

**VISION LOSS RESOURCES, INC.
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

Years Ended December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Vision Loss Resources, Inc. and Subsidiaries
Little Canada, Minnesota

Opinion

We have audited the accompanying consolidated financial statements of Vision Loss Resources, Inc. (a nonprofit organization) and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Vision Loss Resources, Inc. and Subsidiaries as of December 31, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Vision Loss Resources, Inc. and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Vision Loss Resources, Inc. and Subsidiaries' 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 consolidated 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 generally accepted auditing standards 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, including omissions, 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.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Vision Loss Resources, Inc. and Subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Vision Loss Resources, Inc. and Subsidiaries' 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.

Supplementary Information

Our audits were conducted for the purpose of expressing an opinion on the consolidated financial statements as a whole. The supplementary information on pages 29 to 36 is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the matter described below, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The accompanying consolidating information on pages 29 to 36 does not include right-to-use lease assets and lease liabilities for material related-party leases that fully eliminate upon consolidation. Management has informed us that they have not determined the effects of not including related-party leases in the consolidating information.

Carlson SV JH

Amery, Wisconsin
April 22, 2024

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

ASSETS	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,577,032	\$ 1,439,785
Investments	1,042,794	1,718,595
Receivables, net of \$5,000 and \$8,135 allowance for credit losses	1,247,108	2,296,842
Inventories	3,881,844	4,171,595
Prepaid expenses and other current assets	131,383	149,535
Income taxes refundable	216,888	157,839
Total Current Assets	8,097,049	9,934,191
OTHER ASSETS		
Restricted cash	1,825	189,615
Restricted investments	192,927	-
Real estate held for sale	-	1,845,694
Operating lease right-of-use asset	1,318,201	1,617,266
Total Other Assets	1,512,953	3,652,575
PROPERTY AND EQUIPMENT		
Property and equipment	13,448,167	13,416,924
Accumulated depreciation	(2,724,450)	(2,268,473)
Property and Equipment, Net	10,723,717	11,148,451
TOTAL ASSETS	\$ 20,333,719	\$ 24,735,217
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 1,003,349	\$ 1,217,548
Accrued expenses	304,548	278,445
Obligations under operating leases	311,725	293,445
Current portion of long-term debt	(16,240)	104,336
Total Current Liabilities	1,603,382	1,893,774
LONG-TERM LIABILITIES		
Obligations under operating leases	1,054,283	1,366,008
Long-term debt	3,214,789	7,447,696
Total Long-term Liabilities	4,269,072	8,813,704
Total Liabilities	5,872,454	10,707,478
NET ASSETS		
Without donor restrictions	14,266,513	13,838,124
With donor restrictions	194,752	189,615
Total Net Assets	14,461,265	14,027,739
TOTAL LIABILITIES AND NET ASSETS	\$ 20,333,719	\$ 24,735,217

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

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES						
Revenues, Gains, and Other Support						
Contributions and grants	\$ 321,768	\$ -	\$ 321,768	\$ 281,195	\$ -	\$ 281,195
Government grants	10,010	-	10,010	-	-	-
In-kind contributions	-	-	-	13,725	-	13,725
Program service revenue	1,145,209	-	1,145,209	1,127,275	-	1,127,275
Investment return, net	240,812	5,137	245,949	(110,538)	50	(110,488)
Gain (loss) on sale of assets	805,019	-	805,019	(32)	-	(32)
Miscellaneous revenue	3,947	-	3,947	(89,012)	-	(89,012)
Total Support and Revenue	2,526,765	5,137	2,531,902	1,222,613	50	1,222,663
Expenses						
Program Services						
Rehab center	746,574	-	746,574	696,463	-	696,463
Community services	507,019	-	507,019	744,112	-	744,112
Support Services						
Management and general	1,018,094	-	1,018,094	1,462,319	-	1,462,319
Fundraising	150,450	-	150,450	115,172	-	115,172
Total Expenses	2,422,137	-	2,422,137	3,018,066	-	3,018,066
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	104,628	5,137	109,765	(1,795,453)	50	(1,795,403)
MANUFACTURING ACTIVITIES						
Manufacturing sales	16,575,243	-	16,575,243	20,356,258	-	20,356,258
Cost of goods sold	(14,102,155)	-	(14,102,155)	(16,743,532)	-	(16,743,532)
Net manufacturing sales	2,473,088	-	2,473,088	3,612,726	-	3,612,726
Operating expenses	(2,140,930)	-	(2,140,930)	(2,361,938)	-	(2,361,938)
Gain (loss) on sale of assets	25,203	-	25,203	(7,809)	-	(7,809)
Income taxes	(4,600)	-	(4,600)	(162,339)	-	(162,339)
Total Manufacturing Activities	352,761	-	352,761	1,080,640	-	1,080,640
Unrelated business income taxes	(29,000)	-	(29,000)	(72,572)	-	(72,572)
CHANGE IN NET ASSETS	428,389	5,137	433,526	(787,385)	50	(787,335)
NET ASSETS, BEGINNING OF YEAR	13,838,124	189,615	14,027,739	14,625,509	189,565	14,815,074
NET ASSETS, END OF YEAR	\$ 14,266,513	\$ 194,752	\$ 14,461,265	\$ 13,838,124	\$ 189,615	\$ 14,027,739

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

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2023 and 2022

	2023					Total
	Manufacturing	Program Services		Supporting Services		
		Rehab Center	Community Services	Management and General	Fundraising	
Cost of Sales						
Direct labor	\$ 1,345,494	\$ -	\$ -	\$ -	\$ -	\$ 1,345,494
Contract labor	2,299,804	-	-	-	-	2,299,804
Materials and freight	9,760,999	-	-	-	-	9,760,999
Benefits and other	695,858	-	-	-	-	695,858
Total Cost of Sales	<u>14,102,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,102,155</u>
Salaries and benefits	1,111,167	497,943	398,115	199,539	133,349	2,340,113
Fees for services	20,327	48,980	1,214	139,872	1,531	211,924
Advertising and promotion	27,080	-	452	-	503	28,035
Office expenses	192,534	36,906	8,610	14,667	5,003	257,720
Information technology	57,286	36,472	3,911	2,605	2,605	102,879
Occupancy	427,580	46,345	-	69,085	19	543,029
Travel and transportation	29,962	7,503	65,370	16,556	170	119,561
Conferences, conventions, and meetings	4,991	16,692	8,943	454	89	31,169
Interest expense	-	-	-	271,977	-	271,977
Depreciation	203,442	28,004	-	267,144	79	498,669
Client program expense	-	-	10,606	-	-	10,606
Insurance	43,936	17,664	1,345	28,088	2,367	93,400
Other	22,625	10,065	8,453	8,107	4,735	53,985
	<u>16,243,085</u>	<u>746,574</u>	<u>507,019</u>	<u>1,018,094</u>	<u>150,450</u>	<u>18,665,222</u>
Less expenses included with revenues on the statement of activities Manufacturing cost of sales	<u>(14,102,155)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,102,155)</u>
TOTAL	<u>\$ 2,140,930</u>	<u>\$ 746,574</u>	<u>\$ 507,019</u>	<u>\$ 1,018,094</u>	<u>\$ 150,450</u>	<u>\$ 4,563,067</u>

