

Financial Statements
Year Ended
June 30, 2009

Blinded Veterans Association

Goodman

& COMPANY

Certified Public Accountants
Specialized Services
Business Solutions

Blinded Veterans Association

Contents

	Page
<i>Report of Independent Auditors</i>	1
<i>Financial Statements</i>	
<i>Statement of Financial Position</i>	2
<i>Statement of Activities</i>	3
<i>Statement of Functional Expenses</i>	4
<i>Statement of Cash Flows</i>	5
<i>Notes to Financial Statements</i>	6 - 12



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Report of Independent Auditors

Board of Directors
Blinded Veterans Association

We have audited the accompanying statement of financial position of *Blinded Veterans Association* as of June 30, 2009, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the management of *Blinded Veterans Association*. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from *Blinded Veterans Association's* 2008 financial statements and, in our report dated October 30, 2008 we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *Blinded Veterans Association* as of June 30, 2009, 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.

McLean, Virginia
November 12, 2009

Goodman & Company LLP

Blinded Veterans Association

Statement of Financial Position

June 30, 2009, with Comparative Totals for 2008

(Next Page)

Blinded Veterans Association

Statement of Financial Position

June 30, 2009, with Comparative Totals for 2008

	<u>2009</u>	<u>2008</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 945,063	\$ 917,493
Promises to give	127,914	137,291
Accounts receivable	37,498	79,992
Prepaid expenses	58,726	45,787
Total current assets	<u>1,169,201</u>	<u>1,180,563</u>
Property and equipment	2,974,062	2,974,062
Less - accumulated depreciation	<u>(1,251,898)</u>	<u>(1,194,625)</u>
Property and equipment - net	<u>1,722,164</u>	<u>1,779,437</u>
Other assets		
Investments designated by Board for Investment Fund, at fair value	3,704,514	4,571,569
Investments designated by Board for Life Membership Fund, at fair value	1,143,651	1,668,244
Investments designated by Board for Building Fund, at fair value	4,009	3,997
Total other assets	<u>4,852,174</u>	<u>6,243,810</u>
	<u>\$ 7,743,539</u>	<u>\$ 9,203,810</u>

June 30, 2009, with Comparative Totals for 2008

	<u>2009</u>	<u>2008</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 152,073	\$ 195,405
Accrued expenses	95,073	83,755
Total current liabilities	<u>247,146</u>	<u>279,160</u>
Net assets		
Unrestricted		
Undesignated	2,660,670	2,730,536
Board designated	4,765,710	6,189,890
Temporarily restricted	70,013	4,224
Total net assets	<u>7,496,393</u>	<u>8,924,650</u>
	<u>\$ 7,743,539</u>	<u>\$ 9,203,810</u>

The accompanying notes are an integral part of these financial statements.

Blinded Veterans Association

Statement of Activities

Year Ended June 30, 2009, with Comparative Totals for 2008

	2009			2008 Total	
	Unrestricted Undesignated	Designated	Temporarily Restricted		
Revenue and support					
Contributions	\$ 4,711,026	\$ 32,887	\$ 70,330	\$ 4,814,243	\$ 4,022,342
Investment return	164,165	(1,291,395)	-	(1,127,230)	(312,816)
Other revenue	231,008	-	-	231,008	269,347
	5,106,199	(1,258,508)	70,330	3,918,021	3,978,873
Net assets released from restrictions					
Satisfaction of restrictions	4,541	-	(4,541)	-	-
Total revenue and support	5,110,740	(1,258,508)	65,789	3,918,021	3,978,873
Expenses					
Program services					
Field service programs	1,184,935	-	-	1,184,935	1,075,043
Education	2,751,883	135,891	-	2,887,774	2,364,282
Total program services	3,936,818	135,891	-	4,072,709	3,439,325
Supporting services					
Fundraising	1,193,066	-	-	1,193,066	1,251,146
Management and general	64,554	15,949	-	80,503	104,276
Total supporting services	1,257,620	15,949	-	1,273,569	1,355,422
Total expenses	5,194,438	151,840	-	5,346,278	4,794,747
Change in net assets	(83,698)	(1,410,348)	65,789	(1,428,257)	(815,874)
Designated reserve transfer	13,832	(13,832)	-	-	-
Net assets - beginning of year	2,730,536	6,189,890	4,224	8,924,650	9,740,524
Net assets - end of year	\$ 2,660,670	\$ 4,765,710	\$ 70,013	\$ 7,496,393	\$ 8,924,650

The accompanying notes are an integral part of these financial statements.

