

**DELTA GAMMA ANCHOR CENTER
FOR BLIND CHILDREN**

FINANCIAL STATEMENTS

JUNE 30, 2013

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Independent Auditor's Report

The Board of Directors
Delta Gamma Anchor Center for
Blind Children
Denver, Colorado

We have audited the accompanying financial statements of Delta Gamma Anchor Center for Blind Children, (a nonprofit organization) which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delta Gamma Anchor Center for Blind Children, as of June 30, 2013 and 2012, 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.

September 25, 2013
Denver, Colorado

Paysti & Adams, LLC

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
STATEMENTS OF FINANCIAL POSITION

| <u>June 30,</u> | <u>2013</u> | <u>2012</u> |
|--|----------------------|----------------------|
| <u>Assets</u> | | |
| Cash and cash equivalents | \$ 1,021,360 | \$ 1,047,235 |
| Investments | 3,922,988 | 3,432,486 |
| Prepaid expenses | 46,487 | 56,299 |
| Promises to give | 1,055,268 | 174,843 |
| Property and equipment, net of accumulated depreciation | 5,920,257 | 6,122,775 |
| Cash held for long-term purposes | <u>7,097</u> | <u>6,597</u> |
| Total Assets | <u>\$ 11,973,457</u> | <u>\$ 10,840,235</u> |
| <u>Liabilities and Net Assets</u> | | |
| <u>Liabilities</u> | | |
| Accounts payable and accrued expenses | \$ 79,579 | \$ 75,434 |
| Deferred revenue | <u>51,440</u> | <u>29,786</u> |
| Total liabilities | <u>131,019</u> | <u>105,220</u> |
| <u>Net assets</u> | | |
| <u>Unrestricted</u> | | |
| Undesignated | 7,563,828 | 6,994,053 |
| Board designated | 1,678,995 | 1,277,171 |
| Temporarily restricted | 52,390 | 80,905 |
| Permanently restricted | <u>2,547,225</u> | <u>2,382,886</u> |
| Total net assets | <u>11,842,438</u> | <u>10,735,015</u> |
| Total Liabilities and Net Assets | <u>\$ 11,973,457</u> | <u>\$ 10,840,235</u> |

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

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
STATEMENT OF ACTIVITIES

| For the Year Ended June 30, | 2013 | | | |
|--|---------------------|-----------------------------------|-----------------------------------|----------------------|
| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
| <u>Support, Revenue, and</u> | | | | |
| <u>Other Gains</u> | | | | |
| Contributions | \$ 2,180,482 | \$ 40,473 | \$ 2,500 | \$ 2,223,455 |
| Program fees | 112,942 | 0 | 0 | 112,942 |
| Federal awards | 0 | 10,000 | 0 | 10,000 |
| Special events (net) | 212,138 | 0 | 0 | 212,138 |
| Investment income | 157,541 | 0 | 299,970 | 457,511 |
| Other | 3,147 | 0 | 0 | 3,147 |
| Net assets released from restrictions | <u>217,119</u> | <u>(78,988)</u> | <u>(138,131)</u> | <u>0</u> |
| Total support, revenue, and other gains | <u>2,883,369</u> | <u>(28,515)</u> | <u>164,339</u> | <u>3,019,193</u> |
| <u>Expenses</u> | | | | |
| Program services | | | | |
| School | 1,510,677 | | | 1,510,677 |
| Supporting services | | | | |
| Management and general | 192,262 | | | 192,262 |
| Fundraising | <u>208,831</u> | | | <u>208,831</u> |
| Total supporting services | <u>401,093</u> | | | <u>401,093</u> |
| Total expenses | <u>1,911,770</u> | | | <u>1,911,770</u> |
| Changes in net assets | 971,599 | (28,515) | 164,339 | 1,107,423 |
| Net assets, beginning of year | <u>8,271,224</u> | <u>80,905</u> | <u>2,382,886</u> | <u>10,735,015</u> |
| Net assets, end of year | <u>\$ 9,242,823</u> | <u>\$ 52,390</u> | <u>\$ 2,547,225</u> | <u>\$ 11,842,438</u> |