	2022					Total
	Manufacturing	Program Services		Supporting Services		
		Rehab Center	Community Services	Management and General	Fundraising	
Cost of Sales						
Direct labor	\$ 1,396,476	\$ -	\$ -	\$ -	\$ -	\$ 1,396,476
Contract labor	4,228,890	-	-	-	-	4,228,890
Materials and freight	10,450,307	-	-	-	-	10,450,307
Benefits and other	667,859	-	-	-	-	667,859
Total Cost of Sales	<u>16,743,532</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,743,532</u>
Salaries and benefits	1,186,258	473,182	614,946	354,173	95,987	2,724,546
Fees for services	29,352	10,502	206	320,777	1,996	362,833
Advertising and promotion	4,615	-	260	-	501	5,376
Office expenses	310,492	19,934	16,470	25,354	2,619	374,869
Information technology	54,705	26,100	9,434	7,728	2,576	100,543
Occupancy	518,472	65,500	128	284,668	943	869,711
Travel and transportation	14,297	17,353	73,199	1,593	1,270	107,712
Conferences, conventions, and meetings	469	20,051	4,004	879	125	25,528
Interest expense	2,345	20,064	-	297,511	-	319,920
Depreciation	189,724	19,536	-	141,430	468	351,158
Client program expense	-	-	4,955	-	-	4,955
Insurance	28,009	4,600	2,395	15,637	157	50,798
Other	23,200	19,641	18,115	12,569	8,530	82,055
	<u>19,105,470</u>	<u>696,463</u>	<u>744,112</u>	<u>1,462,319</u>	<u>115,172</u>	<u>22,123,536</u>
Less expenses included with revenues on the statement of activities Manufacturing cost of sales	<u>(16,743,532)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,743,532)</u>
TOTAL	<u>\$ 2,361,938</u>	<u>\$ 696,463</u>	<u>\$ 744,112</u>	<u>\$ 1,462,319</u>	<u>\$ 115,172</u>	<u>\$ 5,380,004</u>

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

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 433,526	\$ (787,335)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and debt issuance costs amortization	548,427	380,317
Realized (gain) loss on investments	139,175	(44,680)
Unrealized (gain) loss on investments	(255,409)	222,543
Donated investments	(1,549)	(3,099)
Noncash donated property and equipment	-	(13,725)
(Gain) loss on disposal of property and equipment	(25,203)	7,841
Gain on sale of real estate held for sale	(805,019)	-
Net operating changes in		
Receivables, net	1,049,734	(149,464)
Inventories	289,751	(267,854)
Income taxes refundable	(59,049)	(157,839)
Prepaid expense	18,152	141,653
Operating lease assets and liabilities	5,620	42,187
Accounts payable	(214,199)	(74,487)
Accrued expenses	26,103	(224,699)
Income taxes payable	-	(217,250)
Net Cash Provided (Used) by Operating Activities	<u>1,150,060</u>	<u>(1,145,891)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(77,232)	(3,557,777)
Proceeds from disposition of property and equipment	28,500	-
Proceeds from sale of real estate held for sale	2,650,713	-
Proceeds from disposition of investments	1,076,657	2,420,577
Purchases of investments	(476,000)	(1,274,592)
Net Cash Provided (Used) by Investing Activities	<u>3,202,638</u>	<u>(2,411,792)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	-	2,199,096
Payments on long-term debt	(4,403,241)	(22,786)
Payments on debt issuance costs	-	(278,085)
Net Cash Provided (Used) by Financing Activities	<u>(4,403,241)</u>	<u>1,898,225</u>
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(50,543)	(1,659,458)
BEGINNING CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	<u>1,629,400</u>	<u>3,288,858</u>
ENDING CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	<u><u>\$ 1,578,857</u></u>	<u><u>\$ 1,629,400</u></u>
SUPPLEMENTAL DISCLOSURE		
Cash payments during the year for		
Income tax	\$ 92,649	\$ 610,000
Interest	236,269	290,211
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	351,428	344,615
Operating cash flows from financing leases	1,560	2,345
Financing cash flows from finance leases	52,738	11,279
Right-of-use assets obtained in exchange for lease liabilities		
Finance leases	-	21,996
NON-CASH DISCLOSURE		
Investments acquired through donation	1,549	3,099
Property and equipment acquired through in-kind contributions	-	13,725
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH CONSISTS OF		
Current Assets		
Cash and cash equivalents	1,577,032	1,439,785
Other Assets		
Restricted cash	<u>1,825</u>	<u>189,615</u>
TOTAL	<u><u>\$ 1,578,857</u></u>	<u><u>\$ 1,629,400</u></u>

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

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

Nature of Organization

Vision Loss Resources, Inc. (the Organization) was founded in 1914 as a workshop for the blind and was incorporated in March 1955. The Organization provides adjustment to blindness rehabilitation training for working age adults, with the goal of returning to work. Community services provide rehabilitation training, social emotional support, and educational and recreational services for older adults with visual impairments. The mission of Vision Loss Resources is to create a community of services, skills, and support for people with vision loss.

DeafBlind Services Minnesota, LLC is a wholly owned subsidiary of Vision Loss Resources, Inc. DeafBlind Services Minnesota (DBSM) brings one-to-one support to deafblind individuals of all ages, throughout Minnesota. The Organization trained support service providers (SSPs) work with adults, while their interveners teach communication skills to infants, children, and youth.

VLR Foundation was formed in 2022 and is a wholly owned subsidiary of Vision Loss Resources, Inc. The organization holds title to and manages real estate located in Little Canada, Minnesota.

Contract Production Services, LLC is a wholly owned for-profit subsidiary of Vision Loss Resources, Inc. In 2022, the organization was spun-off from Vision Loss Resources, Inc. as a for profit entity. The organization provides packaging and assembly work.

Program Activities

The Organization's program activities include a rehabilitation center and community services. The Rehabilitation Center is a full-service, comprehensive training center providing skills for independent living and vocational endeavors. Community Services is a community-based support network for individuals and their families, providing training, equipment, and support for independent living and enhanced quality of life. These services are provided to blind or visually impaired persons throughout the state of Minnesota but primarily in the nine-county Twin Cities metropolitan area.

The following is a summary of significant accounting policies followed in the preparation of these financial statements:

Basis of Consolidation

The consolidated financial statements include the accounts of Vision Loss Resources, Inc., DeafBlind Services Minnesota, LLC, VLR Foundation, and Contract Production Services, LLC, which are referred to collectively throughout the notes as the Organization. All significant intercompany balances and transactions have been eliminated.

