

**THE NATIONAL FEDERATION OF THE BLIND
T/A BLIND FEDERATION OF AMERICA**

FINANCIAL STATEMENTS

DECEMBER 31, 2023



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Independent Auditor's Report

To the Board of Directors and Officers of
The National Federation of the Blind T/A Blind Federation of America

Opinion

We have audited the financial statements of The National Federation of the Blind (the "Federation") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Federation as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Federation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 the Federation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities 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 auditor's 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 auditing standards generally accepted in the United States of America 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.

Independent Auditor's Report (Continued)

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgement 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 the Federation'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 the Federation'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.

Rosen, Sapperstein & Friedlander, LLC

Rosen, Sapperstein & Friedlander, LLC
Baltimore, Maryland
March 21, 2024

**THE NATIONAL FEDERATION OF THE BLIND
T/A BLIND FEDERATION OF AMERICA
STATEMENT OF FINANCIAL POSITION
December 31, 2023**

ASSETS

Cash and cash equivalents	\$ 2,614,477
Prepaid expenses	534,217
Receivables	996,459
Investments	25,407,754
Other investments - life insurance	3,065,113
Property and equipment - net	<u>127,201</u>
TOTAL ASSETS	<u>\$ 32,745,221</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 1,099,619
Deferred revenue	275,333
Accrued annuity benefit	<u>28,130</u>

TOTAL LIABILITIES 1,403,082

NET ASSETS

Without donor restrictions	27,034,950
With donor restrictions	<u>4,307,189</u>

TOTAL NET ASSETS 31,342,139

TOTAL LIABILITIES AND NET ASSETS **\$ 32,745,221**

See Accompanying Notes to Financial Statements

**THE NATIONAL FEDERATION OF THE BLIND
T/A BLIND FEDERATION OF AMERICA
STATEMENTS OF ACTIVITIES
For the Year Ended December 31, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
Public support			
Contributions	\$ 14,578,899	\$ 183,517	\$ 14,762,416
Donated services	6,933,951	-	6,933,951
Government grants and contract services	1,698,258	-	1,698,258
Net assets released from restrictions	<u>168,678</u>	<u>(168,678)</u>	<u>-</u>
Total public support	<u>23,379,786</u>	<u>14,839</u>	<u>23,394,625</u>
Revenue			
Sales - independence products and publications	287,425	-	287,425
Net investment income	<u>2,400,896</u>	<u>539,622</u>	<u>2,940,518</u>
Total revenue	<u>2,688,321</u>	<u>539,622</u>	<u>3,227,943</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>26,068,107</u>	<u>554,461</u>	<u>26,622,568</u>
EXPENSES			
Program services			
Blindness integration	10,366,996	-	10,366,996
Civil rights, advocacy and self-organization	9,135,234	-	9,135,234
Nonvisual access systems	<u>5,183,080</u>	<u>-</u>	<u>5,183,080</u>
Total program services	<u>24,685,310</u>	<u>-</u>	<u>24,685,310</u>
Supporting services			
Management and general	796,339	-	796,339
Fundraising	<u>996,927</u>	<u>-</u>	<u>996,927</u>
Total supporting services	<u>1,793,266</u>	<u>-</u>	<u>1,793,266</u>
TOTAL EXPENSES	<u>26,478,576</u>	<u>-</u>	<u>26,478,576</u>
CHANGES IN NET ASSETS	(410,469)	554,461	143,992
NET ASSETS - BEGINNING OF YEAR	<u>27,445,419</u>	<u>3,752,728</u>	<u>31,198,147</u>
NET ASSETS - END OF YEAR	<u>\$ 27,034,950</u>	<u>\$ 4,307,189</u>	<u>\$ 31,342,139</u>

See Accompanying Notes to Financial Statements

**THE NATIONAL FEDERATION OF THE BLIND
T/A BLIND FEDERATION OF AMERICA
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023**

