

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

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

Years Ended December 31, 2024 and 2023

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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, 2024 and 2023, 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, 2024 and 2023, 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:

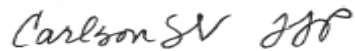
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 28 to 33 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 28 to 33 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.

Handwritten signature in cursive script, appearing to read "Carlson SV JH".

Amery, Wisconsin

April 10, 2025

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023

ASSETS		
	2024	2023
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,558,227	\$ 1,577,032
Investments	712,660	1,042,794
Receivables, net of allowance for credit losses of \$5,000 in 2024 and 2023	2,044,265	1,247,108
Inventories	3,396,215	3,881,844
Prepaid expenses and other current assets	121,604	131,383
Income taxes refundable	-	216,888
Total Current Assets	8,832,971	8,097,049
OTHER ASSETS		
Restricted cash	203,187	1,825
Restricted investments	-	192,927
Real estate held for sale	266,017	-
Operating lease right-of-use asset	1,007,670	1,318,201
Total Other Assets	1,476,874	1,512,953
PROPERTY AND EQUIPMENT		
Property and equipment	12,546,051	13,448,167
Accumulated depreciation	(1,878,406)	(2,724,450)
Property and Equipment, Net	10,667,645	10,723,717
TOTAL ASSETS	<u>\$ 20,977,490</u>	<u>\$ 20,333,719</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 314,407	\$ 1,003,349
Accrued expenses	427,342	304,548
Obligations under operating leases	330,713	311,725
Current portion of long-term debt	(14,958)	(16,240)
Income taxes payable	9,883	-
Total Current Liabilities	1,067,387	1,603,382
LONG-TERM LIABILITIES		
Obligations under operating leases	723,570	1,054,283
Long-term debt	3,230,672	3,214,789
Total Long-term Liabilities	3,954,242	4,269,072
Total Liabilities	5,021,629	5,872,454
NET ASSETS		
Without donor restrictions	15,752,674	14,266,513
With donor restrictions	203,187	194,752
Total Net Assets	15,955,861	14,461,265
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 20,977,490</u>	<u>\$ 20,333,719</u>

(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, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES						
Revenues, Gains, and Other Support						
Contributions and grants	\$ 760,163	\$ -	\$ 760,163	\$ 321,768	\$ -	\$ 321,768
Government grants	28,768	-	28,768	10,010	-	10,010
Program service revenue	1,241,444	-	1,241,444	1,145,209	-	1,145,209
Investment return, net	231,346	8,435	239,781	240,812	5,137	245,949
Gain on sale of assets	-	-	-	805,019	-	805,019
Miscellaneous revenue	20,617	-	20,617	3,947	-	3,947
Total Support and Revenue	2,282,338	8,435	2,290,773	2,526,765	5,137	2,531,902
Expenses						
Program Services						
Rehab center	715,150	-	715,150	746,574	-	746,574
Community services	564,704	-	564,704	507,019	-	507,019
Support Services						
Management and general	899,727	-	899,727	1,018,094	-	1,018,094
Fundraising	45,633	-	45,633	150,450	-	150,450
Total Expenses	2,225,214	-	2,225,214	2,422,137	-	2,422,137
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	57,124	8,435	65,559	104,628	5,137	109,765
MANUFACTURING ACTIVITIES						
Manufacturing sales	19,307,035	-	19,307,035	16,575,243	-	16,575,243
Cost of goods sold	(15,387,654)	-	(15,387,654)	(14,102,155)	-	(14,102,155)
Net manufacturing sales	3,919,381	-	3,919,381	2,473,088	-	2,473,088
Operating expenses	(2,224,233)	-	(2,224,233)	(2,140,930)	-	(2,140,930)
Gain (loss) on sale of assets	(28,811)	-	(28,811)	25,203	-	25,203
Income taxes	(206,100)	-	(206,100)	(4,600)	-	(4,600)
Total Manufacturing Activities	1,460,237	-	1,460,237	352,761	-	352,761
Unrelated business income taxes	(31,200)	-	(31,200)	(29,000)	-	(29,000)
CHANGE IN NET ASSETS	1,486,161	8,435	1,494,596	428,389	5,137	433,526
NET ASSETS, BEGINNING OF YEAR	14,266,513	194,752	14,461,265	13,838,124	189,615	14,027,739
NET ASSETS, END OF YEAR	<u>\$ 15,752,674</u>	<u>\$ 203,187</u>	<u>\$ 15,955,861</u>	<u>\$ 14,266,513</u>	<u>\$ 194,752</u>	<u>\$ 14,461,265</u>