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities, as applicable. Operating activities consist of those items attributable to the Organization's ongoing program services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments, manufacturing activities of for-profit organization Contract Production Services, LLC, and other activities considered to be of a more unusual or nonrecurring nature.

Cash, Cash Equivalents, and Restricted Cash

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for customer accounts receivable. Accounts receivable are presented net of an allowance for credit losses. The allowance for credit losses is a valuation account that is deducted from accounts receivable to present the net amount expected to be collected. Accounts receivable are charged off against the allowance when management believes the uncollectibility of a receivable balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off. If any recoveries are made from any accounts previously written off, they will be recognized as an offset to credit loss expense in the year of recovery, in accordance with the Organization's accounting policy election.

Management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made management's expectations about current and future economic conditions.

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

Receivables and Credit Policies (Continued)

The allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. However, accounts receivable are evaluated individually when they do not share similar risk characteristics which would exist in circumstances where amounts are considered at risk or uncollectible. The Organization uses the aging method to determine the allowance for credit losses. At December 31, 2023 and 2022, the allowance was \$5,000 and \$8,135, respectively.

Receivables from contracts with customers are reported as accounts receivable, net in the accompanying consolidated statements of financial position. Contract liabilities are reported as accrued expenses in the accompanying consolidated statements of financial position.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Organization determines the allowance for uncollectible contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectible. At December 31, 2023 and 2022 there were no contributions receivable.

Investments

Investments are reported at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

Inventories

Inventories consist of raw materials and work-in-process and are stated at the lower of cost or net realizable value. Cost is determined by the weighted average cost method. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the statement of activities in the period in which it occurs.

Property and Equipment

The Organization records property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to fifty years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization's management reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying amount of long-lived assets may not be recoverable from the estimated future cash flows expected to result from their use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2023 and 2022.

Real Estate Held for Sale

Real estate held for sale is measured at the lower of its carrying value or fair value less cost to sell.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

Net Assets (Continued)

Net Assets With Donor Restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where by the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions.

Revenue and Revenue Recognition

The Organization recognizes revenue from sales of packaged and assembled products at the time they are shipped. The Organization classifies freight billed to customers as sales revenue and related freight costs as cost of sales. The Organization recognizes revenue from exchange transactions, primarily program service revenue, as the services are provided to the customer. All goods and services are transferred at a point in time.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

Revenue and Revenue Recognition (Continued)

A portion of the Organization's revenue is derived from cost-reimbursable state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditure are reported as refundable advances in the consolidated statements of financial position. At December 31, 2023 and 2022, conditional contributions approximating \$6,975 and \$0, respectively, have not been recognized in the accompanying consolidated financial statements because qualifying expenditures have not been incurred. No amounts have been received in advance under state contracts and grants.

In-Kind Contributions

Contributed nonfinancial assets include donated furniture which are recorded at the respective fair values of the goods received. The Organization does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received on the date of contribution.

Advertising

The Organization expenses advertising costs as they are incurred.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on the basis of estimates of square-footage, salaries and benefits, which are allocated on the basis of estimates of time and effort, as well as fees for services, advertising and promotion, office expenses, information technology, travel and transportation, conferences, conventions and meetings, interest, insurance, and other expenses, which are allocated on the basis of estimates of use and purpose.

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

Income Taxes

Vision Loss Resources, Inc. and VLR Foundation are organized as Minnesota nonprofit corporations and have been recognized by the IRS as exempt from federal income taxes under Section 501(a) as organizations described in IRC Section 501(c)(3). Each entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entities are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Each entity files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income. Contract Production Services, LLC is organized as a Minnesota limited liability company and is subject to federal and state income taxes.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates, and those differences could be material.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and savings accounts with financial institution believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each ownership category. As of December 31, 2023 and 2022, the Organization had approximately \$1,363,000 and \$384,000, respectively, in excess of FDIC insurance limits. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from customer receivables, governmental agencies, and organizations supportive of the Organization's mission. Investments are made by an investment manager whose performance is monitored by the Organization and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization believes that the investment policies and guidelines are prudent for the long-term.

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

Recently Adopted Accounting Guidance
Allowance for Credit Losses

In February 2016, the Financial Accounting Standards Board (“FASB”) issued new guidance on the measurement of current expected credit losses (“CECL”) on financial instruments. The FASB has subsequently issued additional guidance amending certain aspects of the measurement of CECL. The new guidance has replaced the incurred loss methodology of recognizing credit losses on financial instruments with a methodology that estimates the expected credit loss on financial instruments and reflects the net amount expected to be collected on the financial instrument. The Organization adopted this change in accounting principle effective January 1, 2023 using the modified retrospective method. Accordingly, financial information for periods prior to the date of initial application has not been adjusted. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Subsequent Events Consideration

Management has evaluated subsequent events through April 22, 2024, the date on which the financial statements were available to be issued. Management has determined that there were no other material events that would require recognition or disclosure in the Organization’s financial statements through this date.

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 2 – AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position consists of the following at December 31:

	<u>2023</u>	<u>2022</u>
Financial assets at year end		
Cash, cash equivalents, and restricted cash	\$ 1,578,857	\$ 1,629,400
Investments	1,235,721	1,718,595
Receivables, net	<u>1,247,108</u>	<u>2,296,842</u>
Total financial assets	4,061,686	5,644,837
Less amounts not available to be used within one year		
Net assets with donor restrictions	<u>194,752</u>	<u>189,615</u>
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES OVER THE NEXT TWELVE MONTHS	<u><u>\$ 3,866,934</u></u>	<u><u>\$ 5,455,222</u></u>

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations become due. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts, savings accounts, fixed income certificates, and common stock. Vision Loss Resources, Inc. has a \$250,000 line of credit and Contract Production Services, LLC has a \$750,000 line of credit available to meet cash flow needs.