	PROGRAM SERVICES				SUPPORTING SERVICES			GRAND TOTAL
	Blindness Integration	Civil Rights, Advocacy and Self- Organization	Nonvisual Access Systems	Total	Management and General	Fundraising	Total	
Volunteer services	\$ 1,391,248	\$ 1,391,248	\$ 695,624	\$ 3,478,120	\$ -	\$ -	\$ -	\$ 3,478,120
Salaries	1,375,516	1,572,018	1,522,893	4,470,427	393,005	49,126	442,131	4,912,558
Payroll taxes and related expenses	266,087	304,101	294,597	864,785	76,025	9,503	85,528	950,313
Total salaries and related expenses	3,032,851	3,267,367	2,513,114	8,813,332	469,030	58,629	527,659	9,340,991
Supplies	66,906	95,239	251,026	413,171	11,815	380	12,195	425,366
Postage and shipping	481,492	11,670	21,591	514,753	2,595	488,007	490,602	1,005,355
Printing and publications	2,297,823	23,652	2,733	2,324,208	2,055	408,863	410,918	2,735,126
Travel	17,897	350,182	61,390	429,469	15,916	563	16,479	445,948
Conferences and conventions	15,199	529,850	13,168	558,217	2,578	44	2,622	560,839
Professional fees	213,638	4,038,680	605,611	4,857,929	130,334	29,565	159,899	5,017,828
Telephone	4,686	3,492	6,740	14,918	642	657	1,299	16,217
Occupancy	266,557	191,926	245,519	704,002	15,019	8,189	23,208	727,210
Donated media	3,455,831	-	-	3,455,831	-	-	-	3,455,831
Awards and grants	29,000	237,649	501,498	768,147	-	-	-	768,147
Information technology	350,887	365,173	885,579	1,601,639	30,852	1,462	32,314	1,633,953
Equipment rental, maintenance and repair	14,944	11,410	14,002	40,356	515	315	830	41,186
Equipment, Braille and Technology Center	-	-	52,113	52,113	-	-	-	52,113
Data processing	110,289	-	-	110,289	110,289	-	110,289	220,578
Other	658	861	658	2,177	4,446	-	4,446	6,623
Total expenses before depreciation	10,358,658	9,127,151	5,174,742	24,660,551	796,086	996,674	1,792,760	26,453,311
Depreciation	8,338	8,083	8,338	24,759	253	253	506	25,265
TOTAL EXPENSES	\$ 10,366,996	\$ 9,135,234	\$ 5,183,080	\$ 24,685,310	\$ 796,339	\$ 996,927	\$ 1,793,266	\$ 26,478,576

See Accompanying Notes to Financial Statements

**THE NATIONAL FEDERATION OF THE BLIND
T/A BLIND FEDERATION OF AMERICA
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in net assets	\$ 143,992
Adjustments to reconcile changes in net assets to net cash used by operating activities	
Depreciation	25,265
Impairment of investment	88,608
Unrealized gain on investments	(2,347,591)
Realized gain on investments	(211,755)
Write off of receivables	3,984
Loss on disposal of property and equipment	7,200
Decrease (increase) in operating assets:	
Receivables	1,131,394
Prepaid expenses	289,770
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	408,449
Deferred revenue	<u>125,333</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(335,351)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash paid for investments	(4,452,838)
Proceeds from the sale of investments	<u>3,145,646</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(1,307,192)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,642,543)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>4,257,020</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 2,614,477</u></u>

See Accompanying Notes to Financial Statements

**THE NATIONAL FEDERATION OF THE BLIND
T/A BLIND FEDERATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

The National Federation of the Blind T/A Blind Federation of America (“NFB”), a 501(c)(3) nonprofit corporation headquartered in Baltimore, Maryland, is the leading membership and advocacy organization of blind Americans. It works to bring the lived experience of blind individuals into conformance with the proven, but little understood, fact that blindness is not the characteristic that defines a blind person’s identity, capacities, or future. This work is carried out through the following three interrelated program service components, which function in concert with each other:

Blindness Integration: This program service component focuses on broad based interaction with blind persons, their families, business and governmental entities, and members of the general public, utilizing multiple venues, media, and methods and activities which seek to integrate the blind into society on a basis of equality.