(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, 2024 and 2023

	2024					
	Manufacturing	Program Services		Supporting Services		Total
		Rehab Center	Community Services	Management and General	Fundraising	
Cost of Sales						
Direct labor	\$ 1,168,309	\$ -	\$ -	\$ -	\$ -	\$ 1,168,309
Contract labor	2,994,972	-	-	-	-	2,994,972
Materials and freight	10,604,742	-	-	-	-	10,604,742
Benefits and other	619,631	-	-	-	-	619,631
Total Cost of Sales	15,387,654	-	-	-	-	15,387,654
Salaries and benefits	1,266,578	591,748	440,070	309,769	37,344	2,645,509
Fees for services	35,572	6,917	1,006	46,702	-	90,197
Advertising and promotion	47,188	-	-	-	-	47,188
Office expenses	185,293	31,056	1,713	5,797	1,756	225,615
Information technology	93,433	36,537	4,668	2,732	2,732	140,102
Occupancy	340,008	6,977	-	10,436	-	357,421
Travel and transportation	13,079	6,969	68,898	13	12	88,971
Conferences, conventions, and meetings	6,591	8,752	10,495	-	-	25,838
Interest expense	-	-	-	216,724	-	216,724
Depreciation	178,966	12,393	-	287,221	-	478,580
Client program expense	-	-	11,332	-	-	11,332
Insurance	39,013	9,854	1,520	18,956	269	69,612
Other	18,512	3,947	25,002	1,377	3,520	52,358
	17,611,887	715,150	564,704	899,727	45,633	19,837,101
Less expenses included with revenues on the statement of activities						
Manufacturing cost of sales	(15,387,654)	-	-	-	-	(15,387,654)
TOTAL	\$ 2,224,233	\$ 715,150	\$ 564,704	\$ 899,727	\$ 45,633	\$ 4,449,447
	2023					
	Manufacturing	Program Services		Supporting Services		Total
		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	14,102,155	-	-	-	-	14,102,155
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
	16,243,085	746,574	507,019	1,018,094	150,450	18,665,222
Less expenses included with revenues on the statement of activities						
Manufacturing cost of sales	(14,102,155)	-	-	-	-	(14,102,155)
TOTAL	\$ 2,140,930	\$ 746,574	\$ 507,019	\$ 1,018,094	\$ 150,450	\$ 4,563,067

(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, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,494,596	\$ 433,526
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and debt issuance costs amortization	528,338	548,427
Realized loss on investments	61,192	139,175
Unrealized gain on investments	(168,209)	(255,409)
Donated investments	-	(1,549)
(Gain) loss on disposal of property and equipment	28,811	(25,203)
Gain on sale of real estate held for sale	-	(805,019)
Net operating changes in		
Receivables, net	(797,157)	1,049,734
Inventories	485,629	289,751
Income taxes refundable	216,888	(59,049)
Prepaid expense	9,779	18,152
Operating lease assets and liabilities	(1,194)	5,620
Accounts payable	(688,942)	(214,199)
Accrued expenses	122,794	26,103
Income taxes payable	9,883	-
Net Cash Provided by Operating Activities	<u>1,302,408</u>	<u>1,150,060</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(724,336)	(77,232)
Proceeds from disposition of property and equipment	7,000	28,500
Proceeds from sale of real estate held for sale	-	2,650,713
Proceeds from disposition of investments	525,950	1,076,657
Proceeds from disposition of restricted investments	192,000	-
Purchases of investments	(87,872)	(476,000)
Net Cash Provided (Used) by Investing Activities	<u>(87,258)</u>	<u>3,202,638</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(32,593)	(4,403,241)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	1,182,557	(50,543)
BEGINNING CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	<u>1,578,857</u>	<u>1,629,400</u>
ENDING CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	<u><u>\$ 2,761,414</u></u>	<u><u>\$ 1,578,857</u></u>
SUPPLEMENTAL DISCLOSURE		
Cash payments during the year for		
Income tax	\$ 10,529	\$ 92,649
Interest	167,200	236,269
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	358,241	351,428
Operating cash flows from financing leases	-	1,560
Financing cash flows from finance leases	-	52,738
NON-CASH DISCLOSURE		
Investments acquired through donation	-	1,549
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH CONSISTS OF		
Current Assets		
Cash and cash equivalents	2,558,227	1,577,032
Other Assets		
Cash restricted to endowment fund	<u>203,187</u>	<u>1,825</u>
TOTAL	<u><u>\$ 2,761,414</u></u>	<u><u>\$ 1,578,857</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, 2024 and 2023

