

**LAVELLE FUND FOR THE BLIND, INC.**

**Financial Statements  
for the year ended  
December 31, 2023  
(Modified Cash Basis)**

## **Independent Auditor's Report**

To the Board of Directors of  
Lavelle Fund for the Blind, Inc.

### ***Opinion***

We have audited the accompanying financial statements of Lavelle Fund for the Blind, Inc. (the "Fund"), which comprise the statement of assets and net assets (modified cash basis) as of December 31, 2023 and December 31, 2022, and the related statements of revenue and expenses (modified cash basis), cash flows (modified cash basis) and functional expenses (modified cash basis) for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and net assets (modified cash basis) of the Fund as of December 31, 2023 and December 31, 2022, and the result of its revenue and expenses (modified cash basis) and cash flows (modified cash basis) for the years then ended in accordance with the modified cash basis of accounting as described in note 2.

### ***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 the Fund 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.

### ***Basis of Accounting***

We draw your attention to note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting as described in note 2 and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 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 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 the Fund's 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's 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.

*Carole O'Leary Sullivan & Donnelly LLP*

April 18, 2024

**LAVELLE FUND FOR THE BLIND, INC.**

**Statement of Assets and Net Assets  
(Modified Cash Basis)**

**Assets**

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Cash	\$ 198,702	\$ 396,261
Program-related investment	-	332,000
Investments, at fair value	<u>143,453,372</u>	<u>128,072,979</u>
<b>Total assets</b>	<b><u>\$ 143,652,074</u></b>	<b><u>\$ 128,801,240</u></b>

**Net Assets**

<b>Net assets</b>	<b><u>\$ 143,652,074</u></b>	<b><u>\$ 128,801,240</u></b>
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See notes to financial statements.

**LAVELLE FUND FOR THE BLIND, INC.**

**Statement of Revenue and Expenses  
(Modified Cash Basis)**

	<b>Year Ended December 31</b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
<b>Revenue</b>		
Net investment return	\$ 21,710,180	\$ (26,769,475)
Other	-	25
Total revenue	<u>21,710,180</u>	<u>(26,769,450)</u>
<b>Expenses</b>		
Grants and programs	6,381,965	7,230,094
General and administrative	333,156	241,198
Indirect investment expenses and taxes	144,225	208,018
Total expenses	<u>6,859,346</u>	<u>7,679,310</u>
Increase (decrease) in net assets	<b>14,850,834</b>	<b>(34,448,760)</b>
<b>Net assets, beginning of year</b>	<b><u>128,801,240</u></b>	<b><u>163,250,000</u></b>
<b>Net assets, end of year</b>	<b><u>\$ 143,652,074</u></b>	<b><u>\$ 128,801,240</u></b>

See notes to financial statements.

**LAVELLE FUND FOR THE BLIND, INC.**

**Statement of Cash Flows  
(Modified Cash Basis)**

	<b>Year Ended December 31</b>	
	<u><b>2023</b></u>	<u><b>2022</b></u>
<b>Cash flows from operating activities</b>		
Increase (decrease) in net assets	\$ 14,850,834	\$ (34,448,760)
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) operating activities		
Forgiveness of program-related investment	52,185	-
Realized (gains) losses on sales of investments	(2,532,772)	1,666,407
Change in unrealized value of investments	(16,039,893)	27,539,776
Proceeds from repayment of program-related investment	<u>279,815</u>	<u>-</u>
Net cash (used in) operating activities	<u>(3,389,831)</u>	<u>(5,242,577)</u>
<b>Cash flows from investing activities</b>		
Purchases of investments	(18,487,031)	(12,899,424)
Proceeds from sales of investments	<u>21,679,303</u>	<u>18,298,717</u>
Net cash provided by investing activities	<u>3,192,272</u>	<u>5,399,293</u>
<b>Net increase (decrease) in cash</b>	<b>(197,559)</b>	<b>156,716</b>
<b>Cash, beginning of year</b>	<u><b>396,261</b></u>	<u><b>239,545</b></u>
<b>Cash, end of year</b>	<u><b>\$ 198,702</b></u>	<u><b>\$ 396,261</b></u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for federal excise taxes	<u>\$ 50,000</u>	<u>\$ 108,873</u>

See notes to financial statements.

