

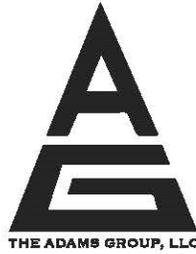
**DELTA GAMMA ANCHOR CENTER
FOR BLIND CHILDREN**

FINANCIAL STATEMENTS

JUNE 30, 2019

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CERTIFIED PUBLIC ACCOUNTANTS

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, 2019 and 2018, 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.

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, 2019 and 2018, 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.

Emphasis of Matter

As described in Note 1 to the financial statements, the Center adopted the provisions under Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of June 30, 2019. Our opinion is not modified with respect to this matter.

September 11, 2019
Denver, Colorado

The Adams Group, LLC

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
STATEMENTS OF FINANCIAL POSITION

<u>June 30,</u>	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 2,249,436	\$ 871,706
Investments	5,364,130	4,637,289
Prepaid expenses	78,417	46,721
Promises to give	1,129,010	519,164
Property and equipment, net of accumulated depreciation	4,806,461	5,018,161
Cash held for long-term purposes	<u>70,643</u>	<u>197,508</u>
Total Assets	<u>\$ 13,698,097</u>	<u>\$ 11,290,549</u>
<u>Liabilities and Net Assets</u>		
<u>Liabilities</u>		
Accounts payable and accrued expenses	\$ 105,028	\$ 52,832
Deferred revenue	<u>25,410</u>	<u>41,418</u>
Total liabilities	<u>130,438</u>	<u>94,250</u>
<u>Net assets</u>		
Without donor restriction		
Undesignated	8,498,315	6,222,150
Board designated	<u>2,267,570</u>	<u>2,165,663</u>
Total net assets without donor restriction	10,765,885	8,387,813
With donor restriction	<u>2,801,774</u>	<u>2,808,486</u>
Total net assets	<u>13,567,659</u>	<u>11,196,299</u>
Total Liabilities and Net Assets	<u>\$ 13,698,097</u>	<u>\$ 11,290,549</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,	2019		
	Without Donor Restriction	With Donor Restriction	Total
<u>Support, Revenue, and Other Gains</u>			
Contributions	\$ 3,572,302	\$ 86,576	\$ 3,658,878
Program fees	85,272	0	85,272
Federal awards	4,250	0	4,250
Special events (net)	520,211	0	520,211
Investment income	148,293	152,920	301,213
Other	311	0	311
Net assets released from restrictions	<u>246,208</u>	<u>(246,208)</u>	<u>0</u>
Total support, revenue, and other gains	<u>4,576,847</u>	<u>(6,712)</u>	<u>4,570,135</u>
<u>Expenses</u>			
Program services			
School	<u>1,803,794</u>		<u>1,803,794</u>
Supporting services			
Management and general	128,517		128,517
Fundraising	<u>266,464</u>		<u>266,464</u>
Total supporting services	<u>394,981</u>		<u>394,981</u>
Total expenses	<u>2,198,775</u>		<u>2,198,775</u>
Changes in net assets	2,378,072	(6,712)	2,371,360
Net assets, beginning of year	<u>8,387,813</u>	<u>2,808,486</u>	<u>11,196,299</u>
Net assets, end of year	<u>\$ 10,765,885</u>	<u>\$ 2,801,774</u>	<u>\$ 13,567,659</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,	2018		
	Without Donor Restriction	With Donor Restriction	Total
<u>Support, Revenue, and Other Gains</u>			
Contributions	\$ 1,491,926	\$ 99,126	\$ 1,591,052
Program fees	93,110	0	93,110
Federal awards	4,900	0	4,900
Special events (net)	479,044	0	479,044
Investment income	158,881	232,099	390,980
Other	6,088	0	6,088
Net assets released from restrictions	<u>290,767</u>	<u>(290,767)</u>	<u>0</u>
Total support, revenue, and other gains	<u>2,524,716</u>	<u>40,458</u>	<u>2,565,174</u>
<u>Expenses</u>			
Program services			
School	<u>1,656,257</u>		<u>1,656,257</u>
Supporting services			
Management and general	193,049		193,049
Fundraising	<u>256,578</u>		<u>256,578</u>
Total supporting services	<u>449,627</u>		<u>449,627</u>
Total expenses	<u>2,105,884</u>		<u>2,105,884</u>
Changes in net assets	418,832	40,458	459,290
Net assets, beginning of year	<u>7,968,981</u>	<u>2,768,028</u>	<u>10,737,009</u>
Net assets, end of year	<u>\$ 8,387,813</u>	<u>\$ 2,808,486</u>	<u>\$ 11,196,299</u>

