



NATIONAL FEDERATION
OF THE BLIND
MINNESOTA

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Audit Committee Report
For Fiscal Year Ending December 31, 2014

April 4, 2015

As directed by the Board of Directors, the audit committee met to review the organization's annual financial statements and accounting records for the period ending December 31, 2014. All members of the committee, Bryce Samuelson, Bev Stravum, and Steve Jacobson, were present. The committee raised several minor questions that were answered completely. The committee concludes that the financial statements accurately reflect the organization's financial position and that the organization is effectively managed.

Respectfully submitted

Steve Jacobson, Chairperson
Audit Committee

National Federation of the Blind of Minnesota, Inc.
Statement of Financial Position
December 31, 2014 and 2013

	2014	2013
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$311,495	\$340,455
Sales/Service Inventory	0	0
Total Current Assets	311,495	340,455
Fixed Assets		
Property (Net of Depreciation, Note 2)	0	0
Equipment (Net of Depreciation, Note 2)	0	802
Total Fixed Assets	0	802
Other Assets		
Investments (Note 3)	236,724	165,428
Total Other Assets	236,724	165,428
TOTAL ASSETS	\$548,219	\$506,685
LIABILITIES		
TOTAL LIABILITIES	\$0	\$0
NET ASSETS		
Unrestricted Net Assets		
Undesignated, Available for General Activities	\$311,495	\$340,455
Designated for Long-Term Investments	236,724	165,428
Total Unrestricted Assets	548,219	505,883
Fixed, Unavailable for General Activities	0	802
TOTAL NET ASSETS	\$548,219	\$506,685

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

National Federation of the Blind of Minnesota, Inc.
Statement of Activities
For the Year Ended December 31, 2014
With Comparable Totals for 2013

	<u>2014</u>	<u>2013</u>
Income		
Public Support		
Contributions	\$23,290	\$36,024
Corporation and Foundation Support	6,230	3,100
Bequests	<u>6,112</u>	<u>440,421</u>
Total Support	35,632	479,545
Revenue		
Dues	1,190	1,535
Interest and Dividends	4,933	3,877
Sales and Service	<u>1,007</u>	<u>1,022</u>
Total Revenue	<u>7,130</u>	<u>6,434</u>
Total Income	42,762	485,979
Expense		
Program Services	67,446	263,552
Supporting Services		
Management and General	4,928	1,333
Fundraising	<u>150</u>	<u>105</u>
Total Supporting Services	<u>5,078</u>	<u>1,438</u>
Total Expenses	72,524	264,990
Change in Unrestricted Net Assets Before Extraordinary Items	(29,762)	220,989
Unrealized Gain (Loss) on Investments	<u>71,295</u>	<u>21,918</u>
Change in Unrestricted Net Assets	41,533	242,907
Net Assets, Beginning of Year	<u>506,685</u>	<u>263,778</u>
Net Assets, End of Year	<u>\$548,218</u>	<u>\$506,685</u>

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

National Federation of the Blind of Minnesota, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2014
With Comparable Totals for 2013

	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total Expenses 2014</u>	<u>Total Expenses 2013</u>
Conferences and Workshops	\$6,991	\$0	\$0	\$6,991	\$6,902
Contract Services	7,085	0	0	7,085	5,411
Supplies	1,686	474	150	2,310	1,355
Postage and Shipping	401	0	0	401	659
Printing	1,332	0	0	1,332	1,115
Travel	3,370	885	0	4,255	1,368
Professional Services	0	0	0	0	0
Telephone	966	50	0	1,016	1,091
Occupancy	7,522	325	0	7,847	7,356
Insurance	0	549	0	549	613
Equipment Rent and Maintenance	0	119	0	119	0
Awards and Grants	37,035	0	0	37,035	236,860
Advertising	257	0	0	257	254
Other	0	2,526	0	2,526	231
Total Expenses Before Depreciation	66,645	4,928	150	71,723	263,215
Depreciation	801	0		801	1,775
Total Expenses	<u>\$67,446</u>	<u>\$4,928</u>	<u>\$150</u>	<u>\$72,524</u>	<u>\$264,990</u>

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

National Federation of the Blind of Minnesota, Inc.
Statement of Cash Flows
For the Years Ended December 31, 2014 and 2013

	2014	2013
Cash Flows from Operating Activities		
Changes in Net Assets, Before Extraordinary Items	(\$29,762)	\$220,989
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	801	1,775
Inventory	0	0
Net Cash Used by Operating Activities	(28,961)	222,764
Cash Flows from Investing Activities		
Cash Payments for the Purchase of Investments	0	0
Cash Payments for the Purchase of Equipment	0	0
Net Cash Used by Investing Activities	0	0
Net Increase (Decrease) in Cash and Equivalents	(28,961)	222,764
Cash and Equivalents, Beginning of Year	340,455	117,691
Cash and Equivalents, End of Year	\$311,494	\$340,455
Cash Paid for Interest	\$0	\$0

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

National Federation of the Blind of Minnesota, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2014 and 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

The National Federation of the Blind of Minnesota, Inc. (formerly Minnesota Organization of Blind, Inc.) was organized in 1920. One of the Federation's more important programs is public education. This program strives to make the needs and the abilities of blind persons known to the public and to guide the blind in the effective use of services available to them. The organization also serves as an advocate for blind persons, and organizes conferences addressing issues of blind persons. The organization's primary source of funding is public support.