Civil Rights, Advocacy, and Self-Organization: This program service component focuses on removal of systemic barriers to integration of blind people through legal advocacy which both protects the rights of the individual blind persons involved in a particular action and advances disability rights case law under the Americans with Disabilities Act and the Rehabilitation Act of 1973; through mentoring, leadership training, technology training, resources and services to blind individuals and local self-advocacy and peer support organizations of blind individuals; and through efforts to eliminate public policies which require eyesight to receive the goods and services offered.

Nonvisual Access Systems: This program service component focuses on activities to create, improve, evaluate, support research, provide training, promote availability and distribution channels relating to all systems and devices which provide blind individuals nonvisual access to information, in order to eliminate lack of access to information as a systemic obstacle to full participation in society by blind individuals.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The Federation’s financial statements are prepared on the accrual method of accounting, which recognizes revenues and the related assets when earned, and expenses and the related liabilities when obligations are incurred.

**THE NATIONAL FEDERATION OF THE BLIND
T/A BLIND FEDERATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The Federation follows the Presentation of Financial Statements for Not-for-Profit Entities topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. This pronouncement sets standards for the financial statement presentation for not-for-profit organizations. The Federation is required to report information regarding its financial position and activities according to two (2) classes of net assets: without donor restrictions and with donor restrictions based on the existence or absence of donor-imposed restrictions. Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions.

Donor restricted net assets include scholarship funds and other funds where the donor has restricted that the income and the corpus be used for scholarships and other specific purposes; and other scholarship funds where the donor has restricted that only the income may be used for the scholarships and the corpus may not be invaded. Donor restricted contributions whose restrictions are met in the same reporting period are reported as revenue within net assets without donor restrictions.

Recently Adopted Accounting Pronouncement

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through changes in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Federation that are subject to the guidance in FASB ASU 2016-13 were receivables.

The Federation adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

Revenue Recognition

The Federation follows both Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606) and ASU 2018-08, Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). ASU 2014-09 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The ASU requires that the Federation recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Federation expects to be entitled in exchange for those goods or services. ASU 2018-08 clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchanged transactions. This guidance is preferable in that it clarifies whether to account for transactions as contributions or as exchanged transactions. In addition, it clarifies whether a contribution is conditional. Contributions should follow the guidance in FASB Accounting Standards Codification (FASB ASC) 958-605, Not-for-Profit Entities—Revenue Recognition, whereas, for exchange transactions, an entity should follow other guidance such as FASB ASC 606, Revenue from Contracts with Customers.

**THE NATIONAL FEDERATION OF THE BLIND
T/A BLIND FEDERATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

The Federation follows the Revenue Recognition for Not-for-Profit Entities topic of the FASB ASC 958-605. In accordance with this standard, contributions received are recorded as without donor restrictions or with donor restrictions. All contributions are considered to be available without restrictions unless specifically restricted by the donor. Contributions received in advance of donor restrictions being satisfied are included in deferred revenue.

Contract services relate to fee-for-service arrangements. Under these contracts, revenue is measured based on the amount of consideration specified in the contract. Revenue is recognized when performance obligations are satisfied under the terms of the contract, which generally occurs on a straight-line basis over the course of the contract. Government grants include monies received from government agencies in support of specific program activities. The grants serve as reimbursements of program costs incurred by the Federation. Revenue is recognized when there is reasonable assurance that the Federation has complied with the requirements of the grants and receipt of funds is reasonably assured. These contracts and government grants are covered under FASB ASC 606, Revenue from Contracts with Customers, as revenue is recognized over time. The Federation's receivables will generally be collected in less than thirty days in accordance with the underlying payment terms. The receivable balances are included in Note 2.

