

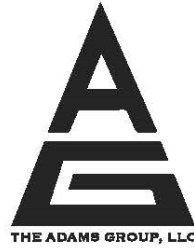
**DELTA GAMMA ANCHOR CENTER
FOR BLIND CHILDREN**

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, and the changes in its net assets and its cash flows for the years ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

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

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

The Adams Group, LLC

Denver, Colorado
October 6, 2022

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
STATEMENTS OF FINANCIAL POSITION

June 30,	2022	2021
<u>Assets</u>		
Cash and cash equivalents	\$ 1,781,466	\$ 1,246,177
Cash held for long-term purposes	194,498	201,970
Promises to give	46,467	757,308
Investments	7,923,995	9,328,744
Prepaid expenses	49,975	56,634
Property and equipment, net	4,470,271	4,402,480
Total Assets	\$ 14,466,672	\$ 15,993,313
<u>Liabilities and Net Assets</u>		
<u>Liabilities</u>		
Accounts payable and accrued expenses	\$ 94,457	\$ 209,041
Deferred revenue	22,790	63,795
Total liabilities	117,247	272,836
<u>Net Assets</u>		
Without donor restriction		
Undesignated	6,043,005	5,944,063
Board designated	4,454,444	5,247,959
Total net assets without donor restriction	10,497,449	11,192,022
With donor restriction		
	3,851,976	4,528,455
Total net assets	14,349,425	15,720,477
Total Liabilities and Net Assets	\$ 14,466,672	\$ 15,993,313

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,

2022

	Without Donor Restriction	With Donor Restriction	Total
<u>Support, Revenue, and Other Gains</u>			
Contributions	\$ 1,081,929	\$ 300,664	\$ 1,382,593
In-kind donations	122,089	0	122,089
Program fees	133,832	0	133,832
Federal awards	31,795	0	31,795
Special events, net	530,698	0	530,698
Investment income (loss), net	(744,595)	(426,257)	(1,170,852)
Other	2,169	0	2,169
Net assets released from restrictions	550,886	(550,886)	0
	<u>1,708,803</u>	<u>(676,479)</u>	<u>1,032,324</u>
<u>Expenses</u>			
<u>Program services</u>			
School	1,941,362		1,941,362
<u>Supporting services</u>			
General and administrative	126,804		126,804
Fundraising	335,210		335,210
Total supporting services	462,014		462,014
Total expenses	2,403,376		2,403,376
Changes in net assets	(694,573)	(676,479)	(1,371,052)
Net assets, beginning of year	11,192,022	4,528,455	15,720,477
Net assets, end of year	<u>\$ 10,497,449</u>	<u>\$ 3,851,976</u>	<u>\$ 14,349,425</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,

2021

	Without Donor Restriction	With Donor Restriction	Total
<u>Support, Revenue, and Other Gains</u>			
Contributions	\$ 1,005,540	\$ 1,289,541	\$ 2,295,081
In-kind donations	138,988	0	138,988
Program fees	100,339	0	100,339
Federal awards	312,975	0	312,975
Special events, net	429,463	0	429,463
Investment income, net	661,306	765,259	1,426,565
Other	2,625	0	2,625
Net assets released from restrictions	305,162	(305,162)	0
	<u>2,956,398</u>	<u>1,749,638</u>	<u>4,706,036</u>
<u>Expenses</u>			
<u>Program services</u>			
School	1,843,928		1,843,928
<u>Supporting services</u>			
General and administrative	97,719		97,719
Fundraising	342,328		342,328
Total supporting services	<u>440,047</u>		<u>440,047</u>
Total expenses	<u>2,283,975</u>		<u>2,283,975</u>
Changes in net assets	672,423	1,749,638	2,422,061
Net assets, beginning of year	<u>10,519,599</u>	<u>2,778,817</u>	<u>13,298,416</u>
Net assets, end of year	<u>\$ 11,192,022</u>	<u>\$ 4,528,455</u>	<u>\$ 15,720,477</u>