Basis of Presentation

Financial statement presentation follows the recommendations of the American Society of Certified Public Accountants in its industry audit and accounting guide, Audits of Certain Nonprofit Organizations. In 1998, the National Federation of the Blind of Minnesota adopted Statement of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made* and No. 117, *Financial Statements for Not-For-Profit Organizations*. The provisions of the standard have been applied to the periods presented.

Under the provisions of SFAS No. 116 and 117, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the National Federation of the Blind of Minnesota, Inc. and changes therein are classified and reported as follows:

Unrestricted Net Assets

This classification contains net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets

This category includes net assets subject to donor-imposed stipulations that may or will be met by actions of the National Federation of the Blind of Minnesota, Inc. and/or the passage of time.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been presented on a functional basis. Accordingly, certain costs have been allocated among the programs and administrative services benefited.

Comparative Information

The financial statements include prior-year summarized functional-expense information in total, but not by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2013 from which the summarized information was derived

Use of Estimates in the Preparation of Financial Statements

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

Statement of Cash Flows

The Federation has elected to use the indirect method of reporting cash flows. The Federation did not obtain outside financing in 2014 and 2013, and as such did not expend cash for interest expense in either year. For the purposes of the statements of cash flows, the Federation considers all cash and other highly-liquid investments available for current use with a maturity of three months or less to be cash equivalents.

Cash and Equivalents

The Federation invests funds needed for current operations in short-term instruments including bank savings accounts. Investments in short-term instruments are recorded at market value in accordance with Statement of Financial Accounting Standard No. 124.

Property and Equipment

Furniture and equipment are recorded at cost for purchased items and fair market value at date of gift for donated items. Depreciation is calculated on the straight-line method over estimated useful lives (3-5 years) of the assets.

Contributed Services and Materials

Contributed professional services are recognized 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. Contributions of tangible assets are recognized at fair market value when received. No such material contributions were made.

Income Tax Status

The Federation is designated as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and therefore exempt from income tax.

NOTE 2. EQUIPMENT

Depreciation of equipment is provided on a straight-line basis over the estimated useful lives of the assets. The basis of such assets at December 31, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Building	\$50,000	\$50,000
Office and Computer Equipment	75,359	75,359
Total Cost	125,359	125,359
Less: Accumulated Depreciation	<u>(125,359)</u>	<u>(124,557)</u>
Net Book Value	0	802

Depreciation expense of \$801 and \$1,775 was recorded for the years ended December 31, 2014 and 2013 respectively.

NOTE 3. STOCK AND INVESTMENTS

On January 17, 1984, the organization received 200 shares of 3M common stock as a donation. Additional shares have been received as stock splits. In December 1993, 200 shares were sold. On July 1, 1996, the Federation received 40 shares of Imation, Inc. from 3M in a corporate stock spin off. The basis in the stock is allocated between the two investments. On September 20, 2007, the Federation purchased 2,043.04 shares of the Vanguard Total Stock Market Index mutual fund. The total value of the shares on the donation or purchase date and at the December 31, 2014 and 2013 year-ends are:

	Acquired Date	Number Shares	Cost Basis	2014 Market Value	2013 Market Value
3M Company Common Stock	1/17/1984	800	\$10,391	\$131,248	\$84,800
Imation Corp. Common Stock	7/1/1996	40	426	157	153
Vanguard TSMX Fund	9/20/2007	2,043.040	75,000	105,319	80,475
Total Value				\$236,724	\$165,428

In December 1993, the Federation sold part of its stock investment and invested \$50,000 in a joint venture with Blindness: Learning in New Dimensions (BLIND), Inc. The investment consists of a building located at 100 East 22nd Street, Minneapolis, Minnesota. The building serves as offices for both organizations.

NOTE 4. RELATED PARTY TRANSACTIONS

National Federation of the Blind of Minnesota, Inc. (NFBM) operates a building under a joint-venture agreement with Blindness: Learning in New Dimensions (BLIND), Inc. for the benefit of the blind of Minnesota. Under this agreement, BLIND, Inc. and NFBM pay 90% and 10%, respectively, towards the maintenance of the building, which is jointly owned by both entities. The Federation pays \$1,000 per month for operating cost, maintenance, and other support services.

The National Federation of the Blind of Minnesota, Inc. is an affiliate of the National Federation of the Blind. During the fiscal year ended December 31, 2014, and 2013 respectively, NFBM contributed \$22,200 and \$213,360 to the national organization.