

PREVENT BLINDNESS WISCONSIN, INC.
Milwaukee, Wisconsin

Audited Financial Statements
Year Ended March 31, 2019

With Summarized Totals for the
Year Ended March 31, 2018

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David A. Grotkin
Joel A. Joyce
Brian J. Mechenich
Carrie A. Gindt



Patrick G. Hoffert
Jason J. Wrasse
Joshua T. Bierbach

Independent Auditors' Report

The Board of Directors
Prevent Blindness Wisconsin, Inc.
Milwaukee, Wisconsin

We have audited the accompanying financial statements of Prevent Blindness Wisconsin, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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 ("U.S. GAAP"); 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 audit. We conducted our audit 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 from 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 Prevent Blindness Wisconsin, Inc. as of March 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. GAAP.

Report on Summarized Comparative Information

We have previously audited Prevent Blindness Wisconsin, Inc.'s financial statements, and our report dated May 25, 2018 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

May 21, 2019
Milwaukee, Wisconsin

PREVENT BLINDNESS WISCONSIN, INC.

Milwaukee, Wisconsin

Statements of Financial Position

March 31, 2019 and 2018

ASSETS	<u>2019</u>	<u>2018</u>
Cash and equivalents	\$ 264,643	\$ 524,766
Certificates of deposit	288,396	62,394
Investments	246,026	236,771
Accounts receivable, net	10,304	-
Promises to give, current	66,700	112,500
Publication inventory	8,800	4,856
Prepaid expense	18,886	14,900
Property and equipment, net of accumulated depreciation	<u>38,896</u>	<u>22,376</u>
Total assets	<u>\$ 942,651</u>	<u>\$ 978,563</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 14,849	\$ 14,896
Due to Prevent Blindness America	52,804	23,022
Deferred revenue	18,600	7,550
Deferred rent liability	<u>4,713</u>	<u>-</u>
Total liabilities	90,966	45,468
Net Assets:		
Without donor restrictions:		
Undesignated, available for general activities	433,490	509,848
Designated by the Board of Directors for specific purposes	206,381	206,381
Board designated endowment - Legacies	<u>62,435</u>	<u>-</u>
Total net assets without donor restrictions	702,306	716,229
With donor restrictions:		
Purpose restrictions	71,377	93,064
Time-restricted for future periods	66,700	112,500
Endowment Fund	<u>11,302</u>	<u>11,302</u>
Total net assets with donor restrictions	<u>149,379</u>	<u>216,866</u>
Total net assets	<u>851,685</u>	<u>933,095</u>
Total liabilities and net assets	<u>\$ 942,651</u>	<u>\$ 978,563</u>

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

PREVENT BLINDNESS WISCONSIN, INC.

Milwaukee, Wisconsin

Statement of Activities

Year Ended March 31, 2019

With Summarized Information for the Year Ended March 31, 2018

	Without Donor Restrictions	With Donor Restrictions	TOTALS	
			Years Ended March 31,	
			2019	2018
Revenue, Gains, and Other Support:				
Contributions and grants	\$ 375,056	\$ 89,200	\$ 464,256	\$ 620,716
Special events	341,171	-	341,171	282,855
Less: Costs of direct benefits to donors	(97,301)	-	(97,301)	(90,294)
Net special events revenue	243,870	-	243,870	192,561
Legacies	96,069	-	96,069	61,318
Investment income	10,795	-	10,795	6,385
Unrealized gain on investments	238	-	238	15,343
Program service revenue	23,517	-	23,517	17,669
Net Assets Released From Restrictions:				
Satisfaction of restrictions	156,687	(156,687)	-	-
Total revenue, gains and other support	906,232		838,745	913,992
Expenses:				
Program Services:				
Public health education	100,496	-	100,496	48,951
Professional education and training	32,554	-	32,554	20,468
Community services	449,852	-	449,852	513,692
Supporting Services:				
General and administrative	75,762	-	75,762	45,372
Fund-raising	146,641	-	146,641	95,768
Total functional expenses	805,305	-	805,305	724,251
Affiliate Support of National Programs	114,850	-	114,850	89,551
Total expenses	920,155	-	920,155	813,802
Excess of revenue, gains and other support over expenses	(13,923)	(67,487)	(81,410)	100,190
Change in net assets	(13,923)	(67,487)	(81,410)	100,190
Net assets, beginning of year	716,229	216,866	933,095	832,905
Net assets, end of year	\$ 702,306	\$ 149,379	\$ 851,685	\$ 933,095

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

PREVENT BLINDNESS WISCONSIN, INC.

