

**DELTA GAMMA ANCHOR CENTER  
FOR BLIND CHILDREN**

**FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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## Independent Auditors' 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, 2017 and 2016, 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.

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

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

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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, 2017 and 2016, 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 13, 2017  
Denver, Colorado

*Payette & Adams, LLC*

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN  
STATEMENTS OF FINANCIAL POSITION

<u>June 30,</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 349,208	\$ 361,203
Investments	4,525,087	4,471,808
Prepaid expenses	22,697	22,702
Promises to give	543,077	519,289
Property and equipment, net of accumulated depreciation	5,267,273	5,511,349
Cash held for long-term purposes	<u>129,342</u>	<u>191,078</u>
Total Assets	<u>\$ 10,836,684</u>	<u>\$ 11,077,429</u>
<u>Liabilities and Net Assets</u>		
<u>Liabilities</u>		
Accounts payable and accrued expenses	\$ 78,725	\$ 79,447
Deferred revenue	<u>20,950</u>	<u>68,780</u>
Total liabilities	<u>99,675</u>	<u>148,227</u>
<u>Net assets</u>		
<u>Unrestricted</u>		
Undesignated	5,910,337	6,112,486
Board designated	<u>2,058,644</u>	<u>2,227,703</u>
Total unrestricted	7,968,981	8,340,189
Temporarily restricted	34,757	16,344
Permanently restricted	<u>2,733,271</u>	<u>2,572,669</u>
Total net assets	<u>10,737,009</u>	<u>10,929,202</u>
Total Liabilities and Net Assets	<u>\$ 10,836,684</u>	<u>\$ 11,077,429</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,	2017			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Support, Revenue, and</u>				
<u>Other Gains</u>				
Contributions	\$ 681,763	\$ 99,123	\$ 0	\$ 780,886
Program fees	92,332	0	0	92,332
Special events (net)	466,426	0	0	466,426
Investment income	256,776	0	319,576	576,352
Other	16,384	0	0	16,384
Net assets released from restrictions	<u>239,684</u>	<u>(80,710)</u>	<u>(158,974)</u>	<u>0</u>
Total support, revenue, and other gains	<u>1,753,365</u>	<u>18,413</u>	<u>160,602</u>	<u>1,932,380</u>
<u>Expenses</u>				
Program services				
School	<u>1,631,034</u>			<u>1,631,034</u>
Supporting services				
Management and general	153,474			153,474
Fundraising	<u>340,065</u>			<u>340,065</u>
Total supporting services	<u>493,539</u>			<u>493,539</u>
Total expenses	<u>2,124,573</u>			<u>2,124,573</u>
Changes in net assets	(371,208)	18,413	160,602	(192,193)
Net assets, beginning of year	<u>8,340,189</u>	<u>16,344</u>	<u>2,572,669</u>	<u>10,929,202</u>
Net assets, end of year	<u>\$ 7,968,981</u>	<u>\$ 34,757</u>	<u>\$ 2,733,271</u>	<u>\$ 10,737,009</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,	<u>2016</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Support, Revenue, and</u>				
<u>Other Gains</u>				
Contributions	\$ 726,022	\$ 55,166	\$ 3,000	\$ 784,188
Program fees	109,255	0	0	109,255
Special events (net)	270,580	0	0	270,580
Investment loss	(15,165)	0	(17,499)	(32,664)
Other	4,478	0	0	4,478
Net assets released from restrictions	<u>229,010</u>	<u>(71,258)</u>	<u>(157,752)</u>	<u>0</u>
Total support, revenue, and other gains	<u>1,324,180</u>	<u>(16,092)</u>	<u>(172,251)</u>	<u>1,135,837</u>
<u>Expenses</u>				
Program services				
School	<u>1,581,726</u>			<u>1,581,726</u>
Supporting services				
Management and general	210,852			210,852
Fundraising	<u>298,890</u>			<u>298,890</u>
Total supporting services	<u>509,742</u>			<u>509,742</u>
Total expenses	<u>2,091,468</u>			<u>2,091,468</u>
Changes in net assets	(767,288)	(16,092)	(172,251)	(955,631)
Net assets, beginning of year	<u>9,107,477</u>	<u>32,436</u>	<u>2,744,920</u>	<u>11,884,833</u>
Net assets, end of year	<u>\$ 8,340,189</u>	<u>\$ 16,344</u>	<u>\$ 2,572,669</u>	<u>\$ 10,929,202</u>

