

**CENTRAL SUSQUEHANNA
SIGHT SERVICES**

FINANCIAL STATEMENTS

December 31, 2018

CENTRAL SUSQUEHANNA SIGHT SERVICES

Index

	<u>Page</u>
Independent Auditor's Report	1
Statement of Assets, Liabilities and Net Assets - Modified Cash Basis - Exhibit A	2
Statement of Support, Revenue, Expenses and Changes in Net Assets - Modified Cash Basis - Exhibit B	3
Statement of Functional Expenses - Modified Cash Basis - Exhibit C	4
Statement of Cash Flows - Modified Cash Basis - Exhibit D	5
Notes to Financial Statements	6-12

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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, 2018, 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, 2018, 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 28, 2019

CENTRAL SUSQUEHANNA SIGHT SERVICES
STATEMENT of ASSETS, LIABILITIES and NET ASSETS - MODIFIED CASH BASIS
December 31, 2018

ASSETS

Current Assets:

Cash and cash equivalents (Note 3)	\$ 83,093
Investments for current use (Note 4)	391,988
Inventory	<u>2,759</u>
Total Current Assets	<u>477,840</u>

Fixed Assets:

Land	5,000
Buildings	247,639
Automobile	97,921
Equipment	<u>60,364</u>
Total Fixed Assets	410,924
Less Accumulated Depreciation	<u>(230,590)</u>
Net Fixed Assets	<u>180,334</u>
Total Assets	<u><u>\$ 658,174</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Credit Card Liability	\$ 190
Payroll Taxes Payable	3,134
Sales Tax Payable	4
Customer Deposits	47
Line of Credit	<u>25</u>
Total Current Liabilities	<u>3,400</u>
Total Liabilities	<u>3,400</u>
Net Assets without donor restrictions	<u>654,774</u>
Total Net Assets	<u>654,774</u>
Total Liabilities and Net Assets	<u><u>\$ 658,174</u></u>

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, 2018

	Net Assets without Donor Restrictions
PUBLIC SUPPORT:	
Foundations/special gifts	\$ 78,173
Trusts	-
Bequests	130,000
Solicited contributions	11,100
United Way allocation	15,712
Unsolicited contributions	13,163
Total Public Support	<u>248,148</u>
GOVERNMENT GRANTS:	
Social Services	80,144
Prevention	21,849
Total Government Grants	<u>101,993</u>
OTHER RECEIPTS:	
Investment income	13,323
Rugs, caning and broom sales	896
Visual aid sales	1,196
Eye exam program	216
Event income	17,105
Other income	2,607
Total Other Receipts	<u>35,343</u>
TOTAL PUBLIC SUPPORT, GOVERNMENT GRANTS AND CASH RECEIPTS	<u>\$ 385,484</u>
Expenses	
PROGRAM SERVICES:	
Blind workshop	\$ 3,963
Social Services	130,494
Prevention of blindness	76,438
Blind aids and grants	555
Total Program Services	<u>211,450</u>
SUPPORTING SERVICES:	
Administrative	12,992
Solicitation	1,196
Total Supporting Services	<u>14,188</u>
Total Program and Supporting Services	<u>225,638</u>
Other Increases/(Decreases) in Net Assets:	
Realized loss from sale of investments	(3,685)
Unrealized loss on investments	<u>(25,813)</u>
Total Other Increases/(Decreases) in Net Assets	<u>(29,498)</u>
TOTAL EXPENSES AND OTHER INCREASES/(DECREASES) IN NET ASSETS	<u>\$ 255,136</u>
Net Increase in Net Assets	130,348
Net Assets: January 1, 2018	524,426
Net Assets: December 31, 2018	<u>\$ 654,774</u>

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

CENTRAL SUSQUEHANNA SIGHT SERVICES
STATEMENT of FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
For the Year Ended December 31, 2018

	Program Services				Supporting Services		
	Blind Workshop	Social Services	Prevention of Blindness	Blind Aids & Grants	Total Program Services	Management and General	Fundraising
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries	1,158	71,223	41,259	-	113,640	4,271	370
Picnics/dinner	-	137	137	-	274	-	-
Payroll taxes	82	5,308	2,457	-	7,847	282	57
Insurance	455	5,382	4,135	-	9,972	385	88
Water and sewer	28	332	255	-	615	24	5
Lights	90	1,066	818	-	1,974	76	17
Fuel	37	433	333	-	803	95	7
Repairs and maintenance	141	1,662	1,275	-	3,078	119	27
Postage/Freight	18	508	1,031	-	1,557	118	149
Telephone/Internet	-	1,275	863	-	2,138	179	-
Conference and travel	127	4,321	1,186	-	5,634	53	12
Legal and accounting	888	10,488	8,057	-	19,433	748	173
Dues and subscriptions	128	12,420	3,129	-	15,677	165	25
Car and maintenance	-	4,178	916	-	5,094	499	-
Miscellaneous	-	-	-	-	-	69	-
Health insurance/Life Insurance	387	4,571	3,510	-	8,468	326	76
Stationery and supplies	134	877	688	-	1,699	184	14
Visual aids	-	120	-	-	120	-	-
Preschool Screenings	-	-	52	-	52	-	-
Eye exam program	-	-	160	-	160	-	-
Literature	-	-	2,146	-	2,146	-	-
Glasses	-	-	831	-	831	-	-
Gifts and grants	-	-	-	555	555	-	-
Depreciation	375	4,343	2,171	-	6,889	448	150
Retirement	-	1,913	1,029	-	2,942	111	26
Raffle expense	-	-	-	-	-	4,749	-
Interest expense	-	-	-	-	-	91	-
Cost of goods sold	(85)	(63)	-	-	(148)	-	-
	\$ 3,963	\$ 130,494	\$ 76,438	\$ 555	\$ 211,450	\$ 12,992	\$ 1,196