Milwaukee, Wisconsin

Statement of Functional Expenses

Year Ended March 31, 2019

With Summarized Information for the Year Ended March 31, 2018

	<u>PROGRAM SERVICES</u>				<u>SUPPORTING SERVICES</u>		<u>COSTS OF DIRECT BENEFITS TO DONORS</u>	<u>TOTALS</u> Years Ended March 31,	
	<u>Public Health Education</u>	<u>Professional Education & Training</u>	<u>Community Services</u>	<u>Total</u>	<u>General & Administration</u>	<u>Fund-Raising</u>		<u>2019</u>	<u>2018</u>
Salaries	\$ 53,099	\$ 17,577	\$ 246,164	\$ 316,840	\$ 41,731	\$ 80,855	\$ -	\$ 439,426	370,703
Employee benefits	15,645	5,179	72,529	93,353	12,295	23,823	-	129,471	89,809
Payroll taxes	4,363	1,444	20,226	26,033	3,429	6,643	-	36,105	30,878
Total salaries and related expenses	73,107	24,200	338,919	436,226	57,455	111,321	-	605,002	491,390
Professional fees and outside services	4,860	1,610	22,530	29,000	3,819	7,400	-	40,219	54,774
Office supplies	250	83	1,158	1,491	196	380	-	2,067	14,678
Telephone	895	297	4,149	5,341	703	1,363	-	7,407	7,715
Postage and shipping	616	203	2,855	3,674	484	938	-	5,096	5,804
Building occupancy	4,427	1,465	20,520	26,412	3,479	6,740	-	36,631	34,055
Interest	-	-	-	-	29	-	-	29	11
Office equipment rental and maintenance	338	111	1,567	2,016	266	515	-	2,797	4,342
Printing and publications	3,448	1,141	15,984	20,573	2,710	5,250	-	28,533	32,468
Travel and meetings	4,149	1,374	19,236	24,759	3,261	6,318	-	34,338	27,153
Insurance	844	280	3,912	5,036	663	1,285	-	6,984	6,723
Public education	294	97	1,365	1,756	232	449	-	2,437	13,384
Depreciation	4,568	799	5,139	10,506	343	571	-	11,420	7,180
Other	2,700	894	12,518	16,112	2,122	4,111	-	22,345	24,574
Costs of direct benefits to donors	-	-	-	-	-	-	97,301	97,301	90,294
Total functional expenses	\$ 100,496	\$ 32,554	\$ 449,852	\$ 582,902	\$ 75,762	\$ 146,641	\$ 97,301	\$ 902,606	\$ 814,545
Less expenses included with revenues on the statement of activities:									
Costs of direct benefits of donors	-	-	-	-	-	-	(97,301)	(97,301)	(90,294)
Total functional expenses included in the expense section on the statement of activities	\$ 100,496	\$ 32,554	\$ 449,852	\$ 582,902	\$ 75,762	\$ 146,641	\$ -	\$ 805,305	\$ 724,251

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

PREVENT BLINDNESS WISCONSIN, INC.