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, 2017</u>				
Salaries and wages	\$ 1,023,202	\$ 74,952	\$ 232,845	\$ 1,330,999
Employee benefits	39,797	2,983	6,961	49,741
Payroll taxes	<u>81,242</u>	<u>6,093</u>	<u>14,217</u>	<u>101,552</u>
Total compensation	1,144,241	84,028	254,023	1,482,292
Professional fees	30,172	14,603	2,575	47,350
Supplies	36,577	256	2,192	39,025
Telephone	8,053	388	1,262	9,703
Postage	3,139	303	6,811	10,253
Occupancy	127,286	12,368	19,936	159,590
Equipment rental and maintenance	31,754	1,530	4,973	38,257
Printing	2,497	366	11,398	14,261
Dues and subscriptions	1,111	6	7	1,124
Travel and conventions	20,711	0	0	20,711
Miscellaneous	8,500	29,168	2,902	40,570
Depreciation and amortization	<u>216,993</u>	<u>10,458</u>	<u>33,986</u>	<u>261,437</u>
Total functional expenses	<u>\$ 1,631,034</u>	<u>\$ 153,474</u>	<u>\$ 340,065</u>	<u>\$ 2,124,573</u>
<u>For the Year Ended June 30, 2016</u>				
Salaries and wages	\$ 905,212	\$ 76,857	\$ 231,801	\$ 1,213,870
Employee benefits	44,656	3,060	7,036	54,752
Payroll taxes	<u>88,180</u>	<u>6,613</u>	<u>15,431</u>	<u>110,224</u>
Total compensation	1,038,048	86,530	254,268	1,378,846
Professional fees	78,773	17,304	13	96,090
Supplies	42,214	725	4,700	47,639
Telephone	7,641	573	1,337	9,551
Postage	3,464	382	4,380	8,226
Occupancy	128,467	31,337	8,131	167,935
Equipment rental and maintenance	25,110	1,883	4,394	31,387
Printing	3,561	117	5,835	9,513
Dues and subscriptions	1,855	9	9	1,873
Travel and conventions	38,097	0	0	38,097
Miscellaneous	7,844	30,139	2,743	40,726
Depreciation and amortization	<u>206,652</u>	<u>41,853</u>	<u>13,080</u>	<u>261,585</u>
Total functional expenses	<u>\$ 1,581,726</u>	<u>\$ 210,852</u>	<u>\$ 298,890</u>	<u>\$ 2,091,468</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,	2017	2016
Cash flows from operating activities		
Cash received from contributions	\$ 829,593	\$ 929,359
Other cash received	1,013,224	591,904
Interest and dividends received	101,557	105,414
Cash paid to employees and suppliers	<u>(2,422,260)</u>	<u>(2,382,659)</u>
Net cash (used for) operating activities	<u>(477,886)</u>	<u>(755,982)</u>
Cash flows from investing activities		
Proceeds from the sale of investments	1,843,701	1,730,135
Purchase of investments	(1,422,185)	(1,101,366)
Purchase of property and equipment	(17,361)	(28,840)
Net increase in assets held for long-term purposes	<u>61,736</u>	<u>(14,219)</u>
Net cash provided by investing activities	<u>465,891</u>	<u>585,710</u>
Cash flows from financing activities		
Contributions restricted for endowment	<u>0</u>	<u>3,000</u>
Net cash provided by financing activities	<u>0</u>	<u>3,000</u>
Net decrease in cash and cash equivalents	(11,995)	(167,272)
Cash and cash equivalents, beginning of year	<u>361,203</u>	<u>528,475</u>
Cash and cash equivalents, end of year	<u>\$ 349,208</u>	<u>\$ 361,203</u>
Reconciliation of changes in net assets to net cash (used for) operating activities:		
Changes in net assets	\$ (192,193)	\$ (955,631)
Adjustments		
Depreciation and amortization	261,437	261,585
Unrealized (gain) loss on investments	(342,821)	337,179
Realized (gain) on investments	(131,974)	(199,101)
Contributions restricted for endowment	0	(3,000)
(Increase) decrease in assets		
Promises to give	(23,788)	54,538
Prepaid expenses	5	15,171
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(722)	(285,758)
Deferred revenue	<u>(47,830)</u>	<u>19,035</u>
Net cash (used for) operating activities	<u>\$ (477,886)</u>	<u>\$ (755,982)</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, 2017 and 2016. The Center's open Internal Revenue Service audit periods are June 30, 2014 and thereafter.

