principal outstanding on the note. The interest rate swap expires November 15, 2041. The notional amount under the interest rate swap agreement totaled $3,759,097 and $3,974,289 at June 30, 2024 and

2023, respectively. At the transaction's effective date, October 15, 2014, interest payments will be exchanged monthly and continue through the transaction's termination date, October 15, 2030. The fair value of the interest rate swap agreement was $620,007 and $599,681 as of June 30, 2024 and 2023, respectively. The fair value is an estimation of the expected net cash flows calculated based on the assumption of no unusual market conditions or forced liquidation. The fair value of the swap is not significant and has not been recorded on the consolidated financial statements.

The Corporation and the local financial institution are parties to an International Swap Dealers Association, Inc. (ISDA) master agreement that sets forth the general terms and conditions applicable to the loan and interest rate swap. Through the use of derivative instruments such as this interest rate swap, the Corporation is exposed to a variety of risks, including credit risk, interest rate risk, termination risk, basis risk, and rollover risk.

11. Lines of Credit

The Corporation maintains a $2,500,000 revolving line of credit with a local financial institution. At June 30, 2024 and 2023, the outstanding balances were $231,143 and $0, respectively. The line matures on January 31, 2025 and is secured by the Corporation's investments at that financial institution. The line bears interest at the Daily Simple SOFR rate plus 1.00%. The interest rate as of June 30, 2024 and 2023, respectively, was 6.44% and 6.32%.

12. Retirement Plans

The Corporation offers to all qualified employees a defined contribution retirement plan (plan) under the applicable provisions of the Internal Revenue Code. Eligible employees are permitted to make salary deferrals to the plan upon hire and those who have completed 1,000 hours of service within one calendar year at the Corporation are eligible to receive a profit-sharing contribution. Effective January 1, 2014, the Plan was amended to include all employees of the Company except for those who are Highly Compensated Employees. Employees of PBA Products & Services, Inc. and vocational rehabilitation department client participants of the Company are excluded from receiving employer contributions under the new amendment. The plan was further amended, effective July 1, 2015, to include all employees of Somerset County Blind Association. The Corporation's contribution percentage was 4% from July 1, 2019 through April 30, 2020. Effective May 1, 2020, the Plan was amended to change the profit-sharing contribution to a discretionary contribution. Total contributions by the Corporation into the plan for the years ended June 30, 2024 and 2023 amounted to $56,996 and $44,310, respectively.

On January 1, 2014, the Corporation established a 403(b) tax-deferred annuity plan for employees who are not eligible to participate in the defined contribution retirement plan. This plan does not provide for employer contributions.

13. Risk Management

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

The Corporation does not carry unemployment compensation insurance. Liabilities or current claims outstanding were not significant to the consolidated financial statements at June 30, 2024 or 2023.

14. Economic Dependency

A significant portion of the Corporation's grants and contributions are from organizations and individuals within the Allegheny County area. In addition, its employees, volunteers, clients, and vendors primarily reside in the Allegheny County area and, therefore, economic and demographic influences on this area impact the Corporation's operations.

15. Subsidiaries

Med-Tec was formed as a corporation on September 19, 2008 and is a separate legal entity from the Corporation. The Corporation is the sole shareholder of Med-Tec. The formation of Med-Tec was established to allow the Corporation to expand its preparation of textiles and related activities. Med-Tec is on the accrual method of accounting with a June 30 fiscal year. As of June 30, 2024 and 2023, there was no financial activity for Med-Tec. Financial transactions for Med-Tec are not expected for fiscal year 2025.

PBA Products and Services, Inc. was formed as a nonprofit corporation on December 1, 2008 and is a separate legal entity from the Corporation. The formation of PBA Products and Services, Inc. was established to provide employment opportunities to those with a broad spectrum of disabilities. PBA Products and Services, Inc. is on the accrual method of accounting with a June 30 fiscal year. PBA Products and Services, Inc. files a separate Form 990 for federal income tax purposes.

