

*Financial Statements
Modified Cash Basis
Years Ended
December 31, 2013 and 2012*

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The Braille Circulating Library for the Blind, Inc.

The Braille Circulating Library for the Blind, Inc.

Contents

	Page
<i>Independent Accountants' Compilation Report</i>	1
<i>Financial Statements</i>	
<i>Statements of Financial Position - Modified Cash Basis</i>	2
<i>Statements of Revenues, Expenses, and Other Changes in Net Assets - Modified Cash Basis</i>	3
<i>Notes to Financial Statements</i>	4 - 6

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Independent Accountants' Compilation Report

Board of Directors
The Braille Circulating Library for the Blind, Inc.

We have compiled the accompanying statements of financial position – modified cash basis of ***The Braille Circulating Library for the Blind, Inc.*** (a nonprofit organization) as of December 31, 2013 and 2012, and the related statements of revenues, expenses, and other changes in net assets – modified cash basis for the years then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the modified cash basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilations in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Chester, Virginia
May 5, 2014

The Braille Circulating Library for the Blind, Inc.

Statements of Financial Position - Modified Cash Basis

December 31,	2013	2012
Assets		
Current assets		
Cash	\$ 17,132	\$ 24,670
Investment securities	9,585	7,377
Total current assets	<u>26,717</u>	<u>32,047</u>
Property and equipment		
Building improvements	247,765	247,765
Equipment	127,552	127,552
Building	35,142	35,142
Land	10,543	10,543
Renovation in process	3,833	-
	<u>424,835</u>	<u>421,002</u>
Less - accumulated depreciation	(349,173)	(333,851)
Property and equipment - net	<u>75,662</u>	<u>87,151</u>
	<u>\$ 102,379</u>	<u>\$ 119,198</u>
Liabilities and Net Assets		
Net assets		
Unrestricted	\$ 85,291	\$ 104,508
Temporarily restricted	17,088	14,690
	<u>\$ 102,379</u>	<u>\$ 119,198</u>

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See accompanying notes and independent accountants' compilation report.

The Braille Circulating Library for the Blind, Inc.

*Statements of Revenues, Expenses, and Other Changes in Net Assets -
Modified Cash Basis*

Years Ended December 31,	2013	2012
Unrestricted net assets		
Support and revenue:		
Contributions:		
Individuals and estates	\$ 26,553	\$ 24,318
Churches	11,136	9,872
Foundations and corporations	10,344	21,350
	<u>48,033</u>	<u>55,540</u>
Interest, dividends, and net appreciation on investments	2,210	1,789
Total unrestricted support and revenue	<u>50,243</u>	<u>57,329</u>
Net assets released from restrictions	3,832	-
	<u>54,075</u>	<u>57,329</u>
Expenses:		
Salaries and benefits	23,120	24,305
Housing	19,800	19,800
Depreciation	15,322	16,138
Insurance	4,633	4,008
Utilities	4,292	4,345
Maintenance and repairs	2,542	1,401
Office supplies	2,034	2,008
Dues and subscriptions	712	250
Internet service	704	688
Miscellaneous expense	133	374
Books, other than braille	-	341
Total expenses	<u>73,292</u>	<u>73,658</u>
Change in unrestricted net assets	<u>(19,217)</u>	<u>(16,329)</u>
Temporarily restricted net assets		
Donations	6,230	-
Restrictions satisfied by payments	(3,832)	-
	<u>2,398</u>	<u>-</u>
Change in temporarily restricted net assets	<u>2,398</u>	<u>-</u>
Change in net assets	<u>(16,819)</u>	<u>(16,329)</u>
Net assets - beginning of year	<u>119,198</u>	<u>135,527</u>
Net assets - end of year	<u>\$ 102,379</u>	<u>\$ 119,198</u>

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See accompanying notes and independent accountants' compilation report.

The Braille Circulating Library for the Blind, Inc.