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 investments in all highly liquid debt instruments with a maturity of three 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 September 13, 2017, and this is the date through which subsequent events were evaluated. The Center did not identify any subsequent events requiring disclosure.

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN  
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – INVESTMENTS

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

	<u>2017</u>	<u>2016</u>
Equity securities	\$ 3,191,263	\$ 3,082,265
Fixed income	1,231,293	1,269,914
Real estate	68,745	77,571
Commodities	<u>33,786</u>	<u>42,058</u>
	<u>\$ 4,525,087</u>	<u>\$ 4,471,808</u>

Composition of investment return:

	<u>2017</u>	<u>2016</u>
Dividends and interest	\$ 101,557	\$ 105,414
Unrealized gains (losses) on investments	342,821	(337,179)
Realized gains on investments	<u>131,974</u>	<u>199,101</u>
Investment return (losses)	<u>576,352</u>	<u>(32,664)</u>
Total investment income (loss)	<u>\$ 576,352</u>	<u>\$ (32,664)</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. At June 30, 2017 and 2016 three mutual fund investments accounted for 57% and 59% of the entire portfolio, respectively.

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. Ninety-two percent of promises to give at June 30, 2017 were from one trust. Ninety-six percent of promises to give at June 30, 2016 were from one trust. The promises to give from various trusts and individuals were as follows:

	<u>2017</u>	<u>2016</u>
In less than one year	\$ 543,077	\$ 515,289
In one to five years	<u>0</u>	<u>4,000</u>
Total promises to give	<u>\$ 543,077</u>	<u>\$ 519,289</u>

Management believes all promises to give will be received.

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN  
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – PROPERTY AND EQUIPMENT

	<u>2017</u>	<u>2016</u>
Building	\$ 6,539,929	\$ 6,539,929
Furniture	192,418	192,418
Equipment	324,654	307,293
Auto	23,000	23,000
Logo	6,826	6,826
Artwork	<u>18,855</u>	<u>18,855</u>
	7,105,682	7,088,321
Accumulated depreciation	<u>(2,522,291)</u>	<u>(2,260,854)</u>
	4,583,391	4,827,467
Land	<u>683,882</u>	<u>683,882</u>
	<u>\$ 5,267,273</u>	<u>\$ 5,511,349</u>

NOTE 5 – DEFERRED REVENUE

The Center received sponsorships and ticket revenue as well as prepaid tuition totaling \$20,950 and \$68,780, which was recorded as deferred revenue as of June 30, 2017 and 2016 primarily for Sunset in the Country (2017 and 2016) and third-party events in 2017 and 2016. 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>2017</u>	<u>2016</u>
Unrestricted Net Assets:		
Undesignated	\$ 5,910,337	\$ 6,112,486
Designated for quasi-endowment	<u>2,058,644</u>	<u>2,227,703</u>
	<u>\$ 7,968,981</u>	<u>\$ 8,340,189</u>
Temporarily Restricted Net Assets:		
Family support	\$ 4,397	\$ 3,676
Parent Compass	586	2,578
Outreach	26,980	0
Staff development and literacy	0	6,622
Supplies	0	2,223
Therapy/classroom	<u>2,794</u>	<u>1,245</u>
	<u>\$ 34,757</u>	<u>\$ 16,344</u>