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

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30,

2022

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total Expense</u>
	<u>School</u>	<u>General and Administrative</u>	<u>Fundraising</u>		
Salaries and wages	\$ 1,152,077	\$ 80,412	\$ 245,670	\$ 326,082	\$ 1,478,159
Employee benefits	88,301	5,884	18,186	24,070	112,371
Payroll taxes	86,248	6,020	18,392	24,412	110,660
Total compensation	<u>1,326,626</u>	<u>92,316</u>	<u>282,248</u>	<u>374,564</u>	<u>1,701,190</u>
Professional fees	46,591	10,932	7,996	18,928	65,519
Supplies	100,151	2,591	278,674	281,265	381,416
Telephone	8,430	335	1,564	1,899	10,329
Postage	4,296	171	894	1,065	5,361
Occupancy	164,866	11,292	88,422	99,714	264,580
Equipment rental and maintenance	7,423	291	1,377	1,668	9,091
Printing	7,673	305	1,423	1,728	9,401
Dues and subscriptions	2,519	0	0	0	2,519
Travel and conventions	17,731	0	0	0	17,731
Miscellaneous	12,188	44,349	13,541	57,890	70,078
Depreciation	242,868	7,834	10,446	18,280	261,148
Total expenses	<u>1,941,362</u>	<u>170,416</u>	<u>686,585</u>	<u>857,001</u>	<u>2,798,363</u>
Less: investment expenses netted with revenues	0	(43,612)	0	(43,612)	(43,612)
Less: special events netted with revenues	0	0	(351,375)	(351,375)	(351,375)
Total expenses on statement of activities	<u>\$ 1,941,362</u>	<u>\$ 126,804</u>	<u>\$ 335,210</u>	<u>\$ 462,014</u>	<u>\$ 2,403,376</u>

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

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30,

2021

	Supporting Services			Total Supporting Services	Total Expense
	School	General and Administrative	Fundraising		
Salaries and wages	\$ 1,132,170	\$ 57,043	\$ 258,575	\$ 315,618	\$ 1,447,788
Employee benefits	77,654	3,769	17,402	21,171	98,825
Payroll taxes	82,426	4,153	18,825	22,978	105,404
Total compensation	<u>1,292,250</u>	<u>64,965</u>	<u>294,802</u>	<u>359,767</u>	<u>1,652,017</u>
Professional fees	37,133	10,894	10,428	21,322	58,455
Supplies	65,161	1,311	229,746	231,057	296,218
Telephone	8,713	300	1,785	2,085	10,798
Postage	3,913	135	1,022	1,157	5,070
Occupancy	175,987	11,744	96,127	107,871	283,858
Equipment rental and maintenance	9,083	235	1,399	1,634	10,717
Printing	6,827	235	1,399	1,634	8,461
Dues and subscriptions	2,948	0	0	0	2,948
Travel and conventions	3,598	0	0	0	3,598
Miscellaneous	6,321	38,811	7,650	46,461	52,782
Depreciation	231,994	7,484	9,978	17,462	249,456
Total expenses	<u>1,843,928</u>	<u>136,114</u>	<u>654,336</u>	<u>790,450</u>	<u>2,634,378</u>
Less: investment expenses netted with revenues	0	(38,395)	0	(38,395)	(38,395)
Less: special events netted with revenues	0	0	(312,008)	(312,008)	(312,008)
Total expenses on statement of activities	<u>\$ 1,843,928</u>	<u>\$ 97,719</u>	<u>\$ 342,328</u>	<u>\$ 440,047</u>	<u>\$ 2,283,975</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,	2022	2021
Cash flows from operating activities:		
Cash received from contributions	\$ 1,979,858	\$ 2,200,892
Cash received from federal awards	31,795	12,175
Other cash received	977,069	824,711
Interest and dividends received	160,056	119,886
Cash paid to employees and suppliers	<u>(2,365,863)</u>	<u>(2,097,265)</u>
Net cash provided by operating activities	<u>782,915</u>	<u>1,060,399</u>
Cash flows from investing activities:		
Proceeds from sales of investments	4,316,541	1,562,274
Purchase of investments	(4,242,700)	(4,242,700)
Purchase of property and equipment	(328,939)	(95,359)
Cash held for long-term purposes	7,472	(94,160)
Net cash (used for) investing activities	<u>(247,626)</u>	<u>(2,869,945)</u>
Net increase (decrease) in cash and cash equivalents	535,289	(1,809,546)
Cash and cash equivalents at beginning of year	<u>1,246,177</u>	<u>3,055,723</u>
Cash and cash equivalents at end of year	<u>\$ 1,781,466</u>	<u>\$ 1,246,177</u>

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

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 – 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 (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, 2022 and 2021. The Center is generally no longer subject to examination by the Internal Revenue Service for years before June 30, 2019.

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.

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.