NOTE 1 – PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Principles 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, 2024 and 2023

NOTE 1 – PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents, and Restricted Cash

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, are considered 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.

Accounts Receivables and Allowance for Credit Losses

Accounts receivable consist primarily of noninterest-bearing amounts due for customer accounts receivable. Accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible.

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 to management's expectations about current and future economic conditions. Additionally, management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. At December 31, 2024 and 2023, the allowance was \$5,000, respectively.

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

Property and equipment additions over \$5,000 are recorded 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 3 to 50 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.

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 – PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its 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, 2024 and 2023.

Real Estate Held for Sale

Real estate held for sale consists of properties acquired through purchase with the intent to sell. These properties are recorded at the lower of its carrying value or fair value less cost to sell. Upon sale, the difference between the sales proceeds and the carrying value is recognized as a gain or loss in the statements of activities.

Right of Use Leased Assets and Liabilities

Right to use leased assets and the related liabilities are recognized at the lease commencement date and represent the Organization's right to use an underlying asset and lease obligations for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method.

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, 2024 and 2023

NOTE 1 – PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 the donor stipulates that resources be maintained in perpetuity. 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

Revenue is recognized 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, 2024 and 2023

NOTE 1 – PRINCIPAL ACTIVITY 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, 2024 and 2023, conditional contributions approximating \$38,000 and \$7,000, 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 professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. The Organization does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the consolidated 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. No significant contributions of such goods or services were received during the years ended December 31, 2024 and 2023, respectively.

Advertising

The Organization expenses advertising costs as they are incurred.

Functional Allocation of 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 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, occupancy, travel and transportation, conferences, conventions and meetings, depreciation, 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, 2024 and 2023

NOTE 1 – PRINCIPAL ACTIVITY 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. DeafBlind Services Minnesota, LLC, a wholly owned subsidiary of Vision Loss Resources, Inc., is treated as a disregarded entity for income tax purposes.

Estimates

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

Financial Instruments and Credit Risk

Deposit concentration risk is managed 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, 2024 and 2023, the Organization had approximately \$2,048,000 and \$1,363,000, respectively, in excess of FDIC insurance limits. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable 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 welfare of the Organization.

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 – PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events Consideration

Management has evaluated subsequent events through April 10, 2025, the date on which the financial statements were available to be issued. Except as disclosed in Note 9 and Note 11, 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.

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>2024</u>	<u>2023</u>
Financial assets at year end		
Cash, cash equivalents, and restricted cash	\$ 2,761,414	\$ 1,578,857
Investments	712,660	1,235,721
Receivables, net	<u>2,044,265</u>	<u>1,247,108</u>
Total financial assets	5,518,339	4,061,686
Less amounts not available to be used within one year		
Net assets with donor restrictions	<u>203,187</u>	<u>194,752</u>
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES OVER THE NEXT TWELVE MONTHS	<u><u>\$ 5,315,152</u></u>	<u><u>\$ 3,866,934</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.

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 3 – RECEIVABLES, NET

Receivables as of December 31 is as follows:

	2024	2023
Trade and other receivables	\$ 2,016,855	\$ 1,219,048
Deposits and other receivables	32,410	33,060
	2,049,265	1,252,108
Allowance for credit losses	(5,000)	(5,000)
TOTAL	\$ 2,044,265	\$ 1,247,108

NOTE 4 – INVENTORIES

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

	2024	2023
Raw materials	\$ 3,357,909	\$ 3,860,319
Work-in-process	38,306	21,525
TOTAL	\$ 3,396,215	\$ 3,881,844

NOTE 5 – INVESTMENTS

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

2024	Common Stock
Cost	\$ 459,213
Gross unrealized gains	260,798
Gross unrealized losses	(7,351)
TOTAL	\$ 712,660

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 5 – INVESTMENTS (Continued)

	Certificates of Deposit	Common Stock	Total
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>

Net investment return for the years ended December 31, 2024 and 2023 is summarized as follows:

	2024	2023
Realized losses, net	\$ (61,192)	\$ (139,175)
Change in unrealized gains, net	168,209	255,409
Interest and dividend income	67,605	64,516
Interest income from leverage loan	65,529	65,529
Investment fees	(370)	(330)
TOTAL	<u>\$ 239,781</u>	<u>\$ 245,949</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.