Milwaukee, Wisconsin

Statements of Cash Flows

Years Ended March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (81,410)	\$ 100,190
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	11,420	7,180
Unrealized (gain) on investments	(238)	(15,343)
Changes in assets and liabilities:		
Receivables	(10,304)	20,351
Promises to give	45,800	(111,250)
Publication inventory	(3,944)	716
Prepaid expense	(3,986)	-
Accounts payable and accrued expenses	(47)	5,572
Due to Prevent Blindness America	29,782	2,279
Deferred rent	4,713	(5,780)
Deferred revenue	11,050	5,904
Net cash provided by operating activities	<u>2,836</u>	<u>9,819</u>
Cash Flows From Investing Activities:		
Purchases of investments	(235,018)	(5,947)
Purchases of property and equipment	(27,941)	(7,996)
Net cash used by investing activities	<u>(262,959)</u>	<u>(13,943)</u>
Net change in cash and equivalents	(260,123)	(4,124)
Cash and equivalents, beginning of year	<u>524,766</u>	<u>528,890</u>
Cash and equivalents, end of year	<u>\$ 264,643</u>	<u>\$ 524,766</u>
Supplemental Cash Flow Information:		
Interest paid	<u>\$ 29</u>	<u>\$ 11</u>

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

PREVENT BLINDNESS WISCONSIN, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2019

1. Summary of Significant Accounting Policies

Nature of Activities

Prevent Blindness Wisconsin, Inc. (the "Organization") informs the general public about eye care, health and safety. As part of its services, the Organization provides adult and children vision screenings, eye health and safety seminars, public and professional education, and information/referral services. The Organization primarily serves the state of Wisconsin. The Organization fulfills its mission by focusing its in three primary service areas.

Public Health Education – The Organization provides public education to teach the general public about vision health topics such as: the importance of healthy vision, common vision problems and their signs, vision safety, the prevention of eye disease, and how to access vision care. Vision health education is provided through presentations to parents, educators, community groups and others, mass media advertising, including local publications and transit systems, distribution of educational materials, and the Organization's website.

Professional Education and Training – The Organization builds local vision screening infrastructure and makes vision health a priority in communities across Wisconsin through professional education and vision screener training. Vision screener trainings certify volunteers and partners to provide vision screening for three years using the most up-to-date vision screening support as well as vision health education and resources to move individuals to further care after a failed vision screening.

Community Services – The Organization's vision screening program harnesses the collective efforts of hundreds of volunteers and thousands of partners to support vision health for hundreds of adults and hundreds of thousands of children across the state. Certified vision screenings detect children and adults with potential vision problems and refer them to further vision care.

Basis of Accounting

The financial statements of Prevent Blindness Wisconsin, Inc. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows accounting principles generally accepted in the United States of America ("U.S. GAAP"). Under U.S. GAAP, net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. As described in footnote 6, the governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

PREVENT BLINDNESS WISCONSIN, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2019
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Cash and Equivalents

For purposes of the statements of cash flows, the Organization considers all demand deposits and time deposits with an original maturity of three months or less to be cash and equivalents.

Certificates of Deposit

Certificates of deposits totaling \$288,396 (\$62,394 at March 31, 2018) are presented in the accompanying financial statements. The certificates bear interest ranging from 2.00 – 2.65% (0.35% at March 31, 2018) and have maturities ranging from nine to eighteen months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

Investments

Under U.S. GAAP, investments in marketable securities with readily determinable fair value and all investments in debt securities are valued at their fair value in the statement of financial position. Unrealized gains and losses are included in the change of net assets.

Investments (Continued)

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This clarifies that the exchange price is the price in an orderly transaction between market participants to sell an asset or transfer a liability at the measurement date. It emphasizes that fair value is a market-based measurement and not an entity-specific measurement. Adoption of this standard has not had a material impact on the Organization's financial statements. U.S. GAAP establishes a fair value hierarchy that prioritizes the inputs, which are summarized as follows:

Level 1 – Quoted prices in active markets, e.g. NYSE, NASDAQ, etc. for assets identical to the securities to be valued. If a Level 1 input is available, it must be used.

Level 2 – Inputs other than quoted prices that are observable for securities, either directly or indirectly. Examples include matrix pricing utilizing yield curves, prepayment speeds, credit risks, etc.; quoted prices for similar assets in active markets; and inputs derived from observable market data by correlation or other means.

Level 3 – Unobservable inputs, which contain assumptions by the party valuing those assets. For level 3 inputs, there is no market data or correlation with market assumptions. Examples would include limited partnership interests, closely held stock, etc.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at March 31, 2019 and 2018.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Purchases and sales of investments are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded when received.