## LAVELLE FUND FOR THE BLIND, INC.

Statement of Functional Expenses  
(Modified Cash Basis)  
For the Year Ended December 31, 2023  
(with Summarized Comparative Information  
For the Year Ended December 31, 2022)

	2023			2022	
	Supporting Activities				
	Grants and Programs	General and Administrative	Indirect Investment Expenses And Taxes	Total	Total
Grants paid (net of rescissions)	\$ 5,669,109	\$ -	\$ -	\$ 5,669,109	\$ 6,492,336
Other expenses					
Salaries	431,350	199,429	49,125	679,904	642,826
Employee benefits	88,474	62,276	12,435	163,185	154,208
Payroll taxes	28,873	14,764	3,499	47,136	44,693
Rent	107,591	20,173	6,725	134,489	130,159
Business insurance	-	4,259	-	4,259	4,019
Computer and technology expenses	25,970	4,869	1,623	32,462	32,591
Dues and subscriptions	15,351	1,706	-	17,057	15,779
Travel, conference and meetings	7,574	1,777	-	9,351	4,716
Professional development	-	380	-	380	475
Office equipment, furniture and enhancements	-	-	-	-	2,897
Office supplies	1,177	139	69	1,385	1,440
Postage and delivery	246	46	16	308	142
Professional fees:					
Accounting, audit and tax	-	11,116	20,645	31,761	30,918
Legal	576	649	-	1,225	775
Website services	940	104	-	1,044	1,000
Other	-	6,661	-	6,661	3,797
Telephone	1,408	264	88	1,760	1,743
Taxes and filing fees	-	1,534	-	1,534	1,530
Other	3,326	3,010	-	6,336	4,393
Total other expenses	712,856	333,156	94,225	1,140,237	1,078,101
Excise tax	-	-	50,000	50,000	108,873
<b>Total</b>	<b>\$ 6,381,965</b>	<b>\$ 333,156</b>	<b>\$ 144,225</b>	<b>\$ 6,859,346</b>	<b>\$ 7,679,310</b>

See notes to financial statements.

**LAVELLE FUND FOR THE BLIND, INC.**

**Statement of Functional Expenses  
(Modified Cash Basis)  
For the Year Ended December 31, 2022**

	<u>Supporting Activities</u>			
	<u>Grants and Programs</u>	<u>General and Administrative</u>	<u>Indirect Investment Expenses And Taxes</u>	<u>Total</u>
Grants paid (net of rescissions)	\$ 6,492,336	\$ -	\$ -	\$ 6,492,336
Other expenses				
Salaries	443,221	146,545	53,060	642,826
Employee benefits	96,731	43,889	13,588	154,208
Payroll taxes	30,019	10,840	3,834	44,693
Rent	110,636	13,015	6,508	130,159
Business insurance	-	4,019	-	4,019
Computer and technology expenses	27,702	3,259	1,630	32,591
Dues and subscriptions	14,201	1,578	-	15,779
Travel, conference and meetings	4,244	378	94	4,716
Professional development	-	475	-	475
Office equipment, furniture and enhancements	2,462	290	145	2,897
Office supplies	1,224	144	72	1,440
Postage and delivery	121	21		142
Professional fees:				
Accounting, audit and tax	-	10,821	20,097	30,918
Legal	-	775	-	775
Website services	950	50	-	1,000
Other	2,278	1,519	-	3,797
Telephone	1,482	174	87	1,743
Taxes and filing fees	-	1,530	-	1,530
Other	2,487	1,876	30	4,393
Total other expenses	<u>737,758</u>	<u>241,198</u>	<u>99,145</u>	<u>1,078,101</u>
Excise tax	-	-	108,873	108,873
<b>Total</b>	<b>\$ 7,230,094</b>	<b>\$ 241,198</b>	<b>\$ 208,018</b>	<b>\$ 7,679,310</b>

See notes to financial statements.



**LAVELLE FUND FOR THE BLIND, INC.****Notes to Financial Statements****December 31, 2023****(Modified Cash Basis)****Note 1 – Nature of organization**

The Lavelle Fund for the Blind, Inc. (the “Fund”) is a charitable grant-making foundation dedicated primarily to supporting programs that help individuals who are blind or visually-impaired live independent and productive lives. While priority for direct service grants generally given to programs in the greater New York metropolitan area, the Fund also considers grant requests with wider impact both nationally and internationally.

The Fund was a beneficiary and successor of the Lavelle School of the Blind (the “School”), which was founded in 1904 and incorporated in 1909. In 1947, the School became a state-funded and-chartered 4201 school dedicated to serving children with multiple disabilities, including visual impairment. In 1999, the assets used to operate the School were transferred to a separate corporation, called the Lavelle School for the Blind. Nearly all of the Lavelle School’s endowment was retained by the original corporation, which was renamed the Lavelle Fund for the Blind, Inc. and rededicated to benefit the larger community of people who are blind or visually impaired.