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN  
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – NET ASSETS RELEASED FROM RESTRICTIONS

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

	<u>2017</u>	<u>2016</u>
Building maintenance	\$ 87,564	\$ 86,282
Capital	0	175
Digital literacy	20,000	0
Family support	2,979	2,362
Operations	71,411	71,470
Outreach	20	0
Parent Compass	4,325	3,492
Research	0	4,303
Staff development and literacy	6,624	12,818
Supplies	5,138	6,791
Therapy	<u>41,623</u>	<u>41,317</u>
	<u>\$ 239,684</u>	<u>\$ 229,010</u>

NOTE 8 – SPECIAL EVENTS

	<u>2017</u>	<u>2016</u>
Revenues		
Dancing with the Anchors	\$ 0	\$ 39,736
Sunset in the Country 2017	845,081	0
Sunset in the Country 2016	0	292,364
Foresight Golf Classic 2017	107,400	0
Foresight Golf Classic 2016	0	159,636
Cherrity Pie	71,187	49,567
Visions of Love	<u>21,001</u>	<u>27,088</u>
Total revenues	<u>1,044,669</u>	<u>568,391</u>
Expenses		
Dancing with the Anchors	\$ 0	\$ 20,659
Sunset in the Country 2017	465,561	0
Sunset in the Country 2016	0	172,523
Foresight Golf Classic 2017	71,959	0
Foresight Golf Classic 2016	0	80,923
Cherrity Pie	34,303	12,182
Visions of Love	<u>6,420</u>	<u>11,524</u>
Total expenses	<u>578,243</u>	<u>297,811</u>
Net Special Event Revenue	<u>\$ 466,426</u>	<u>\$ 270,580</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.

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN  
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – ENDOWMENTS (CONTINUED)

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:

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. The Center held \$2,733,271 and \$2,572,669 in permanently restricted endowment net asset for the years ended June 30, 2017 and 2016 and \$2,058,644 and \$2,227,703 in board designated endowment net asset for the years ended June 30, 2017 and 2016.

Changes in endowment net assets for the year ended June 30, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of the year	\$ 2,227,703	\$ 16,344	\$ 2,572,669	\$ 4,816,716
Contributions	0	99,123	0	99,123
Investment income	256,809	0	319,576	576,385
Net assets released from restrictions	<u>(425,868)</u>	<u>(80,710)</u>	<u>(158,974)</u>	<u>(665,552)</u>
Endowment net assets, end of year	<u>\$ 2,058,644</u>	<u>\$ 34,757</u>	<u>\$ 2,733,271</u>	<u>\$ 4,826,672</u>

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN  
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of the year	\$ 2,805,081	\$ 32,436	\$ 2,744,920	\$ 5,582,437
Contributions	0	55,166	3,000	58,166
Investment losses	(15,507)	0	(17,499)	(33,006)
Net assets released from restrictions	<u>(561,871)</u>	<u>(71,258)</u>	<u>(157,752)</u>	<u>(790,881)</u>
Endowment net assets, end of year	<u>\$ 2,227,703</u>	<u>\$ 16,344</u>	<u>\$ 2,572,669</u>	<u>\$ 4,816,716</u>

NOTE 10 – COMMITMENTS

Operating Leases

The Center entered into operating leases for copiers in October 2014 and November 2015 for \$264 and \$357 per month that expire in September 2019 and October 2020. Lease expense for the years ended June 30, 2017 and 2016 was \$7,446 and \$6,018.

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

2018	\$ 7,446
2019	7,446
2020	5,074
2021	1,428

Commitment

The Center has an annual Sunset Event, Sunset in the Country 2017, for which the Center has signed a contract with a caterer to provide services for the event and with a production company for a video production for the event. The contracts contain various penalties for failure to hold the event.

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 \$24,821 and \$29,715 for the years ended June 30, 2017 and 2016.

NOTE 12 – CONCENTRATION IN DONATIONS

Twenty-one percent of the 2016 total support, revenue, and other gains were received from two donors. The Center monitors its cash flow so that it does not rely on these large donations to perform its exempt purpose.