Blinded Veterans Association

Statement of Functional Expenses

Year Ended June 30, 2009, with Comparative Totals for 2008

	2009						2008	
	Program Services			Supporting Services			Total	Total
	Field Service Programs	Education	Total Program Services	Fundraising	Management and General	Supporting Services		
Salaries and wages	\$ 694,946	\$ 317,396	\$ 1,012,342	\$ 81,278	\$ 14,941	\$ 96,219	\$ 1,108,561	\$ 1,004,336
Payroll taxes	60,617	26,288	86,905	5,102	1,184	6,286	93,191	85,726
Employee benefits	140,434	40,542	180,976	10,858	4,255	15,113	196,089	165,821
Advertising	-	-	-	5,467	-	5,467	8,327	8,327
Awards and grants	-	15,150	15,150	-	-	-	15,150	9,600
Building maintenance	25,921	8,858	34,779	2,071	1,495	3,566	38,345	41,450
BVA bulletin	-	69,729	69,729	-	-	-	69,729	68,318
Conventions and meetings	1,659	535	2,194	920	90	1,010	3,204	2,979
Employee training	437	194	631	584	25	609	1,240	1,035
Information materials	-	-	-	-	-	-	-	899
Insurance	19,816	6,771	26,587	1,683	1,143	2,826	29,413	27,772
Office expense and supplies	16,507	5,785	22,292	1,235	551	1,786	24,078	21,355
Payroll service	2,841	971	3,812	227	164	391	4,203	4,228
Permits and licenses	-	-	-	4,805	-	4,805	4,805	4,725
Postage and shipping	10,083	4,918	15,001	2,659	528	3,187	18,188	749,880
Printing and stationery	9,623	8,975	18,598	745	538	1,283	19,881	28,709
Professional fees	20,465	6,993	27,458	24,385	1,181	25,566	53,024	44,445
Public relations	1,207	1,282,656	1,283,863	66	267	333	1,284,196	675,688
Rental and equipment	16,554	4,592	21,146	2,298	775	3,073	24,219	29,681
Repairs and maintenance	17,906	6,092	23,998	1,424	1,029	2,453	26,451	28,395
Stipend - Blind Center	5,169	-	5,169	-	-	-	5,169	8,057
Board liaison	8,311	-	8,311	-	-	-	8,311	3,930
Staff recruitment	1,352	462	1,814	108	78	186	2,000	9,384
Subscriptions and dues	3,822	7,732	11,554	395	170	565	12,119	12,185
Telephone and communications	9,879	3,491	13,370	771	557	1,328	14,698	12,185
Website design	-	1,008	1,008	-	-	-	1,008	5,480
Travel	51,147	44,470	95,617	2,609	1,352	3,961	99,578	121,684
Utilities	16,406	5,606	22,012	1,311	947	2,258	24,270	25,367
Communications documentary	-	-	-	-	-	-	-	25,900
Bank charges	-	-	-	4,539	641	5,180	20,273	19,300
Apportionment of Life Membership Fund investment income	-	102,410	102,410	-	-	-	102,410	126,867
Apportionment of annual dues	-	3,739	3,739	-	-	-	3,739	3,447
Direct mail - computer costs	-	48,747	48,747	49,011	2,524	51,535	100,282	106,754
Direct mail - donation processing	-	26,134	26,134	26,275	1,353	27,628	53,762	46,577
Direct mail - list rental	-	41,291	41,291	41,515	22,952	43,653	84,944	69,992
Direct mail - mailing service	-	443,212	443,212	445,608	22,952	468,560	911,772	1,000,333
Direct mail - postage	-	327,108	327,108	343,192	16,940	360,132	687,240	-
Direct mail - production cost	-	8,712	8,712	95,886	451	96,337	105,049	124,987
Direct mail - planned giving	-	-	-	32,946	-	32,946	32,946	22,843
Total expenses before depreciation	1,146,218	2,874,544	4,020,762	1,189,973	78,269	1,268,242	5,289,004	4,736,456
Depreciation	38,717	13,230	51,947	3,093	2,234	5,327	57,274	58,291
Total expenses	\$ 1,184,935	\$ 2,887,774	\$ 4,072,709	\$ 1,193,066	\$ 80,503	\$ 1,273,569	\$ 5,346,278	\$ 4,794,747