Notes to Financial Statements

December 31, 2013 and 2012

1. Organization and Nature of Activities

The Braille Circulating Library for the Blind, Inc. (Library), located at the corner of Stuart Avenue and Mulberry, Richmond, Virginia, was established in 1925 to serve the visually handicapped who are interested in good, sound Christian books, tapes, cassettes and compact discs. Support comes from voluntary contributions by individuals, churches and foundations.

2. Basis of Presentation

The accompanying financial statements have been prepared on a modified basis of cash receipts and disbursements; therefore, revenues in the form of contributions are recognized when received rather than when pledges are made, and expenses are recognized when paid rather than when the obligation is incurred. The modifications to the cash basis relate to the accounting for investments and property and equipment as assets of the Library, and recording unrealized appreciation (depreciation) on investment securities and depreciation on property and equipment in the statements of revenues, expenses, and other changes in net assets – modified cash basis.

Net Assets Classification

The financial statements report amounts separately by class of net assets as follows:

Unrestricted amounts are those currently available at the discretion of the Library's Board of Directors for use in operations and investment in equipment.

Temporarily restricted amounts are those which are stipulated by donors for specific operating purposes or for acquisition of equipment. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of revenues, expenses, and other changes in net assets – modified cash basis as net assets released from restrictions.

Permanently restricted amounts are restricted to investments in perpetuity, the income from which is expendable in accordance with the conditions of each specific donation. The Library had no permanently restricted net assets as of December 31, 2013 and 2012.

All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restrictions.

Contributions

Contributions and other support are recorded as unrestricted, temporarily restricted or permanently restricted, depending on the existence and/or nature of any donor restrictions.

Contributions and other support restricted by the donor are reported currently as an increase in unrestricted net assets if the restriction expires in the same reporting period in which they are received. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction.

Cash

Cash includes amounts deposited with financial institutions and money market funds.

Investment Securities

Investment securities are reported at fair market value using quoted market prices in active markets, a level one measurement.

Donated Services

No amounts have been reflected in the 2013 and 2012 financial statements for donated services since they do not meet the criteria for recognition; however, a substantial number of volunteers have donated significant amounts of their time in the Library's activities.

Property and Equipment

Purchased property and equipment are stated at cost. Donations of property are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Library reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Library reclassifies temporarily restricted net assets to unrestricted net assets at that time. There is no value assigned to the collection of Christian books, large print books, tapes, cassettes and records.

Depreciation is computed using the straight-line method over a life of 20 years for building and building improvements and 3 to 10 years for equipment.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Credit Risk

Financial instruments that potentially subject the Library to concentration of credit risk consist principally of cash and cash equivalents. The Library places its cash and cash equivalents with high credit quality financial institutions. At December 31, 2013 and 2012, amounts on deposit did not exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC). In addition, the Library is potentially subject to credit risk in regard to its investments in equity instruments of public corporations, which are not insured.

Income Tax Status

The Library is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and the tax statutes of the Commonwealth of Virginia. The Library has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2013 and 2012. Fiscal years ending on or after December 31, 2010 remain subject to examination by federal and state tax authorities.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a natural basis in the statements of revenues, expenses, and other changes in net assets – modified cash basis. Approximately 76% of the Library's expenses related to program services and 24% to supporting services in 2013. Approximately 76% of the Library's expenses related to program services and 24% to supporting services in 2012. No expenses related to fundraising activities.

Subsequent Events

In preparing these financial statements, the Library has evaluated events and transactions for potential recognition or disclosure through May 5, 2014, the date the financial statements were available to be issued.

3. Investment Securities

The cost and market value of mutual funds as of December 31 were as follows:

	<u>2013</u>	<u>2012</u>
Cost	\$ 14,637	\$ 14,545
Market value	\$ 9,585	\$ 7,377

4. Temporarily Restricted Net Assets

Temporarily restricted net assets were released from donor restrictions as detailed below:

	<u>2013</u>	<u>2012</u>
Renovation project	\$ 3,832	\$ -

Temporarily restricted net assets are available for the following purposes at December 31:

	<u>2013</u>	<u>2012</u>
Renovation project	\$ 17,088	\$ 14,690

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