

**DELTA GAMMA ANCHOR CENTER  
FOR BLIND CHILDREN**

**FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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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, 2016 and 2015, 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, 2016 and 2015, 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, 2016  
Denver, Colorado

*Payette & Adams, LLC*

DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN  
STATEMENTS OF FINANCIAL POSITION

<u>June 30,</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 361,203	\$ 528,475
Investments	4,471,808	5,238,655
Prepaid expenses	22,702	37,873
Promises to give	519,289	573,827
Property and equipment, net of accumulated depreciation	5,511,349	5,744,094
Cash held for long-term purposes	<u>191,078</u>	<u>176,859</u>
Total Assets	<u>\$ 11,077,429</u>	<u>\$ 12,299,783</u>
<u>Liabilities and Net Assets</u>		
<u>Liabilities</u>		
Accounts payable and accrued expenses	\$ 79,447	\$ 365,205
Deferred revenue	<u>68,780</u>	<u>49,745</u>
Total liabilities	<u>148,227</u>	<u>414,950</u>
<u>Net assets</u>		
<u>Unrestricted</u>		
Undesignated	6,112,486	6,302,396
Board designated	<u>2,227,703</u>	<u>2,805,081</u>
Total unrestricted	8,340,189	9,107,477
Temporarily restricted	16,344	32,436
Permanently restricted	<u>2,572,669</u>	<u>2,744,920</u>
Total net assets	<u>10,929,202</u>	<u>11,884,833</u>
Total Liabilities and Net Assets	<u>\$ 11,077,429</u>	<u>\$ 12,299,783</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,	2016			
	<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  
STATEMENT OF ACTIVITIES

For the Year Ended June 30,

2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Support, Revenue, and</u>				
<u>Other Gains</u>				
Contributions	\$ 982,427	\$ 242,412	\$ 2,500	\$ 1,227,339
Program fees	108,938	0	0	108,938
Federal awards	0	2,033	0	2,033
Special events (net)	466,766	0	0	466,766
Investment income	71,639	0	67,324	138,963
Other	4,740	0	0	4,740
Net assets released from restrictions	<u>595,245</u>	<u>(439,757)</u>	<u>(155,488)</u>	<u>0</u>
 Total support, revenue, and other gains	<u>2,229,755</u>	<u>(195,312)</u>	<u>(85,664)</u>	<u>1,948,779</u>
 <u>Expenses</u>				
Program services				
School	<u>1,892,368</u>			<u>1,892,368</u>
Supporting services				
Management and general	251,391			251,391
Fundraising	<u>264,169</u>			<u>264,169</u>
Total supporting services	<u>515,560</u>			<u>515,560</u>
 Total expenses	<u>2,407,928</u>			<u>2,407,928</u>
 Changes in net assets	(178,173)	(195,312)	(85,664)	(459,149)
Net assets, beginning of year	<u>9,285,650</u>	<u>227,748</u>	<u>2,830,584</u>	<u>12,343,982</u>
Net assets, end of year	<u>\$ 9,107,477</u>	<u>\$ 32,436</u>	<u>\$ 2,744,920</u>	<u>\$ 11,884,833</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, 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>
<u>For the Year Ended June 30, 2015</u>				
Salaries and wages	\$ 1,103,281	\$ 88,259	\$ 199,287	\$ 1,390,827
Employee benefits	55,772	4,036	8,944	68,752
Payroll taxes	<u>75,574</u>	<u>5,469</u>	<u>12,121</u>	<u>93,164</u>
Total compensation	1,234,627	97,764	220,352	1,552,743
Professional fees	138,443	41,646	1,735	181,824
Supplies	74,106	1,030	2,282	77,418
Telephone	6,937	702	1,142	8,781
Postage	5,051	442	821	6,314
Occupancy	132,097	32,556	8,338	172,991
Equipment rental and maintenance	37,671	2,726	6,042	46,439
Printing	10,074	0	2,519	12,593
Dues and subscriptions	2,474	0	0	2,474
Travel and conventions	32,988	0	0	32,988
Miscellaneous	14,957	33,423	8,093	56,473
Depreciation and amortization	<u>202,943</u>	<u>41,102</u>	<u>12,845</u>	<u>256,890</u>
Total functional expenses	<u>\$ 1,892,368</u>	<u>\$ 251,391</u>	<u>\$ 264,169</u>	<u>\$ 2,407,928</u>

