

**CENTRAL SUSQUEHANNA
SIGHT SERVICES**

FINANCIAL STATEMENTS

December 31, 2016

CENTRAL SUSQUEHANNA SIGHT SERVICES

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Independent Auditor's Report

To the Board of Directors
Central Susquehanna Sight Services
Sunbury, PA 17801

We have audited the accompanying financial statements of Central Susquehanna Sight Services (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2016, and the related statements of support, revenue, expenses and changes in net assets – modified cash basis, functional expenses – modified cash basis, and cash flows – modified cash basis 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 the modified cash basis of accounting as described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's 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 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 auditor's 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 assets, liabilities, and net assets of Central Susquehanna Sight Services as of December 31, 2016, and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Herring, Roll & Solomon

February 13, 2017

CENTRAL SUSQUEHANNA SIGHT SERVICES
 STATEMENT of ASSETS, LIABILITIES and NET ASSETS - MODIFIED CASH BASIS
 December 31, 2016

ASSETS - UNRESTRICTED

Current Assets:

Cash (Note 3)	\$ 53,780
Investments (Note 4)	317,828
Inventory	<u>1,879</u>

Total Current Assets	<u>373,487</u>
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Fixed Assets:

Land	5,000
Buildings	247,639
Automobile	79,284
Equipment	<u>40,417</u>

Total Fixed Assets	372,340
Less Accumulated Depreciation	<u>(215,866)</u>

Net Fixed Assets	<u>156,474</u>
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Total Assets	<u><u>\$ 529,961</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Credit Card Liability	\$ 132
Payroll Taxes Payable	3,231
Sales Tax Payable	6
Customer Deposits	<u>48</u>

Total Current Liabilities	3,417
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Net Assets - Unrestricted	<u>526,544</u>
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Total Net Assets	<u>526,544</u>
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Total Liabilities and Net Assets	<u><u>\$ 529,961</u></u>
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The accompanying notes are an integral part of these financial statements.

CENTRAL SUSQUEHANNA SIGHT SERVICES
STATEMENT of SUPPORT, REVENUE, EXPENSES and
CHANGES in NET ASSETS - MODIFIED CASH BASIS
For the Year Ending December 31, 2016

PUBLIC SUPPORT:

Foundations/special gifts	\$ 63,900
Trusts	1,012
Bequests	-
Solicited contributions	7,190
United Way allocation	15,804
Unsolicited contributions	9,189
Total Public Support	<u>97,095</u>

GOVERNMENT GRANTS:

Social Services	69,706
Prevention	12,470
Total Government Grants	<u>82,176</u>

OTHER RECEIPTS:

Investment income	9,736
Rugs, caning and broom sales	2,231
Visual aid sales	-
Eye exam program	20
Raffle income	14,808
Other income	2,934
Total Other Receipts	<u>29,729</u>

TOTAL PUBLIC SUPPORT, GOVERNMENT GRANTS AND CASH RECEIPTS

\$ 209,000

Cash Expenses

PROGRAM SERVICES:

Blind workshop	\$ 3,764
Social Services	124,672
Prevention of blindness	74,561
Blind aids and grants	510
Total Program Services	<u>203,507</u>

SUPPORTING SERVICES:

Administrative	13,252
Solicitation	1,654
Total Supporting Services	<u>14,906</u>

Total Program and Supporting Services

218,413

Other Increases/(Decreases) in Net Assets:

Realized gain from sale of securities	4,184
Unrealized security appreciation	8,511

Total Other Increases/(Decreases) in Net Assets

12,695

TOTAL EXPENSES AND OTHER INCREASES/(DECREASES) IN NET ASSETS

\$ 205,718

Net Increase in Net Assets

3,282

Net Assets at beginning of year

523,262

Net Assets at end of year

\$ 526,544

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

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CENTRAL SUSQUEHANNA SIGHT SERVICES
 STATEMENT of CASH FLOWS - MODIFIED CASH BASIS
 For the Year Ended December 31, 2016

Operating Activities

Increase in net assets	\$ 3,282
Adjustments to reconcile excess revenue over expense to net cash provided by (used in) operating activities:	
Depreciation	7,239
Change in assets and liabilities	
Inventory	417
Payroll taxes payable	(432)
Credit card liability	(10)
Unrealized security appreciation	(8,511)
Realized gain on investment	(4,184)
Other payables	(8)
	<hr/>
Total adjustments	(5,489)
Net cash used by operating activities	(2,207)
<i>Cash Flows from Investing Activities</i>	
Sale of investments	138,688
Purchase of investments	(119,608)
	<hr/>
Net cash provided by investing activities	19,080
Net Increase in Cash and Cash Equivalents	16,873
Cash - Beginning	36,907
	<hr/>
Cash - Ending	<u>\$ 53,780</u>

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

CENTRAL SUSQUEHANNA SIGHT SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - ORGANIZATION

The organization was incorporated in December 13, 1948. The purpose of the organization is to act as a bureau of information, provide training to visually handicapped, to provide industrial instruction for blind persons in the home, to aid the needy, aged, and infirm blind, and to solicit funds to aid the blind.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Basis of Accounting

The financial statements of the organization have been prepared on the modified cash basis of accounting. Under such method, revenues are recognized when received and expenses are recognized when disbursed. The organization recognizes fixed assets, investments, inventory and notes payable, which is a deviation from the cash basis of accounting.