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

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
STATEMENT OF ACTIVITIES

| For the Year Ended June 30, | 2012 | | | |
|--|---------------------|-----------------------------------|-----------------------------------|---------------|
| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
| <u>Support, Revenue, and</u> | | | | |
| <u>Other Gains</u> | | | | |
| Contributions | \$ 746,669 | \$ 147,771 | \$ 2,500 | \$ 896,940 |
| Program fees | 122,177 | 0 | 0 | 122,177 |
| Federal awards | 0 | 10,000 | 0 | 10,000 |
| Special events (net) | 326,006 | 0 | 0 | 326,006 |
| Investment income | 22,784 | 0 | (2,827) | 19,957 |
| Other | 1,855 | 0 | 0 | 1,855 |
| Net assets released from restrictions | 244,963 | (115,564) | (129,399) | 0 |
| Total support, revenue, and other gains | 1,464,454 | 42,207 | (129,726) | 1,376,935 |
| <u>Expenses</u> | | | | |
| Program services | | | | |
| School | 1,378,233 | | | 1,378,233 |
| Supporting services | | | | |
| Management and general | 204,931 | | | 204,931 |
| Fundraising | 195,984 | | | 195,984 |
| Total supporting services | 400,915 | | | 400,915 |
| Total expenses | 1,779,148 | | | 1,779,148 |
| Changes in net assets | (314,694) | 42,207 | (129,726) | (402,213) |
| Net assets, beginning of year | 8,585,918 | 38,698 | 2,512,612 | 11,137,228 |
| Net assets, end of year | \$ 8,271,224 | \$ 80,905 | \$ 2,382,886 | \$ 10,735,015 |

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

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
STATEMENTS OF FUNCTIONAL EXPENSES

| | <u>School</u> | <u>Management And General</u> | <u>Fundraising</u> | <u>Totals</u> |
|---|---------------------|---------------------------------------|--------------------|---------------------|
| <u>For the Year Ended June 30, 2013</u> | | | | |
| Salaries and wages | \$ 818,371 | \$ 67,029 | \$ 130,986 | \$ 1,016,386 |
| Employee benefits | 96,127 | 6,631 | 12,960 | 115,718 |
| Payroll taxes | <u>67,356</u> | <u>4,646</u> | <u>9,081</u> | <u>81,083</u> |
| Total compensation | 981,854 | 78,306 | 153,027 | 1,213,187 |
| Professional fees | 38,632 | 13,591 | 2,147 | 54,370 |
| Supplies | 30,429 | 698 | 1,365 | 32,492 |
| Telephone | 7,015 | 710 | 1,154 | 8,879 |
| Postage | 3,122 | 273 | 507 | 3,902 |
| Occupancy | 129,982 | 29,953 | 9,526 | 169,461 |
| Equipment rental and maintenance | 20,369 | 1,405 | 2,746 | 24,520 |
| Printing | 15,736 | 0 | 3,934 | 19,670 |
| Dues and subscriptions | 3,559 | 0 | 0 | 3,559 |
| Travel and conventions | 49,549 | 0 | 0 | 49,549 |
| Miscellaneous | 13,678 | 23,427 | 20,706 | 57,811 |
| Depreciation and amortization | <u>216,752</u> | <u>43,899</u> | <u>13,719</u> | <u>274,370</u> |
| Total functional expenses | <u>\$ 1,510,677</u> | <u>\$ 192,262</u> | <u>\$ 208,831</u> | <u>\$ 1,911,770</u> |
| <u>For the Year Ended June 30, 2012</u> | | | | |
| Salaries and wages | \$ 719,227 | \$ 71,651 | \$ 133,148 | \$ 924,026 |
| Employee benefits | 84,636 | 6,897 | 12,814 | 104,347 |
| Payroll taxes | <u>58,148</u> | <u>4,739</u> | <u>8,804</u> | <u>71,691</u> |
| Total compensation | 862,011 | 83,287 | 154,766 | 1,100,064 |
| Professional fees | 46,831 | 13,713 | 2,366 | 62,910 |
| Supplies | 32,434 | 654 | 1,216 | 34,304 |
| Telephone | 6,969 | 917 | 1,284 | 9,170 |
| Postage | 3,266 | 286 | 531 | 4,083 |
| Occupancy | 117,778 | 32,619 | 9,191 | 159,588 |
| Equipment rental and maintenance | 18,272 | 1,489 | 2,766 | 22,527 |
| Printing | 15,748 | 0 | 3,937 | 19,685 |
| Dues and subscriptions | 3,566 | 0 | 0 | 3,566 |
| Travel and conventions | 51,171 | 0 | 0 | 51,171 |
| Miscellaneous | 12,221 | 19,974 | 6,245 | 38,440 |
| Depreciation and amortization | <u>207,966</u> | <u>51,992</u> | <u>13,682</u> | <u>273,640</u> |
| Total functional expenses | <u>\$ 1,378,233</u> | <u>\$ 204,931</u> | <u>\$ 195,984</u> | <u>\$ 1,779,148</u> |