**Note 2 – Summary of significant accounting policies****Basis of accounting**

The Fund’s policy is to prepare its financial statements on the basis of cash receipts and cash disbursements modified to record investments at fair value and program-related investments. Accordingly, certain revenue and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred.

**Net assets**

The Fund’s net assets are without donor restrictions and its resources are available to support operations.

**Cash equivalents**

The Fund considers highly liquid investments with original maturities of 90 days or less to be cash equivalents other than the short-term investments included in the investment portfolio.

**Investments**

Investments are recorded at fair value. The fair values of the short-term investments, mutual funds, and fixed income are based on publicly quoted prices. The cost of these investments when sold is determined using the specific identification method.

**LAVELLE FUND FOR THE BLIND, INC.****Notes to Financial Statements (continued)****December 31, 2023****(Modified Cash Basis)****Note 2 – Summary of significant accounting policies (continued)****Fair value measurements**

The fair value hierarchy prioritizes inputs used to measure fair value into three broad levels. Level 1 inputs are defined as quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date. As of December 31, 2023 and December 31, 2022, all of the Fund's investments are deemed to be Level 1 assets.

**Concentrations of credit risk**

The Fund's financial instruments that are potentially exposed to concentrations of credit risk consist of cash and investments. The Fund places its cash with what it believes to be quality financial institutions. At times during the year, the Fund's bank balances exceeded the FDIC insurance limit. The Fund has not experienced any losses in such accounts to date. The Fund's investments are exposed to various risks such as interest rate, market volatility, liquidity and credit. Due to the level of uncertainty related to the foregoing risks, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of assets and net assets at December 31, 2023. The Fund routinely assesses the financial strength of its cash and investment portfolio. As a consequence, the Fund believes no significant concentrations of credit risk exist with respect to its cash and investments.

**Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from these estimates.

**Subsequent events**

The Fund has evaluated events and transactions for potential recognition or disclosure through April 18, 2024, which is the date the financial statements were available to be issued.

**Note 3 – Functional expenses**

Certain categories of expenses that are attributable to more than one program or supporting function are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are compensation and benefits, which are allocated based on estimates of time and effort; rent and utilities are based on the compensation allocation; professional services are based on type of services rendered. All other expenses are considered routine operating expenses.

## LAVELLE FUND FOR THE BLIND, INC.

## Notes to Financial Statements (continued)

December 31, 2023

(Modified Cash Basis)

**Note 4 – Grant commitments**

Grant commitments at December 31, 2023 amounted to \$6,885,263. Included in the future grant commitments is the Brother Kearney Scholarship program, which has a current maximum commitment of \$2,320,523. Actual annual payout is a function of the numbers of eligible students recruited by partner colleges and the extent of each student's last-dollar scholarship need. Historically, the Fund has paid out approximately 30% of its theoretical, maximum commitment, per year to the scholarship program. The commitment to the Brother Kearney Scholarship program ends in 2028.

Payments are scheduled for future years as follows:

<u>Year</u>	<u>Grants</u>	<u>Scholarships</u>	<u>Total</u>
2024	\$ 3,060,905	\$ 440,970	\$ 3,501,875
2025	1,163,583	395,543	1,559,126
2026 and thereafter	<u>340,252</u>	<u>1,484,010</u>	<u>1,824,262</u>
Total	<u>\$ 4,564,740</u>	<u>\$ 2,320,523</u>	<u>\$ 6,885,263</u>

**Note 5 – Grants and scholarships expense**

Total grants and scholarships paid in the years ended December 31, 2023 and December 31, 2022 for the Fund's top four program areas amounted to \$5,250,721 and \$6,222,333, respectively.