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

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
STATEMENT OF FUNCTIONAL EXPENSES

	<u>School</u>	<u>Management And General</u>	<u>Fundraising</u>	<u>Totals</u>
<u>For the Year Ended June 30, 2019</u>				
Salaries and wages	\$ 1,058,207	\$ 51,640	\$ 206,848	\$ 1,316,695
Employee benefits	82,700	3,878	12,150	98,728
Payroll taxes	<u>79,782</u>	<u>3,777</u>	<u>11,558</u>	<u>95,117</u>
Total compensation	1,220,689	59,295	230,556	1,510,540
Professional fees	49,547	16,441	2,112	68,100
Supplies	36,705	376	228,793	265,874
Telephone	8,679	411	1,257	10,347
Postage	4,492	215	852	5,559
Occupancy	170,734	11,484	91,505	273,723
Equipment rental and maintenance	31,469	1,490	32,883	65,842
Printing	11,355	537	1,645	13,537
Dues and subscriptions	2,556	6	6	2,568
Travel and conventions	18,225	0	0	18,225
Miscellaneous	10,710	30,564	31,166	72,440
Depreciation and amortization	<u>238,633</u>	<u>7,698</u>	<u>10,264</u>	<u>256,595</u>
Total expenses	<u>1,803,794</u>	<u>128,517</u>	<u>631,039</u>	<u>2,563,350</u>
Less: special events netted with revenues	<u>0</u>	<u>0</u>	<u>(364,575)</u>	<u>(364,575)</u>
Total expenses on statement of activities	<u>\$ 1,803,794</u>	<u>\$ 128,517</u>	<u>\$ 266,464</u>	<u>\$ 2,198,775</u>

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

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
STATEMENT OF FUNCTIONAL EXPENSES