The accompanying notes are an integral part of these financial statements.

Blinded Veterans Association

Statement of Cash Flows

Year Ended June 30, 2009, with Comparative Totals for 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Change in net assets	\$ (1,428,257)	\$ (815,874)
Adjustments to reconcile to net cash from operating activities:		
Depreciation	57,274	58,291
Loss on disposal of assets	-	2,138
Contribution of marketable securities	(274)	(297)
Net realized and unrealized loss on investments	1,410,759	806,496
Change in:		
Promises to give	9,377	(55,939)
Accounts receivable	42,494	(68,155)
Prepaid expenses	(12,939)	(26,203)
Accounts payable and accrued expenses	(32,014)	(23,027)
Net cash from operating activities	<u>46,420</u>	<u>(122,570)</u>
Cash flows from investing activities		
Purchase of property and equipment	-	(43,886)
Purchase and reinvestment of investments	(1,788,902)	(2,676,920)
Proceeds from redemption and sale of investments	1,770,052	2,176,902
Net cash from investing activities	<u>(18,850)</u>	<u>(543,904)</u>
Net change in cash and cash equivalents	27,570	(666,474)
Cash and cash equivalents - beginning of year	<u>917,493</u>	<u>1,583,967</u>
Cash and cash equivalents - end of year	<u>\$ 945,063</u>	<u>\$ 917,493</u>
Supplemental disclosure of noncash investing activities		
Contribution of marketable securities	\$ 274	\$ 297

The accompanying notes are an integral part of these financial statements.

Blinded Veterans Association

Notes to Financial Statements

June 30, 2009, with Comparative Totals for 2008

1. Organization and Nature of Activities

The *Blinded Veterans Association* (Association) was chartered by an act of the U.S. Congress in 1958 to promote the welfare of blinded veterans, strengthen a spirit of fellowship among blinded veterans and further the institutions of American freedom and loyalty to the Constitution and laws of the United States. The Association is a publicly supported organization and, as such, contributions to the Association qualify as charitable deductions for tax purposes by the donor. The Association is primarily supported by donor contributions, bequests, and investment income.

2. Summary of Significant Accounting Policies

Contributions and Basis of Presentation

The Association receives contributions from the general public. Unless specifically restricted by the donor, all contributions are considered to be available for unrestricted use. The estimated value of donated professional services meeting the criteria for recognition as contributed services is reflected in the financial statements at their estimated value. The Association also receives contributed services in various capacities from volunteers to help accomplish its program objectives. The estimated value of these donated, nonprofessional services is not reflected in the financial statements as the services do not meet the criteria for recognition as contributed services.

The Association classifies its resources for accounting and reporting purposes into three net asset categories according to the existence or absence of donor-imposed restrictions. The financial statements report separately by class of net assets as follows:

Unrestricted net assets include revenue and expenses associated with the principal mission of the Association that are not restricted by donor stipulation. Unrestricted net assets include the following:

Undesignated net assets - includes the net assets associated with the principal mission of the Association that are not restricted by donor or Board of Directors' stipulations.

Designated net assets - includes the net assets set aside by the Board of Directors for the funding of special programs (See Note 12).