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

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
STATEMENTS OF CASH FLOWS

| For the Years Ended June 30, | <u>2013</u> | <u>2012</u> |
|--|---------------------|---------------------|
| Cash flows from operating activities | | |
| Cash received from contributions | \$ 1,364,784 | \$ 766,673 |
| Cash received from federal awards | 10,000 | 10,000 |
| Other cash received | 523,673 | 507,404 |
| Interest and dividends received | 81,634 | 82,176 |
| Cash paid to employees and suppliers | <u>(1,827,489)</u> | <u>(1,457,196)</u> |
| Net cash provided by (used for) operating activities | <u>152,602</u> | <u>(90,943)</u> |
| Cash flows from investing activities | | |
| Proceeds from the sale of investments | 677,314 | 425,498 |
| Purchase of investments | (791,939) | (401,537) |
| Purchase of property and equipment | (65,852) | (81,731) |
| Net decrease (increase) in assets held for long-term purposes | <u>(500)</u> | <u>1,046</u> |
| Net cash used for investing activities | <u>(180,977)</u> | <u>(56,724)</u> |
| Cash flows from financing activities | | |
| Contributions restricted for endowment | <u>2,500</u> | <u>2,500</u> |
| Net decrease in cash and cash equivalents | (25,875) | (145,167) |
| Cash and cash equivalents, beginning of year | <u>1,047,235</u> | <u>1,192,402</u> |
| Cash and cash equivalents, end of year | <u>\$ 1,021,360</u> | <u>\$ 1,047,235</u> |
| Reconciliation of changes in net assets to net cash provided by (used for) operating activities: | | |
| Changes in net assets | \$ 1,107,423 | \$ (402,213) |
| Adjustments | | |
| Depreciation and amortization | 274,370 | 273,640 |
| Unrealized (gain) loss on investments | (298,046) | 57,086 |
| Realized (gain) loss on investments | (77,831) | 5,133 |
| Contributions restricted for endowment | (2,500) | (2,500) |
| Donated fixed assets | 0 | (38,750) |
| (Increase) decrease in assets | | |
| Promises to give | (880,425) | 2,560 |
| Prepaid expenses | 9,812 | (3,842) |
| Increase in liabilities | | |
| Accounts payable and accrued expenses | (1,855) | 15,857 |
| Deferred revenue | <u>21,654</u> | <u>2,086</u> |
| Net cash provided by (used for) operating activities | <u>\$ 152,602</u> | <u>\$ (90,943)</u> |

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

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Delta Gamma Anchor Center for Blind Children (Center) is a nonprofit corporation whose mission is to teach visually impaired infants, young children and their families, providing hope and a nurturing environment where children reach their highest potential.

The Center is exempt from income tax under section 501(c)(3) of the United States Internal Revenue Code and comparable state law, and contributions to it are deductible within the limitations prescribed by the Code. The Center has been classified as a publicly supported organization which is not a private foundation under section 509(a) of the Code. The Center did not have any material unrelated business income tax liability or significant uncertain income tax positions for the years ended June 30, 2013 and 2012. The Center's open Internal Revenue Service audit periods are June 30, 2010 through 2013.

Use of Estimates

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

Classes of Net Assets

The financial statements report amounts separately by classes of net assets:

Unrestricted amounts are those currently available at the discretion of the Board for use in the Center's activities, and those resources invested in property and equipment.