PREVENT BLINDNESS WISCONSIN, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2019
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable are reported at contract value, less an estimate for uncollectible amounts based on past experience. The Organization uses the allowance method for providing for uncollectible accounts. No allowance was provided for at March 31, 2019 and 2018. No bad debt expense was incurred during the years ended March 31, 2019 and 2018.

Promises to Give

Unconditional promises to give are recognized as revenues in the period the pledge is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Publication Inventories

Publication inventory, which consist primarily of brochures and publications, are valued at the lower of cost or net realizable value. Cost is determined on the first-in, first-out method.

Property and Equipment

The Organization capitalizes all expenditures in excess of \$2,000 for property and equipment at cost. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the assets' useful lives.

Expenditures for maintenance and repairs are charged against income as incurred. The cost and accumulated depreciation of property and equipment disposed of are removed from the accounts and the corresponding gains and losses are included in the statement of activities.

Donated Assets

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair value at the date of donation.

Donated Services

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs such as adult and child vision screenings, eye health and safety seminars, public and professional education, and information/referral services. Volunteers also assist in special events activities, campaign solicitations, and various board and committee assignments. The Organization benefits from approximately 2,000 volunteer hours per year.

PREVENT BLINDNESS WISCONSIN, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2019
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as support without donor restrictions or support with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. In addition, it is the Organization's policy to report all support restricted to glaucoma prevention and treatment or child vision screenings as unrestricted support, since these activities are part of the Organization's recurring programs. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1). None of the Organization's current activities are subject to taxation as unrelated business income.

Under U.S. GAAP, management is required to evaluate any uncertain tax positions taken, if any, and provide additional disclosures. At this time, the Organization does not believe it has taken any uncertain tax positions that may have a material effect on its financial statements or note disclosures.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and on a natural basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited on the basis of estimates of time and effort. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reporting period and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated all subsequent events through May 21, 2019 for possible inclusion as a disclosure in the financial statements. There were no subsequent events that required recognition or disclosure.

PREVENT BLINDNESS WISCONSIN, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2019
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Change in Accounting Principle

On August 18, 2016 FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented which had no impact on net asset classification.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

2. Concentration of Credit Risk

Cash and equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Organization has never experienced any losses related to these balances. As of March 31, 2019, the amount of insurance coverage was \$250,000 per depositor at each financial institution.

3. Investments

The following summarizes the classification of investments by classification and method of valuation in accordance with U.S. GAAP as of March 31, 2019:

<u>Description</u>	<u>Total</u>	<u>Fair Value Measurement at Reporting Date Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds:				
Moderate growth - equity	\$ 246,026	\$ 246,026	\$ -	\$ -

The statement of activities includes \$238 in unrealized gains for 2019.

The following summarizes the classification of investments by classification and method of valuation in accordance with U.S. GAAP as of March 31, 2018:

<u>Description</u>	<u>Total</u>	<u>Fair Value Measurement at Reporting Date Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds:				
Moderate growth - equity	\$ 236,771	\$ 236,771	\$ -	\$ -

The statement of activities includes \$15,343 in unrealized gains for 2018.

PREVENT BLINDNESS WISCONSIN, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2019
(Continued)

4. Property and Equipment

At March 31, 2019 and 2018, the recorded value of property and equipment was as follows:

	Year Ended March 31,	
	2019	2018
Equipment	\$ 74,054	\$ 48,488
Less accumulated depreciation	(35,158)	(26,112)
Total	\$ 38,896	\$ 22,376

Depreciation expense amounted to \$11,420 and \$7,180 for the years ended March 31, 2019 and 2018, respectively.

5. Promises to Give

Included in promises to give are the following unconditional promises to give at March 31, 2019:

Promises to give	\$ 66,700
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At March 31, 2019, all pledges receivable are expected to be collected during the next year. Management has determined that the pledges receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at March 31, 2019.