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



DELTA GAMMA ANCHOR CENTER FOR BLIND CHILDREN  
STATEMENTS OF CASH FLOWS

<u>For the Years Ended June 30,</u>	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Cash received from contributions	\$ 929,359	\$ 1,068,028
Cash received from federal awards	0	2,033
Other cash received	591,904	941,744
Interest and dividends received	105,414	119,371
Cash paid to employees and suppliers	<u>(2,382,659)</u>	<u>(2,000,474)</u>
Net cash provided by (used for) operating activities	<u>(755,982)</u>	<u>130,702</u>
Cash flows from investing activities		
Proceeds from the sale of investments	1,730,135	1,493,271
Purchase of investments	(1,101,366)	(1,325,180)
Purchase of property and equipment	(28,840)	(339,044)
Net increase in assets held for long-term purposes	<u>(14,219)</u>	<u>(29,155)</u>
Net cash provided by (used for) investing activities	<u>585,710</u>	<u>(200,108)</u>
Cash flows from financing activities		
Contributions restricted for endowment	3,000	2,500
Contributions restricted for capital expenditures	<u>0</u>	<u>57,500</u>
Net cash provided by financing activities	<u>3,000</u>	<u>60,000</u>
Net decrease in cash and cash equivalents	(167,272)	(9,406)
Cash and cash equivalents, beginning of year	<u>528,475</u>	<u>537,881</u>
Cash and cash equivalents, end of year	<u>\$ 361,203</u>	<u>\$ 528,475</u>
Reconciliation of changes in net assets to net cash provided by (used for) operating activities:		
Changes in net assets	\$ (955,631)	\$ (459,149)
Adjustments		
Depreciation and amortization	261,585	256,890
Unrealized loss on investments	337,179	165,993
Realized (gain) on investments	(199,101)	(185,585)
Contributions restricted for endowment	(3,000)	(2,500)
Contributions restricted for capital expenditures	0	(57,500)
(Increase) decrease in assets		
Promises to give	54,538	120,761
Prepaid expenses	15,171	16,738
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(285,758)	307,989
Deferred revenue	<u>19,035</u>	<u>(32,935)</u>
Net cash provided by (used for) operating activities	<u>\$ (755,982)</u>	<u>\$ 130,702</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, 2016 and 2015. The Center's open Internal Revenue Service audit periods are June 30, 2013 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, 2016, 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>2016</u>	<u>2015</u>
Equity securities	\$ 3,082,265	\$ 3,715,619
Fixed income	1,269,914	1,380,504
Real estate	77,571	84,005
Commodities	<u>42,058</u>	<u>58,527</u>
	<u>\$ 4,471,808</u>	<u>\$ 5,238,655</u>

Composition of investment return:

	<u>2016</u>	<u>2015</u>
Dividends and interest	\$ 105,414	\$ 119,371
Unrealized gains (losses) on investments	(337,179)	(165,993)
Realized gains (losses) on investments	<u>199,101</u>	<u>185,585</u>
Investment return (losses)	<u>(32,664)</u>	<u>138,963</u>
Total investment income (loss)	<u>\$ (32,664)</u>	<u>\$ 138,963</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, 2016 and 2015 three mutual fund investments accounted for 59% and 60% 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-six percent of promises to give at June 30, 2016 were from one trust. Eighty-nine percent of promises to give at June 30, 2015 were from two trusts. The promises to give from various trusts and individuals were as follows:

	<u>2016</u>	<u>2015</u>
In less than one year	\$ 515,289	\$ 548,327
In one to five years	<u>4,000</u>	<u>25,500</u>
Total promises to give	<u>\$ 519,289</u>	<u>\$ 573,827</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>2016</u>	<u>2015</u>
Building	\$ 6,539,929	\$ 6,539,928
Furniture	192,418	195,575
Equipment	307,293	333,651
Auto	23,000	23,000
Logo	6,826	6,826
Artwork	<u>18,855</u>	<u>18,855</u>
	7,088,321	7,117,835
Accumulated depreciation	<u>(2,260,854)</u>	<u>(2,057,623)</u>
	4,827,467	5,060,212
Land	<u>683,882</u>	<u>683,882</u>
	<u>\$ 5,511,349</u>	<u>\$ 5,744,094</u>