The Federation sells independence products and publications as a part of its mission to help blind individuals increase their independence and carry out daily activities. Revenue is recognized at the point of sale and is reported net of sales returns and allowances. These sales are covered under FASB ASC 606, Revenue from Contracts with Customers as revenue recognized at a point in time.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Federation considers all highly liquid investments purchased with an original maturity of three (3) months or less to be a cash equivalent.

Financial Credit Risk

The Federation maintains its cash balances at several financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to insured limits. As of December 31, 2023, the Federation's cash balances were in excess of these insured limits. Management believes that the Federation is not exposed to any significant credit risk with respect to its cash balances. In addition, the Federation generally maintains investment balances in excess of the Securities Investor Protection Corporation (SIPC) limits.

The Federation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and those changes could materially affect the value reported in the financial statements.

**THE NATIONAL FEDERATION OF THE BLIND
T/A BLIND FEDERATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

Receivables represent monies due from grantors and other third parties. The Federation recognizes an allowance for losses on receivables in an amount equal to the current expected credit losses. The estimation of the allowance is based on an analysis of historical loss experience and management's assessment of current conditions and reasonable and supportable expectation of future conditions, as well as an assessment of specific identifiable accounts considered at risk or uncollectible. The Federation assesses collectability by pooling receivables where similar characteristics exist and evaluates receivables individually when specific balances no longer share those risk characteristics and are considered at risk or uncollectible. The expense associated with the allowance for expected credit losses is recognized in management and general expenses on the statements of activities. Management believes that all receivables are fully collectible and will continue to be fully collectible and no allowance for credit loss has been recorded. The Federation's policy for estimating this allowance is based on an expected loss model and reflects the adoption of the new accounting standard related to current expected credit losses in the current year. In prior periods, this allowance was estimated using the incurred loss model, which did not require the consideration of forward-looking information and conditions in the reserve calculation.

Past due receivable balances are written off when collection efforts have been unsuccessful in collecting the amounts due. If any recoveries are made from any accounts previously written off, they will be recognized as income in the year of recovery. The total amount of write-offs was immaterial to the financial statements as a whole for the year ended December 31, 2023.

Investments

The Federation's investment portfolio is classified as trading and is reported at its fair value, based on quoted market prices at December 31, 2023. Realized and unrealized holding gains and losses on trading securities with readily determinable market values are included in net investment income (loss) in the statements of activities. Other investments are recorded under the equity or cost methods of accounting, as appropriate, in accordance with Investments – Equity and Joint Ventures Investments topic of the FASB Accounting Standards Codification. When the Federation owns less than a 20% interest and does not exert significant influence over the investment entity, the Federation applies the cost method of accounting. Under the cost method, any dividends received are recognized as investment income and a gain or loss is only reported when the investment is sold. When the Federation has a controlling interest and can exert significant influence, the Federation applies the equity method of accounting. Under the equity method of accounting, the Federation increases these investments for cash contributions and its share of the investee's net income and decreases its investments for cash distributions and its share of the investee's net loss. The fair value of these investments has not been estimated because it is not practicable to estimate fair value on these investments. See Note 5 for a discussion of these other investments and Note 6 for a discussion of fair value measurements.

Included in investments in the statement of financial position are investments that are donor restricted in the amount of \$4,307,189 as of December 31, 2023.

**THE NATIONAL FEDERATION OF THE BLIND
T/A BLIND FEDERATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment is recorded at cost, net of accumulated depreciation. Major additions and betterments are charged to the asset accounts while maintenance and repairs which do not improve or extend the lives of the assets are expensed when incurred. Contributed property is recorded at fair value at the date of donation. Upon the sale or other disposition of assets, the cost and related accumulated depreciation are removed from the respective accounts, and any resulting gain or loss is included in operations. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the respective assets.