NOTE 3 – RECEIVABLES, NET

Receivables as of December 31 is as follows:

	<u>2023</u>	<u>2022</u>
Trade and other receivables	\$ 1,219,048	\$ 2,013,016
Deposits and other receivables	33,060	29,358
Employee retention credit	-	262,603
	<u>1,252,108</u>	<u>2,304,977</u>
Allowance for credit losses	<u>(5,000)</u>	<u>(8,135)</u>
TOTAL	<u><u>\$ 1,247,108</u></u>	<u><u>\$ 2,296,842</u></u>

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 4 – INVENTORIES

Major classifications of inventories as of December 31 are as follows:

	<u>2023</u>	<u>2022</u>
Raw materials	\$ 3,860,319	\$ 4,139,198
Work-in-process	21,525	32,397
TOTAL	<u>\$ 3,881,844</u>	<u>\$ 4,171,595</u>

NOTE 5 – INVESTMENTS

Cost, fair value, and gross unrealized gains and losses of investments as of December 31 are summarized as follows:

	<u>Certificates of Deposit</u>	<u>Common Stock</u>	<u>Total</u>
2023			
Cost	\$ 476,000	\$ 615,256	\$1,091,256
Gross unrealized gains	585	196,834	197,419
Gross unrealized losses	-	(52,954)	(52,954)
TOTAL	<u>\$ 476,585</u>	<u>\$ 759,136</u>	<u>\$1,235,721</u>
	<u>US Treasury Notes</u>	<u>Common Stock</u>	<u>Total</u>
2022			
Cost	\$ 725,146	\$1,097,362	\$1,822,508
Gross unrealized gains	3,477	138,126	141,603
Gross unrealized losses	-	(245,516)	(245,516)
TOTAL	<u>\$ 728,623</u>	<u>\$ 989,972</u>	<u>\$1,718,595</u>

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 5 – INVESTMENTS (Continued)

Net investment return for the years ended December 31, 2023 and 2022 is summarized as follows:

	<u>2023</u>	<u>2022</u>
Realized gains (losses), net	\$ (139,175)	\$ 44,680
Change in unrealized losses, net	255,409	(222,543)
Interest and dividend income	64,516	50,879
Interest income from leverage loan	65,529	40,592
Investment fees	<u>(330)</u>	<u>(24,096)</u>
TOTAL	<u>\$ 245,949</u>	<u>\$ (110,488)</u>

NOTE 6 – FAIR VALUE MEASUREMENTS AND DISCLOSURES

The Organization reports certain assets at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 6 – FAIR VALUE MEASUREMENTS AND DISCLOSURES (Continued)

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization’s assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of the Organization’s investment assets are classified within Level 1 because they comprise equities with readily determinable fair values. The Organization invests in CDs traded in financial markets. Those CDs are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2. The Organization has no Level 3 investments.

The following table presents assets and liabilities measured at fair value on a recurring basis at December 31:

	Total Carrying Value	Fair Value Measurements Using:		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2023				
Certificates of deposit	\$ 476,585	\$ -	\$ 476,585	\$ -
Common stock	759,136	759,136	-	-
	<u><u>\$1,235,721</u></u>	<u><u>\$ 759,136</u></u>	<u><u>\$ 476,585</u></u>	<u><u>\$ -</u></u>
2022				
US Treasury notes	\$ 728,623	\$ 728,623	\$ -	\$ -
Common stock	989,972	989,972	-	-
	<u><u>\$1,718,595</u></u>	<u><u>\$1,718,595</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 7 – TRUST FUNDS

The Organization is the recipient of income from funds held in trust by others in legal trust instruments created by the donors. The amounts of income received from each trust during 2023 and 2022 are reported in the consolidated statements of activities within contributions and grants.

NOTE 8 – PROPERTY AND EQUIPMENT

Cost of property and equipment as of December 31 consists of the following:

	<u>2023</u>	<u>2022</u>
Land and land improvements	\$ 1,202,259	\$ 1,202,259
Buildings and improvements	9,786,275	9,766,194
Equipment	2,459,633	2,441,129
Construction in progress	-	7,342
TOTAL	<u><u>\$ 13,448,167</u></u>	<u><u>\$ 13,416,924</u></u>

Depreciation expense on property and equipment amounted to \$498,669 and \$351,158 for the years ended December 31, 2023 and 2022, respectively.

NOTE 9 – LINE OF CREDIT

Vision Loss Resources, Inc. facilitated a \$250,000 line of credit with Bank of America which is secured by essentially all the assets of the Organization. The line of credit has a variable interest rate of the bank's prime rate plus .40%. The line of credit matures October 31, 2024. There was no balance outstanding on the line of credit at December 31, 2023.

Contract Production Services, LLC facilitated a \$750,000 line of credit with Bank of America which is secured by essentially all the assets of the Organization. The line of credit has a variable interest rate of the bank's prime rate plus .40%. The line of credit matures October 31, 2024. There was no balance outstanding on the line of credit at December 31, 2023.

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 10 – LONG-TERM DEBT

Long-term indebtedness as of December 31 is as follows:

	<u>2023</u>	<u>2022</u>
Sunrise Banks - Little Canada loan A	\$ 6,552,900	\$ 6,552,900
Sunrise Banks - Little Canada loan B	2,177,100	2,177,100
Sunrise Banks - Wabasha building loan	1,261,990	5,612,493
Wells Fargo Bank - 2018 Hyster forklift capital lease	-	19,295
Wells Fargo Bank - 2013 Crown forklift capital lease	-	17,909
Wells Fargo Bank - 2018 Unicarriers forklift capital lease	-	15,534
Leverage lender agreement on Little Canada loan A	(6,552,900)	(6,552,900)
Unamortized debt issuance costs	<u>(240,541)</u>	<u>(290,299)</u>
Total Long-Term Debt, Net	3,198,549	7,552,032
Current portion	<u>16,240</u>	<u>(104,336)</u>
TOTAL	<u><u>\$ 3,214,789</u></u>	<u><u>\$ 7,447,696</u></u>

The Sunrise Banks Little Canada loan A is secured by the real estate at 3230 Spruce Street, Little Canada, Minnesota. The loan was done through a New Market Tax Credit structure. The Organization is required to maintain specific financial covenants. At December 31, 2023 the Organization was in compliance with these covenants. The fixed rate of interest on the loan is 1.3691%. The maturity date is March 10, 2029. Quarterly interest only payments of \$22,429 are due through the maturity date of the loan. Vision Loss Resources, Inc. is the leverage lender on the full amount of this loan for VLR Foundation so this loan has been eliminated on the consolidated statements of financial position. Vision Loss Resources, Inc. receives interest of 1.00% paid in quarterly installments for being the leverage lender from an outside investor.

The Sunrise Banks Little Canada loan B is secured by the real estate at 3230 Spruce Street, Little Canada, Minnesota. The loan was done through a New Market Tax Credit structure. The Organization is required to maintain specific financial covenants. At December 31, 2023 the Organization was in compliance with these covenants. The fixed rate of interest on the loan is 1.3691%. The maturity date is March 10, 2029. Quarterly interest only payments of \$7,452 are due through the maturity date of the loan. With the New Market Tax Credit structure at maturity date the Organization can purchase back the building for \$1,000 resulting in no additional amounts due on this loan.

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 10 – LONG-TERM DEBT (Continued)

The Sunrise Banks Wabasha building loan is secured by the real estate at 216 Wabasha Street South in St. Paul, Minnesota. The Organization is required to maintain specific financial covenants. At December 31, 2023 the Organization was in compliance with these covenants. The fixed rate of interest on the loan is 3.75%. The maturity date is October 27, 2026. Monthly payments of principal and interest of \$6,689 are due through the maturity date of the loan. At the maturity date a balloon payment of all unpaid principal and accrued interest on the loan is due.