NOTE 5 – DEFERRED REVENUE

The Center received sponsorships and ticket revenue as well as prepaid tuition totaling \$68,780 and \$49,745, which was recorded as deferred revenue as of June 30, 2016 and 2015 primarily for Sunset in the Country (2016 and 2015) and third party events in 2016 and 2015. 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>2016</u>	<u>2015</u>
Unrestricted Net Assets:		
Undesignated	\$ 6,112,486	\$ 6,302,396
Designated for quasi-endowment	<u>2,227,703</u>	<u>2,805,081</u>
	<u>\$ 8,340,189</u>	<u>\$ 9,107,477</u>
Temporarily Restricted Net Assets:		
Family support	\$ 3,676	\$ 3,838
Parent compass	2,578	2,709
Research	0	4,303
Staff development and literacy	6,622	19,342
Supplies	2,223	0
Therapy/classroom	<u>1,245</u>	<u>2,244</u>
	<u>\$ 16,344</u>	<u>\$ 32,436</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>2016</u>	<u>2015</u>
Ages and stages questionnaire	\$ 0	\$ 2,636
Building maintenance	86,282	85,011
Capital	175	205,204
Family support	2,362	23,059
Operations	71,470	70,477
Outreach	0	4,440
Parent Compass	3,492	4,915
Research	4,303	14,250
Staff development and literacy	12,818	16,807
Supplies	6,791	1,625
Therapy	41,317	166,821
	<u>\$ 229,010</u>	<u>\$ 595,245</u>

NOTE 8 – SPECIAL EVENTS

	<u>2016</u>	<u>2015</u>
Revenues		
Dancing with the Anchors	\$ 39,736	\$ 0
Sunset in the Country 2014	0	757,424
Sunset in the Country 2015	292,364	0
Foresight Golf Classic 2014	0	143,751
Foresight Golf Classic 2015	159,636	0
Cherrity Pie	49,567	39,029
Visions of Love	27,088	29,735
Total revenues	<u>568,391</u>	<u>969,939</u>
Expenses		
Dancing with the Anchors	\$ 20,659	\$ 0
Sunset in the Country 2014	0	404,805
Sunset in the Country 2015	172,523	0
Foresight Golf Classic 2014	0	75,664
Foresight Golf Classic 2015	80,923	0
Cherrity Pie	12,182	9,410
Visions of Love	11,524	13,294
Total expenses	<u>297,811</u>	<u>503,173</u>
Net Special Event Revenue	<u>\$ 270,580</u>	<u>\$ 466,766</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 \$2,572,669 and \$2,744,920 in permanently restricted endowment net asset for the years ended June 30, 2016 and 2015 and \$2,227,703 and \$2,805,081 in board designated endowment net asset for the years ended June 30, 2016 and 2015.

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>

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, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of the year	\$ 2,797,272	\$ 227,748	\$ 2,830,584	\$ 5,855,604
Contributions	0	242,412	2,500	244,912
Federal awards	0	2,033	0	2,033
Investment gains	71,639	0	67,324	138,963
Net assets released from restrictions	<u>(63,830)</u>	<u>(439,757)</u>	<u>(155,488)</u>	<u>(659,075)</u>
Endowment net assets, end of year	<u>\$ 2,805,081</u>	<u>\$ 32,436</u>	<u>\$ 2,744,920</u>	<u>\$ 5,582,437</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, 2016 and 2015 was \$6,018 and \$3,285.

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

2017	\$ 7,446
2018	7,446
2019	7,446
2020	5,074
2021	1,428

Commitment

The Center has an annual Sunset Event, Sunset in the Country 2016, 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 \$29,715 and \$34,767 for the years ended June 30, 2016 and 2015.

NOTE 12 – CONCENTRATION IN DONATIONS

Twenty-one percent of the 2016 total support, revenue and other gains were received from two donors. Twenty-four percent of the 2015 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.