	<u>School</u>	<u>Management And General</u>	<u>Fundraising</u>	<u>Totals</u>
<u>For the Year Ended June 30, 2018</u>				
Salaries and wages	\$ 1,028,277	\$ 64,426	\$ 178,030	\$ 1,270,733
Employee benefits	73,643	3,985	11,493	89,121
Payroll taxes	<u>78,393</u>	<u>4,276</u>	<u>12,353</u>	<u>95,022</u>
Total compensation	1,180,313	72,687	201,876	1,454,876
Professional fees	36,780	12,875	3,736	53,391
Supplies	29,679	243	158,178	188,100
Telephone	8,247	450	1,300	9,997
Postage	2,027	215	5,573	7,815
Occupancy	133,062	32,841	90,097	256,000
Equipment rental and maintenance	33,116	1,806	31,135	66,057
Printing	2,553	339	8,378	11,270
Dues and subscriptions	1,537	7	7	1,551
Travel and conventions	12,349	0	0	12,349
Miscellaneous	11,501	30,048	44,156	85,705
Depreciation and amortization	<u>205,093</u>	<u>41,538</u>	<u>12,981</u>	<u>259,612</u>
Total expenses	<u>1,656,257</u>	<u>193,049</u>	<u>557,417</u>	<u>2,406,723</u>
Less: special events netted with revenues	<u>0</u>	<u>0</u>	<u>(300,839)</u>	<u>(300,839)</u>
Total expenses on statement of activities	<u>\$ 1,656,257</u>	<u>\$ 193,049</u>	<u>\$ 256,578</u>	<u>\$ 2,105,884</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>2019</u>	<u>2018</u>
Cash flows from operating activities		
Cash received from contributions	\$ 2,994,903	\$ 1,695,007
Cash received from federal awards	4,250	4,900
Other cash received	869,089	749,908
Interest and dividends received	137,638	102,806
Cash paid to employees and suppliers	<u>(2,141,817)</u>	<u>(2,127,429)</u>
Net cash provided by operating activities	<u>1,864,063</u>	<u>425,192</u>
Cash flows from investing activities		
Proceeds from the sale of investments	1,618,520	2,426,923
Purchase of investments	(2,181,786)	(2,250,951)
Proceeds from the sale of equipment	2,766	0
Purchase of property and equipment	(52,698)	(10,500)
Net (increase) decrease in cash held for long-term purposes	<u>126,865</u>	<u>(68,166)</u>
Net cash provided by (used for) investing activities	<u>(486,333)</u>	<u>97,306</u>
Net increase in cash and cash equivalents	1,377,730	522,498
Cash and cash equivalents, beginning of year	<u>871,706</u>	<u>349,208</u>
Cash and cash equivalents, end of year	<u>\$ 2,249,436</u>	<u>\$ 871,706</u>
Reconciliation of changes in net assets to net cash provided by (used for) operating activities:		
Changes in net assets	\$ 2,371,360	\$ 459,290
Adjustments		
Depreciation and amortization	256,595	259,612
(Gain) loss on sale of fixed assets	5,037	0
Unrealized (gain) loss on investments	(82,860)	(97,802)
Realized (gain) on investments	(80,715)	(190,372)
(Increase) decrease in assets		
Promises to give	(609,846)	23,913
Prepaid expenses	(31,696)	(24,024)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	52,196	(25,893)
Deferred revenue	<u>(16,008)</u>	<u>20,468</u>
Net cash provided by operating activities	<u>\$ 1,864,063</u>	<u>\$ 425,192</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 (the 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, 2019 and 2018. The Center's open Internal Revenue Service audit periods are June 30, 2016 and thereafter.

Recently Adopted Accounting Pronouncement

As of June 30, 2019, the Center adopted, Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This ASU requires net assets to be classified in two categories, net assets without donor restrictions and net assets with donor restrictions, rather than the three previous classifications. In addition, the underwater portion of donor-restricted endowments is now reported as net assets with donor restrictions, if any. The ASU will also require changes in the way certain information is aggregated and reported by the Center, including disclosures of quantitative and qualitative information about the liquidity and availability of resources and the presentation of expenses by both functional and natural classification. The ASU also clarifies the definition of management and general and prohibits certain expenses from being allocated out of management and general. There were no restatements to the prior year as a result of adopting the amendment.

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:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions, or the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Center.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
NOTES TO FINANCIAL STATEMENTS

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

Classes of Net Assets (Continued)

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable State law.

Contributions

Contributions, a principal source of revenue, are recorded as net assets without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions are recognized when cash or ownership of donated assets is unconditionally promised to the Center.

Donor restricted contributions whose restrictions are met in the same reporting period are reported as contributions without restriction in the statement of activities.

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.

Federal Awards

Revenue is recognized when expenses are incurred on the projects.

Functional Allocation of Expenses

The costs of providing program services 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 on several bases and estimates. Salaries and benefits are allocated based on time and effort. Occupancy costs are generally based on square footage. Other expenses, such as telephone, are generally allocated based on headcount. Although the methods used of allocation used are considered appropriate, other methods could be used that would produce different amounts.

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 support without donor restriction 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 support with donor restriction. 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.

Investments

Investments are carried at fair value and cost. 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.