Temporarily restricted net assets include grants or gifts for which donor imposed restrictions have not been met. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets were \$70,013 and \$4,224 at June 30, 2009 and 2008 respectively (See Note 13).

Permanently restricted net assets include gifts that require, by donor restriction, that the corpus be invested in perpetuity and only the income is available for program operations in accordance with donor restriction. The Association had no permanently restricted net assets.

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through November 12, 2009, the date the financial statements were available to be issued.

Estimates

The preparation of financial statements in accordance 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 the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers highly liquid debt instruments, except for cash and money market funds held in brokerage accounts designated by the Board of Directors, with a maturity of three months or less at the time of purchase to be cash equivalents.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Unconditional promises to give were \$127,914 and \$137,291 at June 30, 2009 and 2008, respectively. The Association received no conditional promises to give.

The Association uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. At June 30, 2009 and 2008, management's assessment was that all contributions receivable were deemed to be collectible within one year.

Investments

The Association reports its investments at fair value in the statement of financial position. Gains and losses, both realized and unrealized, are included in the statement of activities as changes in unrestricted net assets.

Property and Equipment

Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Depreciation expense is provided on a straight-line basis over the estimated useful service lives of the respective assets as follows:

Furniture and equipment	3 to 5 years
Communication equipment	5 years
Building and improvements	7 to 40 years

The Association capitalizes property and equipment acquired with a value greater than \$2,000. When assets are sold or disposed, the cost and related accumulated depreciation are removed from the accounts with any gain or loss reported in the statement of activities. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred.

Advertising

Advertising costs are expensed as incurred.

Functional Allocation of Expenses

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

Income Tax Status

The Association is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code on income other than unrelated business income. No provision for federal income taxes is required at June 30, 2009 or 2008, as the Association had no net unrelated business income.

Concentration of Credit Risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash, investments, and accounts receivable.

The Association maintains cash in bank accounts, which may at times exceed the federally insured limit. The Association has not experienced any losses as a result of the concentration, and management believes it is not exposed to any significant credit risk. At June 30, 2009, all bank deposits were federally insured. Bank deposit accounts exceeded the federally insured limit by \$69,866 at June 30, 2009.

The Association maintains a concentration of temporary cash and equity investment accounts with brokerage institutions which are members of the Securities Investor Protection Corporation (SIPC). The Association has not experienced any losses as a result of the concentration, and management believes it is not exposed to any significant credit risk. Security investments are subject to market fluctuations. The Association's management and investment committee monitors the investment portfolio to minimize risk associated with these investments and diversifies accordingly.

Reclassifications

Certain comparative figures have been reclassified to conform to the current year financial statement presentation.

3. Related Parties

The Association and various regional groups are related inasmuch as the Association has the authority to issue, revoke, and amend their charters. The Association collects and remits a portion of the annual dues collected from members and the entire portion of designated investment earnings to the regional groups.

At June 30, 2009 and 2008, amounts payable to the various regional groups for annual dues were \$3,739 and \$3,781, respectively, and amounts payable for designated investment earnings were \$103,264 and \$128,290, respectively.

4. Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at June 30:

	<u>2009</u>	<u>2008</u>
Petty cash	\$ 500	\$ 500
Cash in bank	944,563	24,754
Repurchase agreements	-	892,239
	<u>\$ 945,063</u>	<u>\$ 917,493</u>

5. Fair Value Measurements

Effective July 1, 2008, the Association adopted a new standard that requires the measuring and reporting of financial assets and liabilities to be at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Accounting standards establish a three-level disclosure hierarchy to indicate the level of judgment used to estimate fair value measurements:

Level 1 – quoted prices in an active market for identical assets or liabilities as of the reporting date;

Level 2 – quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; and inputs other than quoted prices (such as interest rate and yield curves);

Level 3 – uses inputs that are unobservable, supported by little or no market activity and reflect management judgment.