Temporarily restricted amounts are those which are restricted by donors for specific operating purposes, for the acquisition of land, buildings, and equipment, or with a stipulated time restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets are those restricted by donors requiring in perpetuity that the principal be invested and the income only be used for the Center's exempt purpose. Income from these funds is recognized as unrestricted, temporarily restricted, and permanently restricted income.

Property, Equipment and Depreciation

Assets over \$1,000 are recorded at cost if purchased, or if donated at their fair value at the time of the donation. Depreciation of property and equipment is provided over the estimated useful life of the respective asset on a straight line basis.

The Center reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Services

Many individuals volunteer their time and perform a variety of tasks to assist the Center including services in the Center's programs and special events. No amounts have been reflected in the financial statements for such services.

Functional Allocation of Expenses

The costs of providing the 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 program and supporting services benefited.

Investments

Investments are carried at fair value. Donated investments are initially recorded at fair value on the date of donation. Realized and unrealized gains and losses are reflected in the statement of activities.

Federal Awards

Revenue is recognized when expenses are incurred on the projects.

Advertising Costs

The costs of promotion and advertising are expensed as incurred.

Other Matters

For the purposes of the statement of cash flows, the Center considers all highly liquid debt instruments with a maturity of six months or less to be cash and cash equivalents. The Center periodically has cash accounts that exceed the federally insured limit. They are selective with regard to the choice of financial institutions with which they deposit funds.

Subsequent Events

Management is required to evaluate, through the date the financial statements are issued or available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and to disclose the date through which subsequent events were evaluated. The Center's financial statements were available to be issued on October 4, 2013, and this is the date through which subsequent events were evaluated. The Center did not identify any subsequent events requiring disclosure.

NOTE 2 – INVESTMENTS

Carried at fair value (based on quoted market prices):

| | <u>2013</u> | <u>2012</u> |
|-------------------|---------------------|---------------------|
| Equity securities | \$ 2,858,746 | \$ 2,522,272 |
| Fixed income | 1,003,607 | 870,797 |
| Other | <u>60,635</u> | <u>39,417</u> |
| | <u>\$ 3,922,988</u> | <u>\$ 3,432,486</u> |

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – INVESTMENTS (CONTINUED)

Composition of investment return:

| | <u>2013</u> | <u>2012</u> |
|--|-------------------|------------------|
| Dividends and interest | \$ 81,634 | \$ 81,954 |
| Unrealized gains (losses) on investments | 298,046 | (57,086) |
| Realized gains (losses) on investments | <u>77,831</u> | <u>(5,133)</u> |
| Investment return | 457,511 | 19,735 |
| Interest earned from operations | <u>0</u> | <u>222</u> |
| Total investment income | <u>\$ 457,511</u> | <u>\$ 19,957</u> |

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, all of the Center's investments are valued using Level 1, Quoted Prices in Active Markets for Identical Assets inputs. The Center reviews its holdings on a regular basis to determine if any investment has experienced an other-than-temporary decline in fair value.

NOTE 3 – PROMISES TO GIVE

Promises to give are recorded at the net present value, determined using a discount rate commensurate with the IRS Applicable Federal Rate on the date of the promise, as receivables in the year made. Donor restricted promises to give are reported as additions to the appropriate temporarily restricted net assets. Eighty-five percent of promises to give at June 30, 2013 were from one trust. As of the audit opinion date, the Center has received \$813,694 and expects to receive an additional \$86,000 of promises to give in the next fiscal year from this trust. The promises to give from various trusts and individuals were as follows:

| | <u>2013</u> | <u>2012</u> |
|------------------------|---------------------|-------------------|
| In less than one year | \$ 1,021,768 | \$ 145,142 |
| In one to five years | <u>33,500</u> | <u>29,701</u> |
| Total promises to give | <u>\$ 1,055,268</u> | <u>\$ 174,843</u> |

Management believes all promises to give will be received.