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
NOTES TO FINANCIAL STATEMENTS

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

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 11, 2019, and this is the date through which subsequent events were evaluated. The Center did not identify any subsequent events requiring disclosure.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Center's financial assets available within one year of the balance sheet date for general expenditure are as follows:

	<u>2019</u>
Cash and cash equivalents	\$ 2,249,436
Promises to give	<u>629,010</u>
	<u>\$ 2,878,446</u>

As part of the Center's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

In addition to the resources available above, the Center has a quasi-endowment of \$2,267,570. Although the Center does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its quasi-endowment could be made available if necessary. The Center's endowment funds consist of donor-restricted endowments and a quasi-endowment. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure.

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – INVESTMENTS

	2019	2018
Carried at fair value (based on quoted market prices):		
Equities	\$ 3,420,198	\$ 3,281,233
Fixed income	1,367,843	1,241,438
Real estate funds	71,430	68,731
Commodities	0	45,887
	4,859,471	4,637,289
Carried at cost:		
Certificate of deposit	504,659	0
	<u>\$ 5,364,130</u>	<u>\$ 4,637,289</u>
Composition of investment return:		
	2019	2018
Dividends and interest	\$ 137,638	\$ 102,806
Unrealized gains on investments	82,860	97,802
Realized gains on investments	80,715	190,372
Investment return	301,213	390,980
Total investment income	<u>\$ 301,213</u>	<u>\$ 390,980</u>

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, the Center's investments are valued using Level 1, Quoted Prices in Active Markets for Identical Assets input. Certificates of deposit are carried at cost, which approximates fair value and is a Level 2, Observable Information for Similar Items in Active or Inactive Markets input. 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 4 – 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-seven percent of promises to give at June 30, 2019 were from two trusts. Ninety-six percent of promises to give at June 30, 2018 was from one trust. The promises to give from various trusts and individuals were as follows:

	2019	2018
In less than one year	\$ 629,010	\$ 19,164
In one to five years	500,000	500,000
Total promises to give	<u>\$ 1,129,010</u>	<u>\$ 519,164</u>

Management believes all promises to give will be received.

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – PROPERTY AND EQUIPMENT

	<u>2019</u>	<u>2018</u>
Building	\$ 6,561,881	\$ 6,537,237
Furniture	195,684	198,450
Equipment	297,321	278,616
Auto	23,000	23,000
Logo	6,826	6,826
Artwork	18,856	18,855
	<u>7,103,568</u>	<u>7,062,984</u>
Accumulated depreciation	<u>(2,980,989)</u>	<u>(2,728,705)</u>
	4,122,579	4,334,279
Land	<u>683,882</u>	<u>683,882</u>
	<u>\$ 4,806,461</u>	<u>\$ 5,018,161</u>

Depreciation expense was \$256,595 and \$259,612 for 2019 and 2018.

NOTE 6 – DEFERRED REVENUE

The Center received sponsorships and ticket revenue as well as prepaid tuition totaling \$25,410 and \$41,418, which was recorded as deferred revenue as of June 30, 2019 and 2018 primarily for Sunset in the Country and third-party events in 2019 and 2018. The revenue and associated expense will be recorded as a special event when the event and school takes place in the subsequent period.

NOTE 7 – RESTRICTIONS ON NET ASSETS

Net assets are available for the following purposes:

	<u>2019</u>	<u>2018</u>
Net Assets Without Donor Restriction:		
Undesignated	\$ 8,498,315	\$ 6,222,150
Designated for quasi-endowment	<u>2,267,570</u>	<u>2,165,663</u>
	<u>\$ 10,765,885</u>	<u>\$ 8,387,813</u>
Net Assets With Donor Restriction:		
Parent Compass	\$ 1,746	\$ 1,872
Schlessman endowment	65,487	65,487
Minning endowment	5,000	5,000
Mumey endowment	50,000	50,000
Hynd endowment	17,000	17,000
Austin Glen endowment	1,391,355	1,405,296
Greenleaf Trust endowment	<u>1,271,186</u>	<u>1,263,831</u>
	<u>\$ 2,801,774</u>	<u>\$ 2,808,486</u>

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – RESTRICTIONS ON NET ASSETS (CONTINUED)