Fixed Assets and Depreciation

Fixed asset purchases are recorded at cost. Depreciation of fixed assets is provided using the straight-line method over the estimated useful lives of assets.

Income Taxes

The organization is a qualified non-profit corporation under Section 501(c) (3) of the Internal Revenue Code. As such, the corporation is not required to pay income taxes, and therefore, no corporate tax provision is presented in the financial statements.

The organization is subject to routine examination by taxing jurisdictions. However, currently no examinations of any tax periods are in process. Management believes the organization is no longer subject to income tax examinations for years prior to December 31, 2013.

Investments

In accordance with the accounting standards codification, investments are recorded at market value. Realized and unrealized gains and losses are recorded in the statement of activity.

Use of Estimates

The preparation of financial statements in conformity with the organization's other comprehensive basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CENTRAL SUSQUEHANNA SIGHT SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2016
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Financial Statement Presentation

As required by the Not-For-Profit Entities Topic of the Accounting Standards Codification, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows. As permitted by the statement, the Organization does not use fund accounting.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

Amounts received that are restricted by the donor for specific purposes are considered temporarily restricted support. This support is classified as unrestricted support as the funds are expended for their purpose within the year.

All contributions have been determined to be unrestricted.

Functional Expenses

Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated based on a prescribed percentage formula.

Subsequent Events

Management has evaluated subsequent events through February 13, 2017, the date on which the statements were available to be issued.

NOTE 3 - CASH ACCOUNTS

A detail listing of cash accounts as of December 31, 2016 is as follows:

Petty cash	\$ 51
NOW account	3,174
Emergency checking	2,969
Raffle checking	2,156
Cash – revocable trust	<u>45,430</u>
	<u>\$ 53,780</u>

Excess cash deposits in the revocable trust are secured by a pool of pledged assets at BB&T.

CENTRAL SUSQUEHANNA SIGHT SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2016
(Continued)

NOTE 4 - INVESTMENTS

The organization follows the Codification's guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Fair Value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. U.S. generally accepted accounting principles (US GAAP) establish 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 three levels of the fair value hierarchy are as follows:

- Level 1 inputs have the highest reliability and are related to quoted prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.
- Level 2 inputs relate to assets or liabilities with other than quote prices included within Level 1 that are observable for the asset or liability; either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Investments at December 31, 2016 consist of bonds and equity securities which are classified as Level 1 under the Fair Value Hierarchy (Level 1 inputs are quoted prices for identical assets in active markets) and are summarized as follows:

Assets at Fair Value as of December 31, 2016

	Level 1	Level 2	Level 3
Equity Investments	\$ 120,828	\$ -0-	\$ -0-
Mutual Fund	45,997	-0-	-0-
Fixed Income	151,003	-0-	-0-
Total assets at fair value	<u>\$ 317,828</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

	<u>Cost</u>	<u>Market</u>
8,439.869 shares Prudential High Yield Fund:		
Class A	\$ 62,515	\$ 45,997
Fed. Home Loan Bks., 1.875%, due 3/8/19	30,036	30,348
Fed. Farm Credit Bks., 1.920%, due 6/17/20	29,766	29,908
Fed. Natl. Mtg. Assn., 1.625%, due 11/27/18	29,937	30,226
Fed. Natl. Mtg. Assn., 1.000%, due 9/27/17	29,866	30,028
Fed. Home Ln. Mtg. Corp., 2.375%, due 1/13/22	29,798	30,492

CENTRAL SUSQUEHANNA SIGHT SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2016
(Continued)