NOTE 4 – PROPERTY AND EQUIPMENT

| | <u>2013</u> | <u>2012</u> |
|--------------------------|---------------------|---------------------|
| Building | \$ 6,253,991 | \$ 6,253,991 |
| Furniture | 155,910 | 154,783 |
| Equipment | 299,561 | 247,836 |
| Auto | 23,000 | 23,000 |
| Logo | 6,826 | 6,826 |
| Artwork | <u>18,855</u> | <u>18,855</u> |
| | 6,758,143 | 6,705,291 |
| Accumulated depreciation | <u>(1,521,768)</u> | <u>(1,266,398)</u> |
| | 5,236,375 | 5,438,893 |
| Land | <u>683,882</u> | <u>683,882</u> |
| | <u>\$ 5,920,257</u> | <u>\$ 6,122,775</u> |

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – DEFERRED REVENUE

The Center received sponsorships and ticket revenue as well as prepaid tuition totaling \$51,440 and \$29,786, which was recorded as deferred revenue as of June 30, 2013 and 2012 primarily for Sunset in the Country (2013 and 2012) and the Book of Mormon Event (2013 only). The revenue and associated expense will be recorded as a special event when the event and school takes place in the subsequent period.

NOTE 6 – NET ASSETS

Net assets are available for the following purposes:

| | <u>2013</u> | <u>2012</u> |
|------------------------------------|---------------------|---------------------|
| Unrestricted Net Assets: | | |
| Undesignated | \$ 7,563,828 | \$ 6,994,053 |
| Designated for quasi-endowment | <u>1,678,995</u> | <u>1,277,171</u> |
| | <u>\$ 9,242,823</u> | <u>\$ 8,271,224</u> |
| Temporarily Restricted Net Assets: | | |
| ASQ | \$ 2,636 | \$ 11,833 |
| Building | 6,597 | 6,597 |
| Capital | 500 | 0 |
| Family support | 4,139 | 8,674 |
| Internship | 1,955 | 4,793 |
| Outreach | 299 | 1,209 |
| Parent compass | 6,619 | 5,428 |
| Research | 23,553 | 29,897 |
| Supplies | 0 | 350 |
| Staff Training | 0 | 3,079 |
| Therapy/classroom | <u>6,092</u> | <u>9,045</u> |
| | <u>\$ 52,390</u> | <u>\$ 80,905</u> |

NOTE 7 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

| | <u>2013</u> | <u>2012</u> |
|----------------------------------|-------------------|-------------------|
| ASQ | \$ 9,197 | \$ 1,667 |
| Building | 0 | 545 |
| Building maintenance/Austin Glen | 74,756 | 67,959 |
| Capital | 0 | 500 |
| Family support | 4,565 | 3,878 |
| Internship | 5,838 | 8,074 |
| Operations/Greenleaf Trust | 63,375 | 61,440 |
| Outreach | 10,939 | 10,476 |
| Parent Compass | 4,515 | 3,200 |
| Research | 6,345 | 5,103 |
| Staff training | 3,079 | 1,921 |
| Supplies | 3,058 | 989 |
| Therapy | 26,452 | 79,211 |
| Transportation | <u>5,000</u> | <u>0</u> |
| | <u>\$ 217,119</u> | <u>\$ 244,963</u> |

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – SPECIAL EVENTS

| | <u>2013</u> | <u>2012</u> |
|------------------------------|-------------------|-------------------|
| Revenues | | |
| Dancing with the Anchors | \$ 0 | \$ 26,812 |
| 30 th Anniversary | 15,675 | 0 |
| Sunset in the Country 2012 | 335,941 | 0 |
| Sunset in the Country 2011 | 0 | 521,671 |
| Foresight Golf Classic 2013 | 126,900 | 0 |
| Foresight Golf Classic 2012 | 0 | 110,090 |
| Out of Sight Golf | 0 | 24,789 |
| Theater Events | 5,457 | 5,770 |
| Visions of Love | <u>14,899</u> | <u>15,079</u> |
| Total revenues | <u>498,872</u> | <u>704,211</u> |
| Expenses | | |
| Dancing with the Anchors | \$ 0 | \$ 12,377 |
| 30 th Anniversary | 29,171 | 0 |
| Sunset in the Country 2012 | 174,875 | 0 |
| Sunset in the Country 2011 | 0 | 267,228 |
| Foresight Golf Classic 2013 | 73,123 | 0 |
| Foresight Golf Classic 2012 | 0 | 69,889 |
| Out of Sight Golf | 0 | 19,275 |
| Theater Events | 3,553 | 4,093 |
| Visions of Love | <u>6,012</u> | <u>5,343</u> |
| Total expenses | <u>286,734</u> | <u>378,205</u> |
| Net Special Event Revenue | <u>\$ 212,138</u> | <u>\$ 326,006</u> |

NOTE 9 – ENDOWMENTS

The Center's endowments consist of approximately three individual funds established for a variety of purposes. Two endowments are considered donor-restricted endowment funds and one is considered a board-designated endowment fund. As required by the generally accepted accounting principles, 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.