Valuation of Long-Lived Assets

The Federation accounts for the valuation of long-lived assets under the Impairment or Disposal of Long-Lived Assets topic of the FASB Accounting Standards Codification. Long-lived assets, such as property and equipment and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, and evaluated at least annually. Recoverability of assets to be held and used is measured by comparing the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the statement of financial position. Management believes the value of long-lived assets exceed their carrying value as of December 31, 2023.

Accrued Annuity Benefit

The Federation had established a charitable gift annuity program where donors may contribute assets to the Federation and in return receive a guaranteed fixed income for life. The Federation maintains a segregated investment account to hold reserves required for gift annuity instruments. As of December 31, 2023, the balance in this reserve account amounted to \$169,102 and is adequate to cover the accrued annuity benefit liability. The Federation recognizes contribution revenue for the difference between the fair value of the assets received and the annuity liability. The accrued annuity benefit liability represents monies restricted until the annuity is satisfied.

Annuity benefit liabilities are recorded for the required life annuity payments at the present value of expected future cash payments discounted using interest rates at the date of gift and actuarial assumptions. The calculation of the liability includes a donor's estimated life expectancy. The annuity obligations are adjusted each year for changes in the life expectancy of the beneficiaries and are reduced as payments are made to the donor. This program has since been discontinued. The accrued annuity benefit liability at December 31, 2023 includes future payments for beneficiaries who entered the program prior to its termination.

**THE NATIONAL FEDERATION OF THE BLIND
T/A BLIND FEDERATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Federation is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). There were no income taxes paid on unrelated business activities for the year ended December 31, 2023.

Accounting for Uncertainty in Income Taxes

The Federation adopted the Accounting for Uncertainty in Income Taxes standard of the FASB Accounting Standards Codification. The standard requires the recognition and measurement of uncertain tax positions taken or expected to be taken by the Federation in the preparation of its tax returns. The Federation determines whether it is more-likely-than-not that a certain tax position will be sustained upon examination by a taxing authority. If an uncertain tax position is less-likely-than-not to be sustained, an estimate of the potential effect is recognized in the financial statements and the uncertain tax position is required to be disclosed. Per the Federation's evaluation as of December 31, 2023, including all prior tax years subject to examination, it was determined that no material adjustments were required in the financial statements for tax positions less-likely-than-not to be sustained upon examination by a taxing authority. The Federation believes it is no longer subject to income tax examinations for years prior to 2020.

Contributed Nonfinancial Assets

The Federation has adopted the Revenue Recognition for Not-for-Profit Entities topic of the FASB Accounting Standards Codification in the recognition of contributed nonfinancial assets. Contributed nonfinancial assets includes donated services and media. Donated services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated services and media are recorded as both public support and program services; therefore, there is no effect on the change in net assets.

Donated services consist of volunteer services, primarily for the orientation and adjustment to blindness and blindness advocacy. Volunteer services are recorded on the basis of time spent at rates paid by other organizations for comparable services. The volunteer services revenue for the year ended December 31, 2023 amounted to \$3,478,120 and is included in donated services in the statements of activities, and the expenditure is included in volunteer services in the statements of functional expenses.

The Federation has adopted the Revenue Recognition for Not-for-Profit Entities topic of the FASB Accounting Standards Codification in the recognition of donated media. Management employs an independent third party to assist in the valuation of the Federation's exposure to the public through various means including internet, radio, television time and printed materials in publications using the advertising value equivalency metric. The donated media revenue for the year ended December 31, 2023 amounted to \$3,455,831 and is included in donated services in the statements of activities, and the expenditure is included in donated media in the statements of functional expenses.

The Federation operates from the National Center for the Blind which allows free usage of facilities for organizations that serve the blind.

**THE NATIONAL FEDERATION OF THE BLIND
T/A BLIND FEDERATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expense Allocations

The financial statements report certain costs that are attributable either to one or more program functions and / or to one or more program functions in conjunction with one or more supporting functions. Such costs are reported according to their natural expense category and then allocated to the appropriate functional category on a reasonable basis that is consistently applied. Salaries are allocated on the basis of estimates of time and effort; occupancy costs are allocated on the basis of square footage; and other natural costs are allocated on the basis of management identification based on observation and professional evaluation of the direct benefit of the cost to a particular program function or supporting function. If a joint cost is incurred for an activity that includes both informational messages and fundraising appeals, that cost is also evaluated on the basis of the content of the messages, reasons for distributing the messages, and the audience to whom the message is distributed. See Note 9 for the allocation of these joint costs.