Debt issuance costs are being amortized over the terms of the Sunrise Banks loan using the straight-line method. Amortization of debt issuance costs is reported as interest expense in the statements of functional expenses.

Principal amounts due on long-term debt in each of the next five years are as follows: 2024 \$33,518; 2025 \$34,797; 2026 \$1,193,675; 2027 \$0; and 2028 \$0.

NOTE 11 – RELATED PARTY TRANSACTIONS

The following is a summary of related party transactions that have been eliminated in the consolidated statements of activities at December 31:

<u>Received from/ Description</u>	<u>Paid from</u>	<u>2023</u>	<u>2022</u>
Vision Loss Resources, Inc.			
Office rent	Contract Production Services, LLC	\$ 667,322	\$ 602,768
Management fees	Contract Production Services, LLC	132,732	-
Management fees	Deafblind Services Minnesota, LLC	198,863	283,581
Management fees	VLR Foundation	-	28,920
VLR Foundation			
Office rent	Vision Loss Resources	478,776	119,694
Contributions and grants	Vision Loss Resources	-	1,045,725
In-kind contributions	Vision Loss Resources	-	467,128

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 12 – NET ASSETS

Net assets with donor restrictions were as follows for the years ended December 31:

	2023	2022
PASSAGE OF TIME - ENDOWMENT FUND	\$ 194,752	\$ 189,615

Net assets without donor restrictions for the years ended December 31 are as follows:

	2023	2022
UNDESIGNATED	\$ 14,266,513	\$ 13,838,124

NOTE 13 – ENDOWMENT FUND

At December 31, 2023 the Organization’s endowment fund consists of \$192,927 of certificates of deposit and \$1,825 in a cash account. At December 31, 2022 the Organization’s endowment fund consists of a savings account with a balance of \$189,615. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Organization to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Absent explicit donor stipulations to the contrary, the Organization has interpreted the Minnesota Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2023 and 2022, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment, and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization and (7) the Organization’s investment policies.

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 13 – ENDOWMENT FUND (Continued)

Investment Return Objectives, Risk Parameters, and Strategies

The Organization has adopted investment and spending policies, approved by the governing board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The Organization has a policy of appropriating for distribution each year the investment earnings in the fund.

Changes in endowment net assets as of December 31 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
2023			
Endowment net assets, beginning of year	\$ -	\$ 189,615	\$ 189,615
Investment return			
Investment income	-	4,997	4,997
Unrealized gain	-	290	290
Investment fees	-	(150)	(150)
	<u> </u>	<u> </u>	<u> </u>
ENDOWMENT NET ASSETS, END OF YEAR	<u> </u>	<u> </u>	<u> </u>
2022			
Endowment net assets, beginning of year	\$ -	\$ 189,565	\$ 189,565
Investment return			
Investment income	-	50	50
	<u> </u>	<u> </u>	<u> </u>
ENDOWMENT NET ASSETS, END OF YEAR	<u> </u>	<u> </u>	<u> </u>

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 13 – ENDOWMENT FUND (Continued)

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board of Directors of the Organization has interpreted UPMIFA to permit spending from underwater investments in accordance with prudent measures required under law.

NOTE 14 – RETIREMENT PLANS

The Organization provides a defined contribution 403(b) plan to its employees. All employees may make contributions to the plan. The Organization only matches participants' contributions to the plan for employees who are at least 21 years of age, completed one year of service, and have worked at least 1,000 hours in that year. The Organization matches amounts contributed by employees up to 100% of 5% of the employee's compensation. Total expense was \$7,360 and \$15,782 for the years ended December 31, 2023 and 2022, respectively.

Contract Production Services, LLC provides a defined contribution 401(k) plan to its employees which was started in 2022. All employees may make contributions to the plan. The Organization only matches participants' contributions to the plan for employees who are at least 21 years of age, and have completed one year of service. The Organization matches amounts contributed by employees up to 100% of 5% of the employee's compensation. Total expense was \$24,804 and \$21,706 for the years ended December 31, 2023 and 2022, respectively.

NOTE 15 – ECONOMIC DEPENDENCY

The Organization receives substantially all of its fees-for-service funding from the Minnesota Department of Employment & Economic Development and the Minnesota Department of Human Services. The ability to provide these services would be adversely affected if the Organization was not contracted for services from these governmental agencies.

A substantial majority of the Organization's sales from manufacturing operations are to one major customer. Sales to the customer represent 86% and 92% of total sales for the years ended December 31, 2023 and 2022, respectively. Accounts receivable from this same customer represent approximately 82% and 80% of total receivables at December 31, 2023 and 2022, respectively. The ability to generate cash flow and operate at the same level would be jeopardized in the event this customer was to decrease its orders or cease contracting with the Organization.

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 16 – LEASES

The Organization leases warehouse space and equipment at various terms under long-term non-cancelable operating lease and finance lease agreements. The lease expires at various dates through 2027. The Organization includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The Organization’s operating lease provides for increases in future minimum annual rental payments. Additionally, the operating lease agreement requires the Organization to pay expenses and taxes based off the Organization’s proportionate share of the leased warehouse space.

The operating lease weighted-average discount rate is based on the discount rate that the Organization would be able to obtain on similar length debt. The finance lease weighted-average discount rates are based on the discount rates implicit in the leases.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. The Organization elected the practical expedient to not separate lease and non-lease components for all leases that apply.

Total right-of-use assets and lease liabilities at December 31 are as follows:

	2023	2022
Lease assets - classification in statement of financial position		
Operating lease right-of-use assets - other assets	\$ 1,318,201	\$ 1,617,266
Finance right-of-use assets - property and equipment, net	-	55,713
TOTAL LEASED RIGHT-OF-USE ASSETS	\$ 1,318,201	\$ 1,672,979
	2023	2023
Lease liabilities - classification in statement of financial position		
Operating lease liabilities - obligations under operating leases	\$ 1,366,008	\$ 1,659,453
Finance lease liabilities - current portion of long-term debt and long-term debt	-	52,738
TOTAL LEASE LIABILITIES	\$ 1,366,008	\$ 1,712,191

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 16 – LEASES (Continued)

Total lease costs for the year ended December 31 are as follows:

	<u>2023</u>	<u>2022</u>
Operating lease cost	\$ 351,428	\$ 344,615
Finance lease cost:		
Interest expense	1,560	2,345
Amortization of right-of-use assets	52,738	11,279

The following summarizes the weighted-average remaining lease term and weighted average discount rate:

	<u>2023</u>	<u>2022</u>
Weighted-average remaining lease term in years		
Operating leases	4.00	5.00
Finance leases	0.00	3.72
Weighted-average discount rate		
Operating leases	3.80%	3.80%
Finance leases	0.00%	4.52%

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of December 31, 2023:

	<u>Operating</u>
December 31, 2024	\$ 358,241
December 31, 2025	365,055
December 31, 2026	372,586
December 31, 2027	<u>380,116</u>
Total lease payments	1,475,998
Less interest	<u>(109,990)</u>
PRESENT VALUE OF LEASE LIABILITIES	<u><u>\$ 1,366,008</u></u>

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 17 – INCOME TAXES

The federal and state income tax provision is summarized as follows:

	<u>2023</u>	<u>2022</u>
Current provision		
Federal	\$ 19,863	\$ 154,449
State	<u>13,737</u>	<u>80,462</u>
TOTAL	<u>\$ 33,600</u>	<u>\$ 234,911</u>

The Organization’s effective income tax rate is lower than what would be expected if the federal statutory rate were applied to income before income taxes primarily because of certain expenses. The Organization’s manufacturing and packaging operations are subject to business income tax.