6. Designated Net Assets

Designations are voluntary Board approved segregations of net assets for specific purposes, projects or investments. The governing Board may approve designations as an aid in planning future expenditures. Designations may be reversed by the governing Board at any time and, accordingly, designated portions of net assets are not considered restricted. Designations are reported as classifications of net assets without donor restrictions on the statements of financial position. At March 31, 2019 and 2018, the Organization's Board had approved the following designations:

	2019	2018
Investment or special purpose	\$ 206,381	\$ 206,381
Board designated endowment – operating reserve from legacies	62,435	-
Investment or special purpose	\$ 268,816	\$ 206,381

PREVENT BLINDNESS WISCONSIN, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2019
(Continued)

7. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of March 31:

	<u>2019</u>	<u>2018</u>
Restricted to expenditure for a specific purpose:		
Racine Unified School District Program	\$ -	\$ 6,512
Doolittle – Network Server	-	2,509
Children’s Vision Program – Racine County	13,894	11,089
Head Start Program – Green Bay Area	-	8,000
Head Start Program – Milwaukee	-	2,071
MSOE School of Nursing Clinical Practicum Course	-	3,570
Technology Infrastructure Upgrades	-	4,313
Star Pupils – Milwaukee Private Schools Program	5,345	-
Nicholas Family Foundation – Volunteer Program	46,611	55,000
Adult Vision Health Program – Racine County	5,527	-
Total purpose restricted	71,377	93,064
Subject to passage of time:		
2018-19 fiscal year	-	112,500
2019-20 fiscal year	66,700	-
Total time restricted	66,700	112,500
Endowments:		
Beneficial interests in perpetual funds	11,302	11,302
Total	\$ 149,379	\$ 216,866

8. Net Assets – Beneficial Interest in Perpetual Trust

Endowment

The Organization’s endowment fund consists of assets held in a money market account at a Wisconsin area financial institution. Income from the funds can be used to support the Organization’s general activities and amounted to \$64 and \$15 in 2019 and 2018, respectively.

As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

PREVENT BLINDNESS WISCONSIN, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2019
(Continued)

8. Net Assets – Beneficial Interest in Perpetual Trust (Continued)

Endowment (Continued)

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (“SPMIFA”) 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 Organization classifies as permanently restricted 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 net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization 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 Organization
- (7) The investment policies of the Organization

Endowment net assets by type of fund as of March 31, 2019 and 2018 are as follows:

<u>March 31, 2019</u>	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Total Endowment</u>
Board designated endowment funds (Money Market)	\$ -	\$ 62,435	\$ 62,435
Donor-restricted endowment Funds (Money Market):			
Original donor-restricted gift amount required to be maintained in perpetuity by donor	11,302	-	11,302
Total	<u>\$ 11,302</u>	<u>\$ 62,435</u>	<u>\$ 73,737</u>

<u>March 31, 2018</u>	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Total Endowment</u>
Donor-restricted endowment Funds (Money Market):			
Original donor-restricted gift amount required to be maintained in perpetuity by donor	\$ 11,302	\$ -	\$ 11,302

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9. Affiliation Agreement

The Organization has entered into an affiliation agreement with Prevent Blindness (“National”). Under the terms of the affiliation agreement, the Organization agrees to comply with the national/affiliate support formula as may, from time to time, be prescribed by National’s Board of Directors.

Affiliate support of National is provided through the affiliation fee. The fee is a percentage of prior year traditional income. Traditional income includes all revenue elements except those that are excluded under Section 3; Section 3 exclusions include legacies and bequests, special events direct expenses, endowments and funds permanently restricted by donor, donor restricted capital campaign gifts, purchase of Prevent Blindness educational materials, investment income, gifts in kind, Prevent Blindness sub-recipient grants, and other various items. The sharing policy for traditional income is 10%.

The sharing policy for unrestricted legacies, inter-vivos trusts, and testamentary trusts shall be as follows:

- A. All unrestricted income from legacies, inter-vivos trusts and testamentary trusts received from affiliate territory after January 1, 1996, from wills or codicils dated January 1, 1996, and after are shared 67% to the affiliate and 33% to the national organization after deducting the first 3% to fund the nationwide planned giving program.
- B. All unrestricted income from legacies, inter-vivos trusts and testamentary trusts which come from unaffiliated areas and which do not name an existing affiliate as beneficiary belong solely to the national organization, but the first 3% of each such gift will be used to fund the nationwide planned giving program.
- C. All unrestricted income received after January 1, 1996, from wills or codicils dated prior to January 1, 1996, is shared in accordance with the prior legacy sharing formula after deducting the first 3% to fund the nationwide planned giving program.