NOTE 4 -	<u>INVESTMENTS</u> (Continued)	<u>Cost</u>	<u>Market</u>
	45 shares AT&T Inc.	1,564	1,914
	35 shares Abbvie Inc.	2,015	2,192
	35 shares Alaska Air Group Inc.	2,323	3,106
	30 shares Altria Group Inc.	2,063	2,029
	25 shares Ameriprise Financial Inc.	2,489	2,774
	15 shares Amgen Inc.	2,288	2,193
	25 shares Apple Inc.	1,915	2,896
	20 shares Boeing Company	2,492	3,114
	25 shares Bristol-Myers Squibb Co.	1,883	1,461
	40 shares Broadridge Financial Solutions LLC	2,596	2,652
	55 shares CDW Corp of Delaware	2,313	2,865
	45 shares CMS Energy Corp	1,845	1,873
	20 shares CVS	1,964	1,578
	35 shares Campbell Soup Co	2,114	2,116
	20 shares Chevron Corp	2,008	2,354
	85 shares Cisco Systems Inc.	1,536	2,569
	35 shares Comcast Corp	2,170	2,417
	70 shares D.R. Horton Inc.	2,136	1,913
	20 shares Dollar General Corp.	1,917	1,481
	20 shares Dr. Pepper Snapple Group	1,852	1,813
	35 shares Electronic Arts Inc.	2,618	2,757
	25 shares Exxon Mobil	1,669	2,256
	90 shares General Electric Company	1,956	2,844
	55 shares Hartford Financial Services Grp Inc.	2,505	2,621
	15 shares Honeywell International Inc.	1,736	1,738
	90 shares Interpublic Group	2,134	2,107

CENTRAL SUSQUEHANNA SIGHT SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2016
(Continued)

NOTE 4 -	<u>INVESTMENTS</u> (Continued)	<u>Cost</u>	<u>Market</u>
	35 shares JP Morgan Chase & Co.	2,258	3,020
	25 shares Johnson & Johnson	1,498	2,880
	20 shares Kimberly-Clark Corp	2,205	2,282
	50 shares Kroger Co/The Company	1,770	1,725
	30 shares LAM Research Corp.	2,379	3,172
	15 shares Lear Corp	1,739	1,986
	25 shares Lowe's Companies Inc.	1,985	1,778
	45 shares Microsoft Corp	1,320	2,796
	35 shares NASDAQ OMX Group	2,284	2,349
	65 shares Pfizer Inc.	1,027	2,111
	55 shares Prologis Inc.	2,600	2,903
	35 shares Sealed Air Corp	1,636	1,587
	60 shares Spectra Energy Corp	2,189	2,465
	20 shares Stanley Black & Decker	2,291	2,294
	15 shares Stryker Corp	1,739	1,797
	60 shares Suntrust Banks Inc.	2,587	3,291
	15 shares United Health Group Inc.	2,129	2,401
	30 shares Verizon Communications Inc.	915	1,601
	50 shares Wells Fargo & Co.	1,717	2,755
	50 shares XCEL Energy Inc.	2,021	2,035
	25 shares Schlumberger LTD	1,799	2,099
	40 shares Amdocs LTD SC	2,278	2,330
	30 shares Steris PLC	2,097	2,022
	15 shares Chubb Limited	1,919	1,982
	20 shares Lyondellbasell Industries NV	1,603	1,716
	25 shares Royal Caribbean Cruises	1,998	2,051
	10 shares Broadcom LTD	<u>1,600</u>	<u>1,768</u>
		<u>\$317,602</u>	<u>\$317,828</u>

CENTRAL SUSQUEHANNA SIGHT SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2016
(Continued)

NOTE 5 - LINE OF CREDIT

The Line of Credit as of December 31, 2016 is as follows:

BB&T, secured by Trust Account held by corporation.
Line of Credit, interest rate is 4.75%, limit of \$25,000.

\$ -0-

NOTE 6 - SPECIALIZED SERVICES GRANT FUND

The Specialized Services Grant Fund, which is operated by the organization under a contract with the Pennsylvania Association for the Blind (PAB), maintains a separate cost center in the organization's accounting records. Contract funds are passed through the PAB to the organization, from the Commonwealth of Pennsylvania, Department of Labor & Industry, Office of Vocational Rehabilitation, Bureau of Blindness & Visual Services. The contract with PAB for reimbursement of eligible program service costs up to a maximum of \$ 34,535 and \$ 34,583 respectively for the fiscal year ended June 30, 2016 and for the July through December 2016 portion of the June 30, 2017 contract year. Following is a schedule of the activity under this grant for the above referenced time period:

	January - June 2016 Approved Budget	January - June 2016 Total Program Costs	January - June 2016 OVR/PAB Funding	January - June 2016 Organization's Subsidy
Personnel				
Salaries/Benefits	20,961	33,483	20,120	13,363
Other Expenses				
Occupancy	1	4,258	-	4,258
Contracted Position	2,948	3,036	3,036	-
Communications	1	538	-	538
Mileage	8,122	3,887	7,934	(4,047)
Admin/Overhead	49	8,438	1,860	6,578
Audit	1,000	2,216	2,216	-
Travel	-	729	-	729
Bookkeeping	1,237	1,237	1,237	-
Other	216	2,145	-	2,145
	<u>34,535</u>	<u>59,967</u>	<u>36,403</u>	<u>23,564</u>

CENTRAL SUSQUEHANNA SIGHT SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2016
(Continued)