At December 31, 2023 the Organization has net operating loss carryforwards of approximately \$223,000 (\$0 - 2022). These loss carryforwards do not expire.

NOTE 18 – CONTINGENCIES

Stored Goods

The Organization provides warehouse space to its most significant customer to store finished goods that are owned by that customer. The amount of goods stored is significant; however, the value of those goods cannot be reasonably estimated based on information available to the Organization. The Organization is required to have adequate insurance on stored goods.

Twin Cities Nonprofit Partners Pension Plan

In conjunction with the Organization’s withdrawal from the Twin Cities Nonprofit Partners Pension Plan, the Organization signed an agreement to guarantee up to \$97,692 for loans taken out by other withdrawal participants in the plan. The loans were used to pay the other withdrawal participants share of the unfunded pension liability. The loans mature on October 1, 2024, at which time the guaranty expires.

NOTE 19 – PRIOR PERIOD ADJUSTMENT

There were adjustments made to the prior year consolidated financial statements which resulted in an increase in income tax expense of \$88,139, a decrease in unrelated business income taxes of \$24,428, and a decrease in income taxes refundable of \$63,711. The effect of the restatements on net assets as of December 31, 2022 was a decrease of \$63,711.

SUPPLEMENTARY INFORMATION

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2023

ASSETS						
	Vision Loss Resources, Inc.	DeafBlind Services Minnesota, LLC	VLR Foundation	Contract Production Services, LLC	Eliminations	Total
CURRENT ASSETS						
Cash and cash equivalents	\$ 962,093	\$ 88,451	\$ 365,054	\$ 161,434	\$ -	\$ 1,577,032
Investments	7,144,413	-	-	-	(6,101,619)	1,042,794
Receivables, net	130,814	53,028	-	1,087,801	(24,535)	1,247,108
Inventories	-	-	-	3,881,844	-	3,881,844
Prepaid expense and other current assets	104,742	5,000	-	21,641	-	131,383
Income taxes refundable	73,628	-	-	143,260	-	216,888
Total Current Assets	<u>8,415,690</u>	<u>146,479</u>	<u>365,054</u>	<u>5,295,980</u>	<u>(6,126,154)</u>	<u>8,097,049</u>
OTHER ASSETS						
Restricted cash	1,825	-	-	-	-	1,825
Restricted investments	192,927	-	-	-	-	192,927
Operating lease right-of-use asset	-	-	-	1,318,201	-	1,318,201
Long-term portion of notes receivable	6,552,900	-	-	-	(6,552,900)	-
Total Other Assets	<u>6,747,652</u>	<u>-</u>	<u>-</u>	<u>1,318,201</u>	<u>(6,552,900)</u>	<u>1,512,953</u>
PROPERTY AND EQUIPMENT						
Property and equipment	1,610,126	-	9,845,007	1,993,034	-	13,448,167
Accumulated depreciation	(1,106,197)	-	(309,573)	(1,308,680)	-	(2,724,450)
Property and Equipment, Net	<u>503,929</u>	<u>-</u>	<u>9,535,434</u>	<u>684,354</u>	<u>-</u>	<u>10,723,717</u>
TOTAL ASSETS	<u>\$ 15,667,271</u>	<u>\$ 146,479</u>	<u>\$ 9,900,488</u>	<u>\$ 7,298,535</u>	<u>\$ (12,679,054)</u>	<u>\$ 20,333,719</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts payable	\$ 21,424	\$ 5,167	\$ -	\$ 1,001,293	(24,535)	\$ 1,003,349
Accrued expenses	67,706	20,451	-	216,391	-	304,548
Obligations under operating leases	-	-	-	311,725	-	311,725
Current portion of long-term debt	24,958	-	(41,198)	-	-	(16,240)
Total Current Liabilities	<u>114,088</u>	<u>25,618</u>	<u>(41,198)</u>	<u>1,529,409</u>	<u>(24,535)</u>	<u>1,603,382</u>
LONG-TERM LIABILITIES						
Obligations under operating leases	-	-	-	1,054,283	-	1,054,283
Long-term debt	1,212,779	-	8,554,910	-	(6,552,900)	3,214,789
Total Long-term Liabilities	<u>1,212,779</u>	<u>-</u>	<u>8,554,910</u>	<u>1,054,283</u>	<u>(6,552,900)</u>	<u>4,269,072</u>
Total Liabilities	<u>1,326,867</u>	<u>25,618</u>	<u>8,513,712</u>	<u>2,583,692</u>	<u>(6,577,435)</u>	<u>5,872,454</u>
NET ASSETS						
Without donor restrictions	14,145,652	120,861	1,386,776	4,714,843	(6,101,619)	14,266,513
With donor restrictions	194,752	-	-	-	-	194,752
Total Net Assets	<u>14,340,404</u>	<u>120,861</u>	<u>1,386,776</u>	<u>4,714,843</u>	<u>(6,101,619)</u>	<u>14,461,265</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,667,271</u>	<u>\$ 146,479</u>	<u>\$ 9,900,488</u>	<u>\$ 7,298,535</u>	<u>\$ (12,679,054)</u>	<u>\$ 20,333,719</u>

VISION LOSS RESOURCES INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2022