Subsequent Events

Events that occurred subsequent to December 31, 2023 have been evaluated by the Federation's management for potential recognition or disclosure in the financial statements through the date of the independent auditors' report, which is the date the financial statements were available to be issued. The Federation did not have any material recognizable subsequent events during this period.

NOTE 2 – RECEIVABLES

Receivables at December 31, 2023 consist of the following:

Contracts receivable	\$ 259,167
Accounts receivable	266,825
Newsline receivable	398,342
Grants receivable	<u>72,125</u>
Total receivables	<u>\$ 996,459</u>

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2023 consists of the following:

Office furniture and equipment	\$ 1,401,272
Computer equipment	<u>517,233</u>
	1,918,505
Less: Accumulated depreciation	<u>(1,791,304)</u>
Property and equipment - net	<u>\$ 127,201</u>

Depreciation expense for the year ended December 31, 2023 amounted to \$25,265.

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NOTE 4 – OTHER INVESTMENTS

The Federation makes program-related investments to further its purpose of integrating the blind into society on the basis of equality. Such investments are made primarily to accomplish the Federation's program purpose rather than to produce income. As a result, changes in investments as a result of the investee's income or loss are reported as program costs in the statements of activities.

The Federation has invested \$125,000 in E.A.S.Y., LLC (EASY), to develop and market products to enhance the technologies for freehand tactile graphics. The Federation considers its investment in EASY to be a program-related investment made for the purpose of ensuring that the blind have tools to produce, edit and communicate using freehand tactile drawings. The Federation has a 20% interest and has the ability to exert significant influence. The investment is accounted for under the equity method of accounting. In 2023, management determined that EASY's investment balance was overstated based on minimal activity within the investment in recent years. Management adjusted the balance to \$1,000 as of December 31, 2023.

The Federation has invested in other investment activities using the cost method of accounting. The balance in these investment activities as of December 31, 2023 amounted to \$257,307.

NOTE 5 – FAIR VALUE MEASUREMENTS

The Federation accounts for the fair value of its investments under the Fair Value Measurement topic of the FASB Accounting Standards Codification, which provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three (3) levels of the fair value hierarchy under this guidance are described as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Federation has the ability to access.

Level 2

Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

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

Alternative investments: Consists of mutual funds which are valued at net asset value (NAV) using daily, monthly and quarterly valuations.

Other investments: Valued using the equity and cost methods of accounting.

Investments in life insurance: Valued at accumulated value, net of surrender charges.

Accrued annuity benefit: Valued at the present value of expected future cash payments discounted using the interest rates at the time of the gift and actuarial assumptions.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Federation's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Federation's assets and liabilities at fair value at December 31, 2023:

<u>Payor Class</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
<u>Assets:</u>				
Mutual funds	\$ 19,173,842	\$ -	\$ -	\$ 19,173,842
Alternative investments	-	5,975,605	-	5,975,605
Other investments	-	-	258,307	258,307
Investments subtotal	19,173,842	5,975,605	258,307	25,407,754
Other investments - life insurance	-	-	3,065,113	3,065,113
Total Assets at Fair Value	<u>\$ 19,173,842</u>	<u>\$ 5,975,605</u>	<u>\$ 3,323,420</u>	<u>\$ 28,472,867</u>
<u>Liabilities:</u>				
Accrued annuity benefits	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,130</u>	<u>\$ 28,130</u>

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NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

Included in these investments are certain private equities that have unfunded commitments of \$1,493,000 as of December 31, 2023.