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

	<u>2019</u>	<u>2018</u>
Building maintenance	\$ 88,067	\$ 87,124
Digital literacy	18,000	16,000
Family support	0	7,397
Operations	71,440	71,631
Outreach	0	26,980
Parent Compass	533	590
Supplies	3,668	4,000
Therapy	<u>64,500</u>	<u>77,045</u>
	<u>\$ 246,208</u>	<u>\$ 290,767</u>

NOTE 8 – SPECIAL EVENTS

	<u>2019</u>	<u>2018</u>
Revenues		
Sunset in the Country 2018	657,722	0
Sunset in the Country 2017	0	598,352
Foresight Golf Classic 2019	112,392	0
Foresight Golf Classic 2018	0	138,850
Dancing With The Anchors 2019	65,104	0
Visions of Love 2019	49,568	0
Visions of Love 2018	<u>0</u>	<u>42,681</u>
Total revenues	<u>884,786</u>	<u>779,883</u>
Expenses		
Sunset in the Country 2018	237,718	0
Sunset in the Country 2017	0	200,049
Foresight Golf Classic 2019	76,959	0
Foresight Golf Classic 2018	0	75,506
Dancing With The Anchors 2019	21,041	0
Visions of Love 2019	28,857	0
Visions of Love 2018	<u>0</u>	<u>25,284</u>
Total expenses	<u>364,575</u>	<u>300,839</u>
Net Special Event Revenue	<u>\$ 520,211</u>	<u>\$ 479,044</u>

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
NOTES TO FINANCIAL STATEMENTS

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 net assets with donor restriction in perpetuity and board designated net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the 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 net assets with donor restriction in perpetuity or board designated net assets is classified as net assets with donor restriction temporarily 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 donor restricted endowments has a perpetual 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 \$2,800,028 and \$2,806,614 in donor restricted endowment net assets for the years ended June 30, 2019 and 2018 and \$2,267,570 and \$2,165,663 in board designated endowment net asset for the years ended June 30, 2019 and 2018.

Changes in endowment net assets for the year ended June 30, 2019:

	<u>Board Designated</u>	<u>Donor Restricted</u>	<u>Total</u>
Endowment net assets, beginning of the year	\$ 2,165,663	\$ 2,808,486	\$ 4,826,672
Contributions	0	86,576	86,576
Investment income	123,911	152,920	276,831
Net assets released from restrictions	<u>(22,004)</u>	<u>(246,208)</u>	<u>(268,212)</u>
Endowment net assets, end of year	<u>\$ 2,267,570</u>	<u>\$ 2,801,774</u>	<u>\$ 4,921,867</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, 2018:

	<u>Board Designated</u>	<u>Donor Restricted</u>	<u>Total</u>
Endowment net assets, beginning of the year	\$ 2,058,644	\$ 2,768,028	\$ 4,826,672
Contributions	0	99,126	99,126
Investment income	157,498	232,099	389,597
Net assets released from restrictions	<u>(50,479)</u>	<u>(290,767)</u>	<u>(341,246)</u>
Endowment net assets, end of year	<u>\$ 2,165,663</u>	<u>\$ 2,808,486</u>	<u>\$ 4,974,149</u>

NOTE 10 – COMMITMENTS

Operating Leases

The Center entered into operating leases for copiers in October 2014 and November 2015 for \$212 and \$428 per month that expire in September 2019 and October 2020. Lease expense for the years ended June 30, 2019 and 2018 was \$7,673 and \$7,446.

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

2020	\$ 5,770
2021	1,712

Commitment

The Center has an annual Sunset Event, Sunset in the Country 2019, 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 \$28,557 and \$24,423 for the years ended June 30, 2019 and 2018.

NOTE 12 – CONCENTRATION IN DONATIONS

Fifty-eight percent of the 2019 total support, revenue, and other gains were received from one donor. The Center monitors its cash flow and liquidity so that it does not rely on these large donations to perform its exempt purpose.