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 6 – FAIR VALUE MEASUREMENTS AND DISCLOSURES (Continued)

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.

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.

There has been no change in the valuation methodologies used for the years presented and there have been no transfers between levels.

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 6 – FAIR VALUE MEASUREMENTS AND DISCLOSURES (Continued)

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)
2024				
COMMON STOCK	<u><u>\$ 712,660</u></u>	<u><u>\$ 712,660</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
2023				
Certificates of deposit	\$ 476,585	\$ -	\$ 476,585	\$ -
Common stock	759,136	759,136	-	-
TOTAL	<u><u>\$1,235,721</u></u>	<u><u>\$ 759,136</u></u>	<u><u>\$ 476,585</u></u>	<u><u>\$ -</u></u>

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 2024 and 2023 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:

	2024	2023
Land and land improvements	\$ 1,174,615	\$ 1,202,259
Buildings and improvements	8,943,912	9,786,275
Equipment	2,035,693	2,459,633
Construction in progress	391,831	-
TOTAL	<u><u>\$ 12,546,051</u></u>	<u><u>\$ 13,448,167</u></u>

Depreciation expense on property and equipment amounted to \$478,580 and \$498,669 for the years ended December 31, 2024 and 2023, respectively.

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 8 – PROPERTY AND EQUIPMENT (Continued)

Construction in progress as of December 31, 2024 is as follows:

	Construction in Progress	Estimated Total Cost	Estimated Completion Date
Spruce buildout	\$ 364,391	\$ 364,391	January 2025
ECI - database merger	27,440	27,440	January 2025
TOTAL	<u>\$ 391,831</u>	<u>\$ 391,831</u>	

NOTE 9 – REAL ESTATE HELD FOR SALE

Real estate held for sale consists of a property in Saint Paul, Minnesota. The property was recorded at its carrying amount of \$266,017, representing historical cost of \$1,104,270 less accumulated depreciation of \$838,253. Subsequent to year-end, the property was sold for \$1,600,000, resulting in a gain on sale that will be recognized in the subsequent year.

NOTE 10 – 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, 2025. There was no balance outstanding on the line of credit at December 31, 2024.

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 .55%. The line of credit matures October 31, 2025. There was no balance outstanding on the line of credit at December 31, 2024.

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 11 – LONG-TERM DEBT

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

	2024	2023
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	1,229,397	1,261,990
Leverage lender agreement on Little Canada loan A	(6,552,900)	(6,552,900)
Unamortized debt issuance costs	<u>(190,783)</u>	<u>(240,541)</u>
Total Long-Term Debt, Net	3,215,714	3,198,549
Current portion	<u>14,958</u>	<u>16,240</u>
TOTAL	<u>\$ 3,230,672</u>	<u>\$ 3,214,789</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, 2024 the Organization was in compliance with these covenants. The fixed rate of interest on the loan is 1.3691%. The maturity date is May 18, 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, 2024 the Organization was in compliance with these covenants. The fixed rate of interest on the loan is 1.3691%. The maturity date is May 18, 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.

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, 2024 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. In January 2025 the secured real estate on this loan was sold as disclosed in Note 9 and upon closing of that sale this loan was paid in full.

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 11 – LONG-TERM DEBT (Continued)

Debt issuance costs are 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: 2025 \$34,800; 2026 \$1,194,597; 2027 \$0; 2028 \$0; and 2029 \$1,000.