There have been no changes in the methodologies used at December 31, 2023. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The following table sets forth a summary of changes in the fair value of the Federation's level 3 assets and liabilities for the year ended December 31, 2023:

	Level 3 Assets	Level 3 Liabilities
Balance - beginning of year	\$ 3,073,515	\$ 28,130
Impairment of investment	(88,608)	-
Net increase in cash surrender value	<u>338,513</u>	<u>-</u>
Balance - end of year	<u>\$ 3,323,420</u>	<u>\$ 28,130</u>

The Federation's return on investments for the year ended December 31, 2023 consisted of the following components:

	Without donor restrictions	With donor restrictions	Total
Interest and dividends - net	<u>\$ 424,122</u>	<u>\$ 166,199</u>	<u>\$ 590,321</u>
Gains on investments:			
Net realized gains	211,755	-	211,755
Net change in unrealized gains	1,635,655	373,423	2,009,078
Life insurance - net of premiums	<u>129,364</u>	<u>-</u>	<u>129,364</u>
Net gains on investments	<u>1,976,774</u>	<u>373,423</u>	<u>2,350,197</u>
Total return on investments	<u>\$ 2,400,896</u>	<u>\$ 539,622</u>	<u>\$ 2,940,518</u>

Expenses relating to investment revenue, including custodial fees and investment advisory fees, amounted to \$182,831 for the year ended December 31, 2023 and have been netted with interest and dividends.

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NOTE 6 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions at December 31, 2023 are as follows:

Board designated funds	\$ 394,102
Investment in property and equipment	127,201
Undesignated	<u>26,513,647</u>
Total net assets without donor restrictions	<u>\$ 27,034,950</u>

Board designated funds consist of financial assets designated specifically by the board of directors of the Federation. The board designated funds consist of funds available to cover the annuity benefit obligations and the SAFE Fund.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2023 are as follows:

Scholarship funds	\$ 1,065,815
Bolotin award	2,753,332
General funds	<u>488,042</u>
Total net assets with donor restrictions	<u>\$ 4,307,189</u>

NOTE 8 – NET ASSETS RELEASED FROM RESTRICTIONS

During the year, net assets with donor restrictions were released for the following purpose:

Scholarships	\$ 63,401
Bolotin award	<u>105,277</u>
Net assets released from restrictions	<u>\$ 168,678</u>

NOTE 9 – ALLOCATION OF JOINT COSTS

The Federation incurred joint costs of \$1,749,763 for informational messages and activities that included fundraising appeals. Of those costs, \$892,379 was allocated to fundraising expense and \$857,384 was allocated to blindness integration. Management based these allocations on an analysis of the content of the messages, reasons for distributing the messages and the audience to whom the messages were distributed.

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NOTE 10 – RETIREMENT PLAN

The Federation has a qualified 403(b) retirement plan for the benefit of all eligible employees. Eligible employees may make voluntary contributions to the plan not to exceed the Internal Revenue Service limits. The Federation's retirement plan contribution for the year ended December 31, 2023 amounted to \$28,508. This amount is included in payroll and other related expenses in the statements of functional expenses.

NOTE 11 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Federation's financial assets available to meet cash needs for general expenditures within one year of December 31, 2023 are as follows:

Cash and cash equivalents	\$ 2,614,477
Receivables	996,459
Investments	25,149,447
Other investments - life insurance	<u>3,065,113</u>
Total financial assets	31,825,496
Donor imposed restrictions	
Scholarships, Bolotin and General funds	<u>(4,307,189)</u>
Financial assets available to meet cash needs for general expenditures within one year (includes board designated funds)	27,518,307
Board designated funds	<u>(394,102)</u>
Financial assets available to meet cash needs for general expenditures within one year (excludes board designated funds)	<u>\$ 27,124,205</u>

As part of the Federation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Federation invests cash in excess of daily requirements in short term investments and has board designated net assets without donor restrictions that could be made available for current operations, if necessary. General expenditures are expenses the Federation expects to disburse for program and supporting services.