The table below summarizes investments, by level, for items measured at fair value on a recurring basis at June 30, 2009:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ -	\$ 258,188	\$ -	\$ 258,188
Mutual funds - bonds	979,717	-	-	979,717
Mutual funds - equity	2,240,303	-	-	2,240,303
Equity securities	1,373,966	-	-	1,373,966
	<u>\$ 4,593,986</u>	<u>\$ 258,188</u>	<u>\$ -</u>	<u>\$ 4,852,174</u>

Investment return consisted of the following at June 30:

	<u>2009</u>	<u>2008</u>
Interest and dividends	\$ 283,529	\$ 493,680
Realized and unrealized losses	<u>(1,410,759)</u>	<u>(806,496)</u>
	<u>\$ (1,127,230)</u>	<u>\$ (312,816)</u>

6. Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2009</u>	<u>2008</u>
Land	\$ 644,439	\$ 644,439
Furniture and equipment	114,815	114,815
Communication equipment	62,034	62,034
Building and improvements	<u>2,152,774</u>	<u>2,152,774</u>
	2,974,062	2,974,062
Less – accumulated depreciation	<u>1,251,898</u>	<u>1,194,625</u>
	<u>\$ 1,722,164</u>	<u>\$ 1,779,437</u>

7. Equipment Leases

The Association leases office equipment under operating leases expiring through 2014. The lease agreements are collateralized by the equipment.

Future minimum lease payments under noncancelable operating leases for years ending June 30 are as follows:

2010	\$ 17,609
2011	17,609
2012	17,610
2013	12,929
2014	<u>6,690</u>
	<u>\$ 72,447</u>

Equipment lease expense for 2009 and 2008 was \$17,574 and \$7,200, respectively.

8. Retirement Benefits

The Association participates in a tax deferred account for the benefit of its employees under Section 403(b) of the Internal Revenue Code. The Association provides a matching contribution equal to 25% of participating employee contributions with a maximum at 4% of annual salary.

The retirement expense for 2009 and 2008 was \$9,600 and \$9,225, respectively.

9. Allocation of Joint Costs

The Association conducts mail campaigns that include requests for contributions, as well as program components. The costs of conducting those campaigns included joint costs totaling \$1,841,607 and \$1,950,633 in 2009 and 2008, respectively, which are not specifically attributable to particular components of the activities. These joint costs were allocated as follows:

	<u>2009</u>	<u>2008</u>
Management and general	\$ 46,359	\$ 65,777
Program services	895,205	922,284
Resource development	900,043	962,572
	<u>\$ 1,841,607</u>	<u>\$ 1,950,633</u>

10. Accrued Expenses

Accrued expenses consisted of the following at June 30:

	<u>2009</u>	<u>2008</u>
Accrued vacation	\$ 88,737	\$ 78,512
Other accrued expenses	6,336	5,243
	<u>\$ 95,073</u>	<u>\$ 83,755</u>

11. Donated Professional Services

The Association received donated professional services for air time for public service announcements to benefit the Association's educational program. The fair value of the contributed air time, which was \$1,247,987 and \$650,005 in 2009 and 2008, respectively, is recognized as contribution income and public relations expense in the statement of activities.

12. Designated Net Assets

The Board designated programs and the fund balances are as follows:

Investment Fund - Established for the purpose of investing specifically designated funds of the Association. The Board determines the amount of funds to be invested and has established a cash reserve requirement equal to, at a minimum, the current year's operating budget. There were no designated reserve transfers during 2009 or 2008. At June 30, 2009 and 2008, the Investment Fund balance was \$3,704,514 and \$4,571,569, respectively.

Life Membership Fund - Life and associate membership dues paid to the Association are placed in the Life Membership Fund. Net earnings are divided among the various regional groups in good standing. At June 30, 2009, apportionment of net earnings due to regional groups was \$103,264 and the Life Membership Fund balance was \$1,040,387. At June 30, 2008, apportionment of net earnings due to regional groups was \$128,290 and the Life Membership Fund balance was \$1,539,954.