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Donations

The Center receives contributed goods for various fundraising events. Donated services are only recorded if the services create or enhance a nonfinancial asset or require specialized skills that the Center would otherwise need to purchase. Many individuals volunteer their time and perform a variety of tasks to assist the Center. However, no amounts are reflected in the accompanying financial statements as this time did not meet the criteria for recognition under generally accepted accounting principles.

Cash and cash equivalents

The Center considers all highly liquid investments purchased with an original maturity of three months or less to be 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.

Investments

Investments are carried at fair value based on quoted prices in active markets. 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.

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 class of net assets. Promises to give are stated net of an allowance for doubtful accounts estimated by management. As of June 30, 2022 and 2021, management believes all promises to give are collectible.

Property, Equipment and Depreciation

Assets over \$5,000 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.

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Advertising Costs

The costs of promotion and advertising are expensed as incurred.

Reclassifications

Certain reclassifications have been made to prior year information to conform with current year presentation.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 6, 2022, which is the date the financial statements were available to be issued.

Recently Adopted Accounting Standards Update

As of July 1, 2021, the Center adopted Accounting Standards Update No. 2020-07 *Not-for-Profit Entities: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard enhances the disclosures related to contributions of nonfinancial assets and was applied retrospectively to all periods presented.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Center's financial assets available within one year of June 30, 2022 for general expenditure are as follows:

Cash and cash equivalents	\$ 1,781,466
Promises to give	29,467
Investments	<u>7,923,995</u>
	9,734,928
Less: donor restricted net assets	(3,851,976)
Less: board designated net assets	<u>(4,454,444)</u>
Available for general expenditure	<u>\$ 1,428,508</u>

As part of the Center's liquidity management, it structures its financial assets to be available to meet 90 days of budgeted cash operating expenses. Excess cash is invested in short-term investments, including money market accounts and certificates of deposits.

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

In addition to the resources available above, the Center has a quasi-endowment of \$4,454,444 as of June 30, 2022. 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.

NOTE 3 – INVESTMENTS

	<u>2022</u>	<u>2021</u>
Carried at fair value (based on quoted market prices):		
Equities	\$ 5,234,668	\$ 5,173,351
Fixed income	2,455,886	4,017,347
Real estate funds	90,081	84,566
Other	<u>143,360</u>	<u>53,480</u>
Total investments	<u>\$ 7,923,995</u>	<u>\$ 9,328,744</u>

Composition of investment return:

	<u>2022</u>	<u>2021</u>
Dividends and interest	\$ 160,056	\$ 119,886
Unrealized gain (loss) on investments	(1,567,424)	1,190,164
Realized gains on investments	280,128	154,910
Investment expenses	<u>(43,612)</u>	<u>(38,395)</u>
Total investment income (loss)	<u>\$ (1,170,852)</u>	<u>\$ 1,426,565</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. 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

The promises to give from various trusts and individuals were as follows:

	<u>2022</u>	<u>2021</u>
In less than one year	\$ 29,467	\$ 257,308
In one to five years	<u>17,000</u>	<u>500,000</u>
Total promises to give	<u>\$ 46,467</u>	<u>\$ 757,308</u>

Eighty-five percent of promises to give at June 30, 2021 were from two trusts.

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 5 – PROPERTY AND EQUIPMENT

	<u>2022</u>	<u>2021</u>
Building	\$ 6,980,818	\$ 6,576,454
Furniture	195,684	195,684
Equipment	244,576	239,216
Auto	23,000	23,000
Logo	6,826	6,826
Artwork	<u>18,856</u>	<u>18,856</u>
	7,469,760	7,060,036
Accumulated depreciation	<u>(3,683,370)</u>	<u>(3,422,222)</u>
	3,786,390	3,637,814
Construction in progress	0	80,785
Land	<u>683,881</u>	<u>683,881</u>
 Total property and equipment, net	 <u>\$ 4,470,271</u>	 <u>\$ 4,402,480</u>

Depreciation expense was \$261,148 and \$249,456 for the years ended June 30, 2022 and 2021.

NOTE 6 – DEFERRED REVENUE

The Center receives sponsorships and ticket revenue as well as prepaid tuition which is recorded as deferred revenue. The revenue and associated expense will be recognized when the event and school takes place in the subsequent period. Deferred revenue was \$22,790 and \$63,795 as of June 30, 2022 and 2021.