NOTE 12 – 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:

Received from/ Description	Paid from	2024	2023
Vision Loss Resources, Inc.			
Office rent	Contract Production Services, LLC	\$ 670,312	\$ 667,322
Management fees	Contract Production Services, LLC	132,732	132,732
Management fees	Deafblind Services Minnesota, LLC	84,000	198,863
VLR Foundation			
Office rent	Vision Loss Resources	488,352	478,776

NOTE 13 – NET ASSETS WITH DONOR RESTRICTIONS

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

	2024	2023
PASSAGE OF TIME - ENDOWMENT FUND	\$ 203,187	\$ 194,752

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 14 – ENDOWMENT FUND

The Organization's endowment consists of one donor-restricted endowment fund. 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, 2024 and 2023, 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 following factors are considered 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.

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.

Investment and Spending Policies

Investment and spending policies were adopted to attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of the 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.

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

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 14 – ENDOWMENT FUND (Continued)

Changes in endowment net assets for the years ended December 31 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
2024			
Endowment net assets, beginning of year	\$ -	\$ 194,752	\$ 194,752
Investment return			
Investment income	-	9,512	9,512
Realized loss	-	(927)	(927)
Investment fees	-	(150)	(150)
ENDOWMENT NET ASSETS, END OF YEAR	\$ -	\$ 203,187	\$ 203,187
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)
ENDOWMENT NET ASSETS, END OF YEAR	\$ -	\$ 194,752	\$ 194,752

NOTE 15 – DEFINED CONTRIBUTION PLAN

The Organization has a defined contribution 401(k) plan covering all employees who are at least 21 years of age. The Organization contributes a safe harbor match of 100% of the participants' match up to 5% of the participants' plan compensation. Prior to 2024, the Organization had a defined contribution 403(b) plan covering all 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. Under the 403(b) plan, the Organization matched amounts contributed by employees up to 100% of 5% of the employee's compensation. Total expense was \$66,913 and \$32,164 for the years ended December 31, 2024 and 2023, respectively.

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 16 – 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 87% and 86% of total sales for the years ended December 31, 2024 and 2023, respectively. Accounts receivable from this same customer represent approximately 83% and 82% of total receivables at December 31, 2024 and 2023, 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.

NOTE 17 – 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.

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 17 – LEASES (Continued)

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:

	<u>2024</u>	<u>2023</u>
Lease assets - classification in statement of financial position		
Operating lease right-of-use assets - other assets	\$ 1,007,670	\$ 1,318,201
Lease liabilities - classification in statement of financial position		
Operating lease liabilities - obligations under operating leases	\$ 1,054,283	\$ 1,366,008

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

	<u>2024</u>	<u>2023</u>
Operating lease cost	\$ 399,879	\$ 351,428
Finance lease cost:		
Interest expense	-	1,560
Amortization of right-of-use assets	-	52,738

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

	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term in years		
Operating leases	3.00	4.00
Weighted-average discount rate		
Operating leases	3.80%	3.80%

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 17 – LEASES (Continued)

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of December 31, 2024:

	<u>Operating</u>
December 31, 2025	\$ 365,055
December 31, 2026	372,586
December 31, 2027	<u>380,116</u>
Total lease payments	1,117,757
Less interest	<u>(63,474)</u>
PRESENT VALUE OF LEASE LIABILITIES	<u><u>\$ 1,054,283</u></u>

NOTE 18 – INCOME TAXES

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

	<u>2024</u>	<u>2023</u>
Current provision		
Federal	\$ 153,416	\$ 19,863
State	<u>83,884</u>	<u>13,737</u>
TOTAL	<u><u>\$ 237,300</u></u>	<u><u>\$ 33,600</u></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, 2024 the Organization has net operating loss carryforwards of approximately \$90,000 (\$404,000 - 2023). These loss carryforwards do not expire.

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 19 – 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.

NOTE 20 – REVENUE FROM CONTRACTS WITH CUSTOMERS

Receivables from contracts with customers are reported as receivables, net in the accompanying consolidated statements of financial position. Contract liabilities are reported as deferred revenue in the accompanying consolidated statements of financial position. The beginning and ending balances for receivables, net were as follows for the years ended December 31, 2024 and 2023:

	2024	
	January 1	December 31
Receivables, net	\$ 1,247,108	\$ 2,044,265

	2023	
	January 1	December 31
Receivables, net	\$ 2,296,842	\$ 1,247,108

SUPPLEMENTARY INFORMATION

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2024

ASSETS						
	Vision Loss Resources, Inc.	DeafBlind Services Minnesota, LLC	VLR Foundation	Contract Production Services, LLC	Eliminations	Total
CURRENT ASSETS						
Cash and cash equivalents	\$ 2,146,031	\$ 33,879	\$ 172,364	\$ 205,953	\$ -	\$ 2,558,227
Investments	7,545,756	-	-	-	(6,833,096)	712,660
Receivables, net	101,351	126,309	-	1,844,695	(28,090)	2,044,265
Inventories	-	-	-	3,396,215	-	3,396,215
Prepaid expense and other current assets	94,250	5,000	-	22,354	-	121,604
Income taxes refundable	48,749	-	4,208	-	(52,957)	-
Total Current Assets	9,936,137	165,188	176,572	5,469,217	(6,914,143)	8,832,971
OTHER ASSETS						
Restricted cash	203,187	-	-	-	-	203,187
Real estate held for sale	266,017	-	-	-	-	266,017
Operating lease right-of-use asset	-	-	-	1,007,670	-	1,007,670
Long-term portion of notes receivable	6,552,900	-	-	-	(6,552,900)	-
Total Other Assets	7,022,104	-	-	1,007,670	(6,552,900)	1,476,874
PROPERTY AND EQUIPMENT						
Property and equipment	301,187	-	10,423,814	1,821,050	-	12,546,051
Accumulated depreciation	(90,549)	-	(559,614)	(1,228,243)	-	(1,878,406)
Property and Equipment, Net	210,638	-	9,864,200	592,807	-	10,667,645
TOTAL ASSETS	\$ 17,168,879	\$ 165,188	\$ 10,040,772	\$ 7,069,694	\$ (13,467,043)	\$ 20,977,490
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts payable	\$ 7,687	\$ 4,486	\$ 24,802	\$ 305,522	(28,090)	\$ 314,407
Accrued expenses	112,678	39,651	-	275,013	-	427,342
Obligations under operating leases	-	-	-	330,713	-	330,713
Current portion of long-term debt	26,240	-	(41,198)	-	-	(14,958)
Income taxes payable	-	-	-	62,840	(52,957)	9,883
Total Current Liabilities	146,605	44,137	(16,396)	974,088	(81,047)	1,067,387
LONG-TERM LIABILITIES						
Obligations under operating leases	-	-	-	723,570	-	723,570
Long-term debt	1,187,464	-	8,596,108	-	(6,552,900)	3,230,672
Total Long-term Liabilities	1,187,464	-	8,596,108	723,570	(6,552,900)	3,954,242
Total Liabilities	1,334,069	44,137	8,579,712	1,697,658	(6,633,947)	5,021,629
NET ASSETS						
Without donor restrictions	15,631,623	121,051	1,461,060	5,372,036	(6,833,096)	15,752,674
With donor restrictions	203,187	-	-	-	-	203,187
Total Net Assets	15,834,810	121,051	1,461,060	5,372,036	(6,833,096)	15,955,861
TOTAL LIABILITIES AND NET ASSETS	\$ 17,168,879	\$ 165,188	\$ 10,040,772	\$ 7,069,694	\$ (13,467,043)	\$ 20,977,490

VISION LOSS RESOURCES, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2024

	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	\$ 760,163	\$ -	\$ -	\$ -	\$ -	\$ 760,163
Government grants	28,768	-	-	-	-	28,768
Program service revenue	592,370	649,074	-	-	-	1,241,444
Rental income	670,312	-	488,352	-	(1,158,664)	-
Investment return, net	239,781	-	-	-	-	239,781
Miscellaneous revenue	224,849	-	12,500	-	(216,732)	20,617
Total Support and Revenue	2,516,243	649,074	500,852	-	(1,375,396)	2,290,773
Expenses						
Program Services						
Rehab center	734,684	-	-	-	(19,534)	715,150
Community services	-	564,704	-	-	-	564,704
Support Services						
Management and general	947,997	84,180	420,368	-	(552,818)	899,727
Fundraising	45,633	-	-	-	-	45,633
Total Expenses	1,728,314	648,884	420,368	-	(572,352)	2,225,214
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	787,929	190	80,484	-	(803,044)	65,559
MANUFACTURING ACTIVITIES						
Manufacturing sales	-	-	-	19,307,035	-	19,307,035
Cost of goods sold	-	-	-	(15,387,654)	-	(15,387,654)
Net manufacturing sales	-	-	-	3,919,381	-	3,919,381
Operating expenses	-	-	-	(3,027,277)	803,044	(2,224,233)
Loss on sale of assets	-	-	-	(28,811)	-	(28,811)
Income taxes	-	-	-	(206,100)	-	(206,100)
Total Manufacturing Activities	-	-	-	657,193	803,044	1,460,237
Unrelated business income taxes	(25,000)	-	(6,200)	-	-	(31,200)
INCOME OF CONSOLIDATED SUBSIDIARIES	731,477	-	-	-	(731,477)	-
CHANGE IN NET ASSETS	1,494,406	190	74,284	657,193	(731,477)	1,494,596
NET ASSETS, BEGINNING OF YEAR	14,340,404	120,861	1,386,776	4,714,843	(6,101,619)	14,461,265
NET ASSETS, END OF YEAR	<u>\$ 15,834,810</u>	<u>\$ 121,051</u>	<u>\$ 1,461,060</u>	<u>\$ 5,372,036</u>	<u>\$ (6,833,096)</u>	<u>\$ 15,955,861</u>