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

CENTRAL SUSQUEHANNA SIGHT SERVICES
STATEMENT of CASH FLOWS - MODIFIED CASH BASIS
Year Ended December 31, 2018

Cash flows from operating activities:

Change in net assets	\$ 130,348
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	7,487
Increase in Inventory	(996)
Decrease in Payroll Taxes Payable	(275)
Increase in Credit Card Liability	24
Unrealized loss on investment	25,813
Realized loss on investment	3,685
Increase in Other Payables	11
	<hr/>
Net cash provided by operating activities	166,097
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Cash Flows from Investing Activities	
Purchase of Equipment	(19,915)
Purchase of Automobile	(18,637)
Sale of investments	229,007
Purchase of investments	(282,856)
	<hr/>
Net cash used by investing activities	(92,401)
	<hr/>
Cash Flows from Financing Activities	
Line of credit advances	25
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Net cash provided by investing activities	25
	<hr/>
Net Increase in Cash and Cash Equivalents	73,721
Cash and cash equivalents at beginning of year	9,372
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Cash and cash equivalents at end of year	<u>\$ 83,093</u>

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

CENTRAL SUSQUEHANNA SIGHT SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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 inform 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, 2015.

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.

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.

CENTRAL SUSQUEHANNA SIGHT SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2018
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

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.

Liquidity Management

Central Susquehanna Sight Services' financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash and cash Equivalents	\$83,093
Investments for current use	<u>391,988</u>
Total	<u>\$475,081</u>

Subsequent Events

Management has evaluated subsequent events through February 28, 2019, 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, 2018 is as follows:

Petty cash	\$ 54
Undeposited funds	0
NOW account	7,544
Emergency checking	15,863
Raffle checking	7,370
Cash – Money Market	100
Cash – Susq Trust MM	<u>52,162</u>
	<u>\$ 83,093</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, 2018
(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, 2018 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, 2018

	Level 1	Level 2	Level 3
Equity Investments	\$ 163,992	\$ -0-	\$ -0-
Mutual Fund - Prudential	43,212	-0-	-0-
Mutual Fund - BB&T	184,784	-0-	-0-
Total assets at fair value	<u>\$ 391,988</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	\$ 43,212
3,832.947 shares Doubleline T/R Bond Fund	40,667	39,939
1,680.201 shares Neuberger Berman Strategic		
Income Fund	18,627	17,558
2,692.417 shares Prudential T/R Bond	38,767	37,505
5,145.758 shares Sterling Capital T/R Bond	54,104	52,590
306.434 Fidelity L/T Treasury Bond	3,640	3,886

CENTRAL SUSQUEHANNA SIGHT SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2018
(Continued)

NOTE 4 -	<u>INVESTMENTS</u> (Continued)	<u>Cost</u>	<u>Market</u>
	3,405.543 shares Metropolitan West T/R Bond	33,948	33,306
	117 shares AT&T Inc.	3,909	3,339
	3 shares Alphabet Inc.	2,795	3,135
	31 shares American Express Co.	3,055	2,955
	19 shares American Tower Corp	2,155	3,006
	20 shares Amgen Inc.	3,213	3,893
	17 shares Apple Inc.	1,632	2,682
	105 shares Bank of America Corp	2,516	2,587
	42 shares Best Buy Co. Inc.	2,896	2,224
	10 shares Boeing Company	1,471	3,225
	69 shares Bristol-Myers Squibb Co.	3,536	3,587
	29 shares Broadridge Financial Solutions LLC	2,214	2,791
	41 shares CDW Corp of Delaware	2,086	3,323
	25 shares Caterpillar Inc.	3,657	3,177
	94 shares Centerpoint Energy Inc.	2,724	2,654
	23 shares Chevron Corp	2,625	2,502
	75 shares CISCO Systems Inc.	3,153	3,250
	78 Citizens Financial Group	2,785	2,319
	97 shares Comcast Corp	3,068	3,303
	82 shares D.R. Horton Inc.	2,788	2,842
	39 shares DXC Technology Co	3,415	2,074
	67 shares Delta Air Lines Inc.	3,618	3,343
	67 shares Exelon Corp	2,475	3,022
	36 shares Exxon Mobil Corp	2,735	2,455
	23 shares Facebook Inc.	3,143	3,015
	16 shares Home Depot Inc.	3,264	2,749
	81 shares Intel Corp	3,094	3,801
	28 shares JP Morgan Chase & Co.	2,103	2,733