ASSETS						
	Vision Loss Resources, Inc.	DeafBlind Services Minnesota, LLC	VLR Foundation	Contract Production Services, LLC	Eliminations	Total
CURRENT ASSETS						
Cash and cash equivalents	\$ 1,087,656	\$ 135,521	\$ 13,991	\$ 202,617	\$ -	\$ 1,439,785
Investments	8,205,300	-	-	-	(6,486,705)	1,718,595
Receivables, net	1,142,396	43,952	-	1,932,691	(822,197)	2,296,842
Inventories	-	-	-	4,171,595	-	4,171,595
Prepaid expense and other current assets	87,012	39,542	-	22,981	-	149,535
Income taxes refundable	-	-	-	227,661	(69,822)	157,839
Total Current Assets	<u>10,522,364</u>	<u>219,015</u>	<u>13,991</u>	<u>6,557,545</u>	<u>(7,378,724)</u>	<u>9,934,191</u>
OTHER ASSETS						
Restricted cash	189,615	-	-	-	-	189,615
Real estate held for sale	1,845,694	-	-	-	-	1,845,694
Operating lease right-of-use asset	-	-	-	1,617,266	-	1,617,266
Long-term portion of notes receivable	6,552,900	-	-	-	(6,552,900)	-
Total Other Assets	<u>8,588,209</u>	<u>-</u>	<u>-</u>	<u>1,617,266</u>	<u>(6,552,900)</u>	<u>3,652,575</u>
PROPERTY AND EQUIPMENT						
Property and equipment	1,610,126	-	9,845,007	1,961,791	-	13,416,924
Accumulated depreciation	(1,058,628)	-	(61,915)	(1,147,930)	-	(2,268,473)
Property and Equipment, Net	<u>551,498</u>	<u>-</u>	<u>9,783,092</u>	<u>813,861</u>	<u>-</u>	<u>11,148,451</u>
TOTAL ASSETS	<u>\$ 19,662,071</u>	<u>\$ 219,015</u>	<u>\$ 9,797,083</u>	<u>\$ 8,988,672</u>	<u>\$ (13,931,624)</u>	<u>\$ 24,735,217</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts payable	\$ 93,976	\$ 9,139	\$ -	\$ 1,936,630	(822,197)	\$ 1,217,548
Accrued expenses	78,220	22,510	-	177,715	-	278,445
Obligations under operating leases	-	-	-	293,445	-	293,445
Current portion of long-term debt	132,361	-	(41,198)	13,173	-	104,336
Income taxes payable	69,822	-	-	-	(69,822)	-
Total Current Liabilities	<u>374,379</u>	<u>31,649</u>	<u>(41,198)</u>	<u>2,420,963</u>	<u>(892,019)</u>	<u>1,893,774</u>
LONG-TERM LIABILITIES						
Obligations under operating leases	-	-	-	1,366,008	-	1,366,008
Long-term debt	5,447,319	-	8,513,712	39,565	(6,552,900)	7,447,696
Total Long-term Liabilities	<u>5,447,319</u>	<u>-</u>	<u>8,513,712</u>	<u>1,405,573</u>	<u>(6,552,900)</u>	<u>8,813,704</u>
Total Liabilities	<u>5,821,698</u>	<u>31,649</u>	<u>8,472,514</u>	<u>3,826,536</u>	<u>(7,444,919)</u>	<u>10,707,478</u>
NET ASSETS						
Without donor restrictions	13,650,758	187,366	1,324,569	5,162,136	(6,486,705)	13,838,124
With donor restrictions	189,615	-	-	-	-	189,615
Total Net Assets	<u>13,840,373</u>	<u>187,366</u>	<u>1,324,569</u>	<u>5,162,136</u>	<u>(6,486,705)</u>	<u>14,027,739</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 19,662,071</u>	<u>\$ 219,015</u>	<u>\$ 9,797,083</u>	<u>\$ 8,988,672</u>	<u>\$ (13,931,624)</u>	<u>\$ 24,735,217</u>

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

	Vison Loss Resources, Inc.	DeafBlind Services Minnesota, LLC	VLR Foundation	Contract Production Services, LLC	Eliminations	Total
OPERATING ACTIVITIES						
Revenues, Gains, and Other Support						
Contributions and grants	\$ 321,768	\$ -	\$ -	\$ -	\$ -	\$ 321,768
Government grants	10,010	-	-	-	-	10,010
Program service revenue	502,957	642,252	-	-	-	1,145,209
Rental income	667,322	-	478,776	-	(1,146,098)	-
Investment return, net	245,949	-	-	-	-	245,949
Gain on sale of assets	805,019	-	-	-	-	805,019
Miscellaneous revenue	335,542	-	-	-	(331,595)	3,947
Total Support and Revenue	<u>2,888,567</u>	<u>642,252</u>	<u>478,776</u>	<u>-</u>	<u>(1,477,693)</u>	<u>2,531,902</u>
Expenses						
Program Services						
Rehab center	764,528	-	-	-	(17,954)	746,574
Community services	-	507,019	-	-	-	507,019
Support Services						
Management and general	1,058,275	201,738	416,569	-	(658,488)	1,018,094
Fundraising	151,647	-	-	-	(1,197)	150,450
Total Expenses	<u>1,974,450</u>	<u>708,757</u>	<u>416,569</u>	<u>-</u>	<u>(677,639)</u>	<u>2,422,137</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	914,117	(66,505)	62,207	-	(800,054)	109,765
MANUFACTURING ACTIVITIES						
Manufacturing sales	-	-	-	16,575,243	-	16,575,243
Cost of goods sold	-	-	-	(14,102,155)	-	(14,102,155)
Net manufacturing sales	-	-	-	2,473,088	-	2,473,088
Operating expenses	-	-	-	(2,940,984)	800,054	(2,140,930)
Gain on sale of assets	-	-	-	25,203	-	25,203
Income taxes	-	-	-	(4,600)	-	(4,600)
Total Manufacturing Activities	-	-	-	(447,293)	800,054	352,761
Unrelated business income taxes	(29,000)	-	-	-	-	(29,000)
INCOME OF CONSOLIDATED SUBSIDIARIES	<u>(385,086)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>385,086</u>	<u>-</u>
CHANGE IN NET ASSETS	500,031	(66,505)	62,207	(447,293)	385,086	433,526
NET ASSETS, BEGINNING OF YEAR	<u>13,840,373</u>	<u>187,366</u>	<u>1,324,569</u>	<u>5,162,136</u>	<u>(6,486,705)</u>	<u>14,027,739</u>
NET ASSETS, END OF YEAR	<u>\$ 14,340,404</u>	<u>\$ 120,861</u>	<u>\$ 1,386,776</u>	<u>\$ 4,714,843</u>	<u>\$ (6,101,619)</u>	<u>\$ 14,461,265</u>