VISION LOSS RESOURCES, INC.
UNCONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2024 and 2023

	2024			
	Program Services	Supporting Services		
	Rehab Center	Management and General	Fundraising	Total
Salaries and benefits	\$ 591,748	\$ 309,769	\$ 37,344	\$ 938,861
Fees for services	6,917	38,820	-	45,737
Office expenses	31,056	5,477	1,756	38,289
Information technology	36,537	2,732	2,732	42,001
Occupancy	26,511	477,669	-	504,180
Travel and transportation	6,969	13	12	6,994
Conferences, conventions, and meetings	8,752	-	-	8,752
Interest expense	-	56,004	-	56,004
Depreciation	12,393	37,180	-	49,573
Insurance	9,854	18,956	269	29,079
Other	3,947	1,377	3,520	8,844
TOTAL	\$ 734,684	\$ 947,997	\$ 45,633	\$ 1,728,314

	2023			
	Program Services	Supporting Services		
	Rehab Center	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

DEAFBLIND SERVICES MINNESOTA, LLC
UNCONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2024 and 2023

	2024		
	Program Services	Supporting Services	
	Community Services	Management and General	Total
Salaries and benefits	\$ 440,070	\$ -	\$ 440,070
Fees for services	1,006	-	1,006
Office expenses	1,713	180	1,893
Information technology	4,668	-	4,668
Travel and transportation	68,898	-	68,898
Conferences, conventions, and meetings	10,495	-	10,495
Client and program expense	11,332	-	11,332
Insurance	1,520	-	1,520
Other	25,002	-	25,002
Administrative charges	-	84,000	84,000
TOTAL	\$ 564,704	\$ 84,180	\$ 648,884

	2023		
	Program Services	Supporting Services	
	Community Services	Management and General	Total
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

VLR FOUNDATION
UNCONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2024 and 2023

	2024	2023
	Supporting Services	Supporting Services
	Management and General	Management and General
Fees for services	\$ 7,882	\$ 6,750
Office expenses	140	1,440
Occupancy	1,585	-
Interest expense	160,720	160,720
Depreciation	250,041	247,659
TOTAL	\$ 420,368	\$ 416,569

CONTRACT PRODUCTION SERVICES, LLC
UNCONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2024 and 2023

	2024	2023
	Manufacturing	Manufacturing
Cost of Sales		
Direct labor	\$ 1,168,309	\$ 1,345,494
Contract labor	2,994,972	2,299,804
Materials and freight	10,604,742	9,760,999
Benefits and other	619,631	695,858
Total Cost of Sales	<u>15,387,654</u>	<u>14,102,155</u>
Operating expenses		
Salaries and benefits	1,266,578	1,111,167
Fees for services	35,572	20,327
Advertising and promotion	47,188	27,080
Office expenses	185,293	192,534
Information technology	93,433	57,286
Occupancy	1,010,320	1,094,902
Travel and transportation	13,079	29,962
Conferences, conventions, and meetings	6,591	4,991
Depreciation	178,966	203,442
Insurance	39,013	43,936
Other	151,244	155,357
Total Operating Expenses	<u>3,027,277</u>	<u>2,940,984</u>
TOTAL EXPENSES	<u>\$ 18,414,931</u>	<u>\$ 17,043,139</u>