The Board of the Center has interpreted the Colorado Prudent Management of Institutional Funds Act (CPMIFA) 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 Center classifies as permanently restricted and board designated net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted or board designated net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by CPMIFA. In accordance with CPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor restricted and board designated endowment funds:

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – ENDOWMENTS (CONTINUED)

1. The duration and preservation of the fund.
2. The purpose of the Center and the donor restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Center.
7. The investment policies of the Center.
8. One of the Center's permanently restricted endowments has a restriction that requires an affirmative vote of at least two-thirds of the entire Board in order to withdraw amounts greater than the amount calculated under the endowment's Spending Policy.
9. The Center held \$2,547,225 and \$2,382,886 in permanently restricted endowment net asset for the years ended June 30, 2013 and 2012 and \$1,678,995 and \$1,277,171 in board designated endowment net asset for the years ended June 30, 2013 and 2012.

Changes in endowment net assets for the year ended June 30, 2013:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|---------------------|
| Endowment net assets, beginning of the year | \$ 1,277,171 | \$ 80,905 | \$ 2,382,886 | \$ 3,740,962 |
| Contributions | 1,488,041 | 40,473 | 2,500 | 1,531,014 |
| Federal awards | 0 | 10,000 | 0 | 10,000 |
| Investment gains (losses) | 157,470 | 0 | 299,970 | 457,440 |
| Net assets released from restrictions | <u>(1,243,687)</u> | <u>(78,988)</u> | <u>(138,131)</u> | <u>(1,460,806)</u> |
| Endowment net assets, end of year | <u>\$ 1,678,995</u> | <u>\$ 52,390</u> | <u>\$ 2,547,225</u> | <u>\$ 4,278,610</u> |

Changes in endowment net assets for the year ended June 30, 2012:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|---------------------|
| Endowment net assets, beginning of the year | \$ 1,292,337 | \$ 38,698 | \$ 2,512,612 | \$ 3,843,647 |
| Contributions | 316,351 | 147,771 | 2,500 | 466,622 |
| Federal awards | 0 | 10,000 | 0 | 10,000 |
| Investment gains (losses) | 22,480 | 0 | (2,827) | 19,653 |
| Net assets released from restrictions | <u>(353,997)</u> | <u>(115,564)</u> | <u>(129,399)</u> | <u>(598,960)</u> |
| Endowment net assets, end of year | <u>\$ 1,277,171</u> | <u>\$ 80,905</u> | <u>\$ 2,382,886</u> | <u>\$ 3,740,962</u> |

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – LEASES

The Center entered into operating leases for copiers in December 2012 and September 2009 for \$210 and \$255 per month that expire in March 2016 and September 2014. Lease expense for the years ended June 30, 2013 and 2012 was \$6,401 and \$6,734.

Future minimum lease payments for the succeeding years ending June 30:

| | | |
|------|----|-------|
| 2014 | \$ | 5,580 |
| 2015 | | 3,285 |
| 2016 | | 1,680 |

NOTE 11 – PENSION PLAN

The Center offers a tax deferred annuity 403(b) retirement plan to all eligible employees. The Center provides matching funds of 4% to full time employees with one year of service and 5.6% to full time employees with two or more years of service. Pension expense was \$46,302 and \$46,171 for the years ended June 30, 2013 and 2012.

NOTE 12 – CONCENTRATION IN DONATIONS

Forty-nine percent of 2013 total support, revenue, and other gains were received from one donor. Fourteen percent of the 2012 total support, revenue, and other gains were received from one donor and related entities. The Center monitors its cash flow so that it does not rely on large donations to perform its exempt purpose.