NOTE 7 – RESTRICTIONS ON NET ASSETS

Net assets are available for the following purposes as of June 30:

	<u>2022</u>	<u>2021</u>
Net assets without donor restriction:		
Undesignated	\$ 6,043,005	\$ 5,944,063
Designated for quasi-endowments	<u>4,454,444</u>	<u>5,247,959</u>
 Total net assets without donor restriction	 <u>\$ 10,497,449</u>	 <u>\$ 11,192,022</u>

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 7 – RESTRICTIONS ON NET ASSETS (CONTINUED)

	<u>2022</u>	<u>2021</u>
Net assets with donor restriction:		
Cortical visual impairment (CVI) programs	\$ 1,071,682	\$ 1,000,000
Capital expenses	0	128,246
Parent Compass	598	1,201
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	1,358,674	1,703,948
Greenleaf Trust endowment	1,273,535	1,547,573
Rose Community endowment	10,000	10,000
	<u>\$ 3,851,976</u>	<u>\$ 4,528,455</u>

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

	<u>2022</u>	<u>2021</u>
Capital expenses	\$ 220,746	\$ 80,785
Building maintenance	131,467	88,641
Family support	0	8,000
Operations	61,589	59,623
Parent Compass	618	618
Supplies	19,966	4,995
Therapy	116,500	62,500
	<u>\$ 550,886</u>	<u>\$ 305,162</u>

NOTE 8 – IN-KIND DONATIONS

The Center’s policy related to in-kind donations is to utilize the assets given to carry out its mission. If an asset is provided that does not allow the Center to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

The Center received in-kind donations as follows for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Professional services	\$ 8,513	\$ 1,765
Hotel and other fundraising	113,576	137,223
	<u>\$ 122,089</u>	<u>\$ 138,988</u>

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 8 – IN-KIND DONATIONS (CONTINUED)

The value of donated professional services was determined based on standard hourly rates. The value of donated hotel and other fundraising activities was determined based on current prices. All in-kind donations received by the Center for the years ended June 30, 2022 and 2021 were considered without donor restrictions and able to be used by the Center as determined by the board of directors and management.

NOTE 9 – ENDOWMENTS

The Center's endowments consist of donor-restricted endowment funds and board-designated endowment funds. 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.

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NOTE 9 – ENDOWMENTS (CONTINUED)

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.

Changes in endowment net assets for the years ended June 30, 2022 and 2021:

	<u>Board Designated</u>	<u>Donor Restricted</u>	<u>Total</u>
Balance June 30, 2020	\$ 4,528,661	\$ 2,777,013	\$ 7,305,674
Contributions	845,610	0	845,610
Investment income	647,651	783,369	1,431,020
Withdrawals	<u>(773,963)</u>	<u>(161,374)</u>	<u>(935,337)</u>
Balance June 30, 2021	5,247,959	3,399,008	8,646,967
Contributions	54,189	0	54,189
Investment income (loss)	(744,595)	(426,257)	(1,170,852)
Withdrawals	<u>(103,109)</u>	<u>(193,055)</u>	<u>(296,164)</u>
Balance June 30, 2022	<u>\$ 4,454,444</u>	<u>\$ 2,779,696</u>	<u>\$ 7,234,140</u>

As of June 30, 2022, there were no endowment funds that fell below the level that the donor or UPMIFA requires the Center to retain for a perpetual duration.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Operating Leases

The Center entered into operating leases for copiers that expire at various times through 2025. Lease expense for the years ended June 30, 2022 and 2021 was \$8,775 and \$7,219.

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

2023	\$ 6,720
2024	6,720
2025	3,920

Event Commitments

The Center has an annual Sunset Event, Sunset in the City, 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. The Center has not incurred penalties for failure to hold events for the years ended June 30, 2022 and 2021.

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NOTE 10 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Construction Commitments

The Center engaged a contractor for renovations to the basement, which began in June 2021. The project was completed in fiscal year 2022 and the project was added to depreciable capital assets for the year ended June 30, 2022.

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 \$52,348 and \$40,563 for the years ended June 30, 2022 and 2021.

NOTE 12 – CONCENTRATION IN DONATIONS

For the year ended June 30, 2022, one donor comprised 11% of total contributions. For the year ended June 30, 2021 two donors comprised 59% of total contributions. One of these donors is a board member who contributed \$1,050,000 for the year ended June 30, 2021. The Center monitors its cash flow and liquidity so that it does not rely on these large donations to perform its exempt purpose.