NOTE 6 - SPECIALIZED SERVICES GRANT FUND (Continued)

	July 2016 - June 2016 Approved Budget	July - December 2016 Approved Budget	July - December 2016 Total Program Costs	July - December 2016 OVR/PAB Funding	July - December 2016 Organization's Subsidy
Personnel					
Salaries/Benefits	50,781	25,391	39,254	25,097	14,157
Other Expenses					
Occupancy	2	1	3,141	-	3,141
Contracted Position	-	-	3,500	-	3,500
Communications	-	-	708	-	708
Mileage	9,194	4,597	3,263	4,117	(854)
Admin Overhead	2,559	1,279	8,459	1,255	7,204
Audit	125	63	-	-	-
Travel	6,454	3,227	2,798	2,017	781
Bookkeeping	50	25	1,237	-	1,237
Other	-	-	2,345	-	2,345
	69,165	34,583	64,705	32,486	32,219

	Total Approved Budget	Total Program Costs	Total OVR/PAB Funding	Total Organization's Subsidy
Personnel				
Salaries/Benefits	46,352	72,737	45,217	27,520
Other Expenses				
Occupancy	2	7,399	-	7,399
Contracted Position	2,948	6,536	3,036	3,500
Communications	1	1,246	-	1,246
Mileage	12,719	7,150	12,051	(4,901)
Admin Overhead	1,328	16,897	3,115	13,782
Audit	1,063	2,216	2,216	-
Travel	3,227	3,527	2,017	1,510
Bookkeeping	1,262	2,474	1,237	1,237
Other	216	4,490	-	4,490
	69,118	124,672	68,889	55,783

NOTE 7 - PREVENTION OF BLINDNESS GRANT FUND

The Prevention of Blindness Grant Fund, which is operated by the organization under a contract with the Pennsylvania Association for the Blind (PAB), maintains a separate cost center in the organization's accounting records. Contract funds are passed through the PAB to the organization, from the Commonwealth of Pennsylvania, Department of Labor & Industry, Office of Vocational Rehabilitation, Bureau of Blindness & Visual Services. The contract with PAB for reimbursement of eligible program service costs up to a maximum of \$6,525 and \$7,619, respectively for the fiscal year ended June 30, 2016 and for the July through December 2016 portion of the June 30, 2017 contract year. Following is a schedule of the activity under this grant for the above referenced time period:

CENTRAL SUSQUEHANNA SIGHT SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2016
(Continued)

NOTE 7 - PREVENTION OF BLINDNESS GRANT FUND (Continued)

	January - June 2016 Approved Budget	January - June 2016 Total Program Costs	January - June 2016 OVR/PAB Funding	January - June 2016 Organization's Subsidy
Personnel				
Salaries/Benefits	5,135	23,799	4,797	19,002
Other Expenses				
Occupancy	1	1,195	-	1,195
Communications	-	365	-	365
Contract Services	-	414	-	414
Contract Travel	1,385	1,065	1,658	(593)
Audit	-	1,702	-	1,702
Bookkeeping	1	950	-	950
Insurance	1	2,150	-	2,150
Admin Overhead	1	5,624	-	5,624
Program Supplies	1	591	-	591
	6,525	37,855	6,455	31,400

	July 2016 - June 2016 Approved Budget	July - December 2016 Approved Budget	July - December 2016 Total Program Costs	July - December 2016 OVR/PAB Funding	July - December 2016 Organization's Subsidy
Personnel					
Salaries/Benefits	11,361	5,680	21,230	4,209	17,021
Other Expenses					
Occupancy	1	1	866	-	866
Communications	1	1	479	-	479
Contract Services	607	304	3,500	607	2,893
Contract Travel	2,700	1,350	1,409	1,383	26
Audit	1	-	-	-	-
Bookkeeping	1	1	950	-	950
Insurance	-	-	1,546	-	1,546
Admin Overhead	568	284	5,728	210	5,518
Program Supplies	-	-	998	-	998
	15,240	7,621	36,706	6,409	30,297

CENTRAL SUSQUEHANNA SIGHT SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2016
(Continued)

NOTE 7 - PREVENTION OF BLINDNESS GRANT FUND (Continued)

	Total Approved Budget	Total Program Costs	Total OVR/PAB Funding	Total Organization's Subsidy
Personnel				
Salaries/Benefits	10,815	45,029	9,006	36,023
Other Expenses				
Occupancy	2	2,061	-	2,061
Communications	1	844	-	844
Contract Services	304	3,914	607	3,307
Contract Travel	2,735	2,474	3,041	(567)
Audit	-	1,702	-	1,702
Bookkeeping	2	1,900	-	1,900
Insurance	1	3,696	-	3,696
Admin Overhead	285	11,352	210	11,142
Program Supplies	1	1,589	-	1,589
	14,146	74,561	12,864	61,697