CENTRAL SUSQUEHANNA SIGHT SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2018
(Continued)

NOTE 4 -	<u>INVESTMENTS</u> (Continued)	<u>Cost</u>	<u>Market</u>
	31 shares Johnson & Johnson	2,443	4,001
	167 shares Keycorp New	3,275	2,468
	32 shares Kimberly-Clark Corp	3,497	3,646
	16 shares Mastercard Inc.	2,403	3,018
	32 shares Microsoft Corp	1,115	3,250
	37 shares Microchip Technology Inc.	3,409	2,661
	65 shares Morgan Stanley	2,949	2,577
	42 shares Netapp Inc.	3,351	2,506
	21 shares Norfolk Southern Corp	3,213	3,140
	43 shares Oneok Inc.	3,020	2,320
	23 shares PVH Corp	2,989	2,138
	21 shares Packaging Corp	1,911	1,753
	101 shares Pfizer Inc.	2,464	4,409
	40 shares Prologis Inc.	2,071	2,349
	34 shares Prudential Financial Inc.	3,432	2,773
	154 shares Starwood Property Trust Inc.	3,375	3,035
	51 shares Steel Dynamics Inc.	2,162	1,532
	22 shares Stryker Corp	2,801	3,448
	46 shares Sysco Corporation	2,602	2,882
	26 shares T-Mobile US Inc.	3,691	3,562
	39 shares Target Corp	3,257	2,578
	55 shares Tyson Foods Inc.	3,858	2,937
	15 shares United Health Group Inc.	2,307	3,737
	25 shares Valero Energy Corp	1,795	1,874
	33 shares Visa Inc.	3,373	3,167
	33 shares Walmart	3,199	3,074
	40 shares Waste Management Inc.	3,287	3,560

CENTRAL SUSQUEHANNA SIGHT SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2018
(Continued)

NOTE 4 -	<u>INVESTMENTS</u> (Continued)	<u>Cost</u>	<u>Market</u>
	13 shares Wellcare Health Plans Inc.	3,993	3,069
	26 shares Royal Caribbean Cruises	<u>2,304</u>	<u>2,542</u>
		<u>\$411,939</u>	<u>\$391,988</u>

NOTE 5 - LINE OF CREDIT

The Line of Credit as of December 31, 2018 is as follows:

BB&T, secured by Trust Account held by corporation.

Line of Credit, interest rate is 4.75%, limit of \$25,000.

\$ 25

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 \$ 34,584 for the fiscal year ended June 30, 2018. Following is a schedule of the activity under this grant for the above referenced time period:

	January - June 2018 Approved Budget	January - June 2018 Total Program Costs	January - June 2018 OVR/PAB Funding	January - June 2018 Organization's Subsidy
Personnel				
Salaries/Benefits	26,173	37,390	23,973	13,417
Other Expenses				
Occupancy	1	1,815	1,229	586
Contracted Position	1	925	-	925
Communications	1	666	1,117	(451)
Mileage	4,374	1,692	5,789	(4,097)
Admin/Overhead	1,309	11,901	2,734	9,167
Audit	712	2,251	-	2,251
Staff Travel	-	464	1,565	(1,101)
Travel	2,011	2,583	4,089	(1,506)
Bookkeeping	1	1,237	3,843	(2,606)
Other	1	-	-	-
	<u>34,584</u>	<u>60,924</u>	<u>44,339</u>	<u>16,585</u>

CENTRAL SUSQUEHANNA SIGHT SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2018
(Continued)

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 \$7,619 for the fiscal year ended June 30, 2018. Following is a schedule of the activity under this grant for the above referenced time period:

	January - June 2018 Approved Budget	January - June 2018 Total Program Costs	January - June 2018 OVR/PAB Funding	January - June 2018 Organization's Subsidy
Personnel				
Salaries/Benefits	4,510	21,226	3,909	17,317
Other Expenses				
Occupancy	1	1,395	750	645
Communications	1	451	451	-
Contract Services	916	925	3,271	(2,346)
Contract Travel	1,070	437	868	(431)
Audit	217	1,729	-	1,729
Bookkeeping	237	950	1,537	(587)
Insurance	1	2,428	-	2,428
Admin Overhead	226	6,502	1,010	5,492
Printing	442	2,146	-	2,146
	7,619	38,189	11,795	26,394

NOTE 8 - GRANT CONTRACT

Effective July 1, 2018, the Specialized Services and Prevention of Blindness grants were replaced with a Training and Supportive Services (TSS) and Preschool Vision Screenings and Eye Safety Education (PSE) Contract. The contract is dated 7/1/18 to 6/30/19. The total allowable grant for TSS for the contract period is \$69,165.88. The total allowable grant for PSE for the contract period is \$15,239.95. Additionally, there are discretionary funds of \$2,383.21 available under the grant. The contract is with the PA Association for the Blind. The total funds received for the TSS portion of the grant from 7/1/18 to 12/31/18 were \$46,667 and the total program expenses for that time period were \$62,133. The total funds received for the PSE portion of the grant from 7/1/18 to 12/31/18 were \$9,892 and the total program expenses for that time period were \$37,525.