SUPPLEMENTARY INFORMATION

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2023

	Blind and Vision Rehabilitation Services	PBA Products and Services	Subtotal	Eliminations	Total
Assets					
Cash and cash equivalents	$ 4,045	$ 9,569	$ 13,614	$ -	$ 13,614
Investments	9,959,400	-	9,959,400	-	9,959,400
Third-party tuition, fees, and other receivables	683,681	230,506	914,187	-	914,187
Intercompany receivable	21,689	-	21,689	(21,689)	-
Promises to give	6,687	-	6,687	-	6,687
Inventories	505,026	-	505,026	-	505,026
Other assets	73,268	5,608	78,876	-	78,876
Plant and equipment, net of accumulated depreciation	14,237,271	12,565	14,249,836	-	14,249,836
Total Assets	$ 25,491,067	$ 258,248	$ 25,749,315	$ (21,689)	$ 25,727,626
Liabilities and Net Assets					
Liabilities:					
Accounts payable	$ 265,242	$ 38,566	$ 303,808	$ (21,689)	$ 282,119
Accrued liabilities	189,128	11,449	200,577	-	200,577
Deferred revenue	150,268	-	150,268	-	150,268
Line of credit	231,143	-	231,143	-	231,143
Loans payable	3,915,392	-	3,915,392	-	3,915,392
Total Liabilities	4,751,173	50,015	4,801,188	(21,689)	4,779,499
Net Assets:					
Without donor restrictions:					
Undesignated	3,906,071	195,668	4,101,739	-	4,101,739
Invested in plant and equipment, net of related debt	10,321,879	12,565	10,334,444	-	10,334,444
Board-designated	1,660,370	-	1,660,370	-	1,660,370
Total net assets without donor restrictions	15,888,320	208,233	16,096,553	-	16,096,553
Net assets with donor restrictions	4,851,574	-	4,851,574	-	4,851,574
Total Net Assets	20,739,894	208,233	20,948,127	-	20,948,127
Total Liabilities and Net Assets	$ 25,491,067	$ 258,248	$ 25,749,315	$ (21,689)	$ 25,727,626

BLIND & VISION REHABILITATION SERVICES OF PITTSBURGH

CONSOLIDATING SCHEDULE OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

	Blind and Vision Rehabilitation Services	PBA Products and Services	Subtotal	Eliminations	Total
Net Assets Without Donor Restrictions:					
Support and revenues:					
Service income	$ 1,370,731	$ 1,464,069	$ 2,834,800	$ -	$ 2,834,800
Sales	2,256,272	-	2,256,272	-	2,256,272
Donations and grants	1,661,571	-	1,661,571	(120,000)	1,541,571
Investment income, net	148,382	-	148,382	-	148,382
Income from trusts	190,721	-	190,721	-	190,721
Realized/unrealized gains (losses)	465,554	-	465,554	-	465,554
Other revenues	247,769	-	247,769	(36,000)	211,769
Net assets released from restrictions	551,403	-	551,403	-	551,403
Total support and revenues	6,892,403	1,464,069	8,356,472	(156,000)	8,200,472
Expenses:					
Program services:					
Industries	2,504,939	-	2,504,939	-	2,504,939
Rehabilitation	1,792,030	-	1,792,030	-	1,792,030
Vocational services	1,161,059	-	1,161,059	-	1,161,059
Community and support	364,964	-	364,964	-	364,964
PBA Products and Services	-	1,455,176	1,455,176	(156,000)	1,299,176
Total program services	5,822,992	1,455,176	7,278,168	(156,000)	7,122,168
Management and general	934,182	-	934,182	-	934,182
Development	456,279	-	456,279	-	456,279
Total expenses	7,213,453	1,455,176	8,668,629	(156,000)	8,512,629
Change in Net Assets Without Donor Restrictions	(321,050)	8,893	(312,157)	-	(312,157)
Net Assets With Donor Restrictions:					
Donations and grants	322,142	-	322,142	-	322,142
Realized/unrealized gains (losses)	378,289	-	378,289	-	378,289
Investment income, net	117,942	-	117,942	-	117,942
Net assets released from restriction	(551,403)	-	(551,403)	-	(551,403)
Change in Net Assets With Donor Restrictions	266,970	-	266,970	-	266,970
Change in Net Assets	(54,080)	8,893	(45,187)	-	(45,187)
Net Assets:					
Beginning of year	20,793,974	199,340	20,993,314	-	20,993,314
End of year	$ 20,739,894	$ 208,233	$ 20,948,127	$ -	$ 20,948,127