VISION LOSS RESOURCES INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

	Vison Loss Resources, Inc.	DeafBlind Services Minnesota, LLC	VLR Foundation	Contract Production Services, LLC	Eliminations	Total
OPERATING ACTIVITIES						
Revenues, Gains, and Other Support						
Contributions and grants	\$ 281,195	\$ -	\$ 1,045,725	\$ -	\$ (1,045,725)	\$ 281,195
In-kind contributions	13,725	-	467,128	-	(467,128)	13,725
Program service revenue	454,893	672,382	-	-	-	1,127,275
Rental income	602,768	-	119,694	-	(722,462)	-
Investment return, net	(110,488)	-	-	-	-	(110,488)
Loss on sale of assets	(32)	-	-	-	-	(32)
Miscellaneous revenue	223,489	-	-	-	(312,501)	(89,012)
Total Support and Revenue	<u>1,465,550</u>	<u>672,382</u>	<u>1,632,547</u>	<u>-</u>	<u>(2,547,816)</u>	<u>1,222,663</u>
Expenses						
Program Services						
Rehab center	700,054	-	-	-	(3,591)	696,463
Community services	152,347	591,765	-	-	-	744,112
Support Services						
Management and general	2,779,757	285,924	307,978	-	(1,911,340)	1,462,319
Fundraising	116,369	-	-	-	(1,197)	115,172
Total Expenses	<u>3,748,527</u>	<u>877,689</u>	<u>307,978</u>	<u>-</u>	<u>(1,916,128)</u>	<u>3,018,066</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(2,282,977)	(205,307)	1,324,569	-	(631,688)	(1,795,403)
MANUFACTURING ACTIVITIES						
Manufacturing sales	-	-	-	20,356,258	-	20,356,258
Cost of goods sold	-	-	-	(16,743,532)	-	(16,743,532)
Net manufacturing sales	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,612,726</u>	<u>-</u>	<u>3,612,726</u>
Operating expenses	-	-	-	(2,993,626)	631,688	(2,361,938)
Loss on sale of assets	-	-	-	(7,809)	-	(7,809)
Income taxes	-	-	-	(162,339)	-	(162,339)
Total Manufacturing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>448,952</u>	<u>631,688</u>	<u>1,080,640</u>
Unrelated business income taxes	(72,572)	-	-	-	-	(72,572)
INCOME OF CONSOLIDATED SUBSIDIARIES	<u>1,773,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,773,521)</u>	<u>-</u>
CHANGE IN NET ASSETS	(582,028)	(205,307)	1,324,569	448,952	(1,773,521)	(787,335)
NET ASSETS, BEGINNING OF YEAR	<u>14,422,401</u>	<u>392,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,815,074</u>
INVESTMENT IN CONTRACT PRODUCTION SERVICES, LLC	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,713,184</u>	<u>(4,713,184)</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ 13,840,373</u>	<u>\$ 187,366</u>	<u>\$ 1,324,569</u>	<u>\$ 5,162,136</u>	<u>\$ (6,486,705)</u>	<u>\$ 14,027,739</u>

VISION LOSS RESOURCES, INC.
UNCONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2023 and 2022

	2023				
	Program Services		Supporting Services		
	Rehab Center	Community Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 497,943	\$ -	\$ 199,539	\$ 133,349	\$ 830,831
Fees for services	48,980	-	133,122	1,531	183,633
Advertising and promotion	-	-	-	503	503
Office expenses	36,906	-	10,352	5,003	52,261
Information technology	36,472	-	2,605	2,605	41,682
Occupancy	64,299	-	528,710	1,216	594,225
Travel and transportation	7,503	-	16,556	170	24,229
Conferences, conventions, and meetings	16,692	-	454	89	17,235
Interest expense	-	-	111,257	-	111,257
Depreciation	28,004	-	19,485	79	47,568
Insurance	17,664	-	28,088	2,367	48,119
Other	10,065	-	8,107	4,735	22,907
TOTAL	\$ 764,528	\$ -	\$ 1,058,275	\$ 151,647	\$ 1,974,450

	2022				
	Program Services		Supporting Services		
	Rehab Center	Community Services	Management and General	Fundraising	Total
Grants and contributions	\$ -	\$ -	\$ 1,512,853	\$ -	\$ 1,512,853
Salaries and benefits	473,182	122,270	354,173	95,987	1,045,612
Fees for services	10,502	206	320,777	1,996	333,481
Advertising and promotion	-	260	-	501	761
Office expenses	19,934	7,767	22,631	2,619	52,951
Information technology	26,100	7,728	7,728	2,576	44,132
Occupancy	69,091	128	248,365	2,140	319,724
Travel and transportation	17,353	6,413	1,593	1,270	26,629
Conferences, conventions, and meetings	20,051	775	879	125	21,830
Interest expense	20,064	-	202,874	-	222,938
Depreciation	19,536	-	79,515	468	99,519
Insurance	4,600	419	15,637	157	20,813
Other	19,641	6,381	12,732	8,530	47,284
TOTAL	\$ 700,054	\$ 152,347	\$ 2,779,757	\$ 116,369	\$ 3,748,527

DEAFBLIND SERVICES MINNESOTA, LLC
UNCONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2023 and 2022

	2023		
	Program Services	Supporting Services	Total
	Community Services	Management and General	
Salaries and benefits	\$ 398,115	\$ -	\$ 398,115
Fees for services	1,214	-	1,214
Advertising and promotion	452	-	452
Office expenses	8,610	2,875	11,485
Information technology	3,911	-	3,911
Travel and transportation	65,370	-	65,370
Conferences, conventions, and meetings	8,943	-	8,943
Client and program expense	10,606	-	10,606
Insurance	1,345	-	1,345
Other	8,453	-	8,453
Administrative charges	-	198,863	198,863
TOTAL	\$ 507,019	\$ 201,738	\$ 708,757

	2022		
	Program Services	Supporting Services	Total
	Community Services	Management and General	
Salaries and benefits	\$ 492,676	\$ -	\$ 492,676
Office expenses	8,703	2,506	11,209
Information technology	1,706	-	1,706
Travel and transportation	66,786	-	66,786
Conferences, conventions, and meetings	3,229	-	3,229
Client and program expense	4,955	-	4,955
Insurance	1,976	-	1,976
Other	11,734	-	11,734
Administrative charges	-	283,418	283,418
TOTAL	\$ 591,765	\$ 285,924	\$ 877,689

VLR FOUNDATION
UNCONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
	<u>Supporting Services</u>	<u>Supporting Services</u>
	<u>Management and General</u>	<u>Management and General</u>
Fees for services	\$ 6,750	\$ -
Office expenses	1,440	217
Occupancy	-	151,209
Interest expense	160,720	94,637
Depreciation	247,659	61,915
TOTAL	<u>\$ 416,569</u>	<u>\$ 307,978</u>

CONTRACT PRODUCTION SERVICES, LLC
UNCONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
	<u>Manufacturing</u>	<u>Manufacturing</u>
Cost of Sales		
Direct labor	\$ 1,345,494	\$ 1,396,476
Contract labor	2,299,804	4,228,890
Materials and freight	9,760,999	10,450,307
Benefits and other	695,858	667,859
Total Cost of Sales	<u>14,102,155</u>	<u>16,743,532</u>
Operating expenses		
Salaries and benefits	1,111,167	1,186,258
Fees for services	20,327	29,352
Advertising and promotion	27,080	4,615
Office expenses	192,534	310,492
Information technology	57,286	54,705
Occupancy	1,094,902	1,121,240
Travel and transportation	29,962	14,297
Conferences, conventions, and meetings	4,991	469
Interest expense	-	2,345
Depreciation	203,442	189,724
Insurance	43,936	28,009
Other	155,357	52,120
Total Operating Expenses	<u>2,940,984</u>	<u>2,993,626</u>
TOTAL EXPENSES	<u>\$ 17,043,139</u>	<u>\$ 19,737,158</u>