The total support provided to National for the years ended March 31, 2019 and 2018 is summarized below:

	<u>2019</u>		<u>2018</u>
Affiliation fee - At rate of 10% in 2019 and 2018	\$ 81,216	\$	68,084
Legacy sharing	33,634		21,467
Total support to National Programs	<u>\$ 114,850</u>	\$	<u>89,551</u>

10. Pension Plan

403(b) Retirement Plan

The Organization participates in a defined contribution retirement plan sponsored by National covering all eligible employees who join. Regular employees who work at least 20 hours per week and are at least 18 years of age are eligible to participate on their second anniversary of employment. Employees who join must contribute 5% of their salary per pay period to the plan to receive the match. The Organization will then contribute 7% of the employee’s salary. All contributions are fully vested. Total employer contributions under the plan for the years ended March 31, 2019 and 2018 were \$15,897 and \$10,593, respectively.

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11. Prior-Year Summarized Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended March 31, 2018, from which the summarized information was derived.

12. Lease Commitments

Operating Leases

During the year ended March 31, 2019, the Organization entered into a new office lease agreement with a commencement date of April 1, 2018. The lease term is 110 months. Monthly rent payments, which include a \$94 electricity charge, start at \$1,987 and incrementally increases from \$1,987 to \$2,335 for the remainder of the lease term. In accordance with the lease agreement, the organization received two months of free rent during the year ended March 31, 2019 and will also receive free rent for the months of June 2019 and June 2020. As a result of this, deferred rent expense in the amount of \$4,713 has been accrued on the statements of financial position for the free rent.

Occupancy expenses for the years ended March 31, 2019 and 2018 were:

	<u>2019</u>	<u>2018</u>
Base rental	\$ 20,629	\$ 23,134
Parking, storage and additional rent	11,289	10,921
Deferred rent expense	<u>4,713</u>	<u>-</u>
Total	<u>\$ 36,631</u>	<u>\$ 34,055</u>

The Organization also leases a mail machine, phone system, and copier machine under operating leases. Total lease expense amounted to \$7,739 and \$6,969 for the years ending March 31, 2019 and 2018, respectively.

The future minimum required payments, under the terms of the above non-cancelable leases, are as follows:

<u>Years Ending</u> <u>March 31,</u>	<u>Amount</u>
2020	\$ 26,099
2022	23,744
2022	26,329
2023	26,815
2024	27,316
2025 - 2028	<u>87,652</u>
Total	<u>\$ 217,955</u>

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13. Liquidity and Availability

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are maintained in checking or savings accounts.

The following table reflects the Organization's financial assets as of March 31, 2019 and 2018, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date. Amounts not available to meet general expenditures within one year include net assets with donor restrictions.

	<u>2019</u>	<u>2018</u>
Cash and equivalents	\$ 264,643	\$ 524,766
Certificates of deposit	288,396	62,394
Investments	246,026	236,771
Accounts receivable, net	10,304	-
Promises to give	66,700	112,500
Total financial assets	876,069	936,431
CD's with liquidity horizons greater than one year	(75,000)	-
Funds designated by the Board of Directors for specific purposes	(206,381)	(206,381)
Board designated endowment - Legacies	(62,435)	-
Donor-restricted endowments	(11,302)	(11,302)
Donor-imposed time and purpose restricted net assets	(138,077)	(205,564)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 382,874	 \$ 513,184

Endowment funds consist of donor-restricted endowments (\$11,302 at March 31, 2019 and 2018) and funds designated by the board as endowments (\$62,435 and \$0 at March 31, 2019 and 2018, respectively). Income from donor-restricted endowment is not restricted for specific purposes. Donor-restricted endowment funds are not available for general expenditure.

Although, the organization does not intend to spend from the board-designated endowment (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available if necessary.