<u>Primary Program Focus</u>	<u>2023</u>	<u>2022</u>
Medical eye care	\$ 1,374,143	\$ 1,906,617
Vision rehabilitation	1,471,763	1,885,906
Education (other than scholarships)	2,179,330	2,080,159
Education: Brother Kearney Scholarship program	225,485	349,651
Other	<u>418,388</u>	<u>270,003</u>
Total	<u>\$ 5,669,109</u>	<u>\$ 6,492,336</u>

Grants and scholarships paid in 2023 and 2022 by geography served were as follows:

<u>Geography served:</u> <u>Grants and Scholarships</u>	<u>2023</u>	<u>2022</u>
Domestic	\$ 3,217,598	\$ 4,124,491
International	<u>2,451,511</u>	<u>2,367,845</u>
Total	<u>\$ 5,669,109</u>	<u>\$ 6,492,336</u>

## LAVELLE FUND FOR THE BLIND, INC.

**Notes to Financial Statements (continued)**  
**December 31, 2023**  
**(Modified Cash Basis)**

**Note 6 – Investments, at fair value**

As of December 31, 2023 and December 31, 2022, the investments consist of the following:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Short-term investments	\$ 9,960,895	\$ 9,960,895	\$ 9,506,512	\$ 9,506,512
Mutual funds				
U.S. equities	56,345,815	65,078,879	68,406,640	66,611,523
International equities	49,087,590	42,516,013	45,255,229	33,843,900
Fixed income	27,838,375	25,847,792	20,214,106	17,558,328
Fixed income	<u>50,016</u>	<u>49,793</u>	<u>559,704</u>	<u>552,716</u>
Total	<u>\$ 143,282,691</u>	<u>\$ 143,453,372</u>	<u>\$ 143,942,191</u>	<u>\$ 128,072,979</u>

Investment return for the years ended December 31, 2023 and December 31, 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 3,289,609	\$ 2,594,664
Realized gains (losses) on sales of investments	2,532,772	(1,666,407)
Change in unrealized value of investments	16,039,893	(27,539,776)
Investment management fees	<u>(152,094)</u>	<u>(157,956)</u>
Net investment return	<u>\$ 21,710,180</u>	<u>\$ (26,769,475)</u>

**Note 7 – Lease agreement**

Commencing July 1, 2016, the Fund entered into a lease for office space which expires July 31, 2026. The monthly rent payments were initially \$8,700 and are subject to a 3% increase annually. Rent expense totaled \$125,906 for the year ended December 31, 2023 and \$122,238 for the year ended December 31, 2022.

The following is a summary of the required minimum annual lease payments:

<u>Year</u>	<u>Amount</u>
2024	\$ 130,004
2025	133,904
2026	<u>79,461</u>
Total	<u>\$ 343,369</u>

**LAVELLE FUND FOR THE BLIND, INC.**

**Notes to Financial Statements (continued)**

**December 31, 2023**

**(Modified Cash Basis)**

**Note 8 – Retirement plan**

The Fund has a Safe Harbor 401(k) profit sharing plan (the “Plan”). Under the provisions of the Plan, all eligible employees will receive up to a 4% safe harbor match of salary. The Fund will also make an 8% discretionary employer contribution of salary for all eligible employees. The total expense for the years ended December 31, 2023 and December 31, 2022 totaled \$70,938 and \$66,863, respectively.

**Note 9 – Program-related investment**

In 2021, the Fund’s Board approved a \$332,000 program-related investment loan to the Lavelle School for the Blind (the “School”). The loan had a 0% interest rate. All principal payments were due by July 31, 2023, and the funds were to be used for any of the School’s general corporate purposes or operating expenses. The Fund’s Board voted in its July 2023 Board meeting to partially forgive \$52,185 and the School repaid the remaining balance of \$279,815.

**Note 10 – Liquidity and availability of financial assets**

The Fund’s financial assets available within one year of December 31, 2023 and December 31, 2022 for grant payments and general expenditures are as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 198,702	\$ 396,261
Other investments appropriate for current use	<u>143,453,372</u>	<u>128,072,979</u>
Total	<u>\$ 143,652,074</u>	<u>\$ 128,469,240</u>

As part of the Fund’s liquidity management, the Fund: (1) has structured its financial assets to be invested in highly liquid investments – that are without lockup provisions – to meet its general expenditures and other obligations as they come due, (2) maintains cash and short-term investments on hand to meet a minimum of one year and up to three years of normal operating expenses, and (3) invests cash in excess of daily requirements in various short-term investments, including money market funds, mutual funds and bonds.

**Note 11 – Tax status**

The Fund is exempt from Federal income tax under Section 501(c)(3) and is classified as a private foundation under Section 509(a) of the Internal Revenue Code.

The Fund is required to pay a Federal excise tax on net investment income (interest, dividends and realized capital gains less direct investment expenses and allocated administrative expenses) at a 1.39% tax rate.

The Fund’s federal excise tax for 2023 is \$77,507. The Fund’s 2023 estimated excise tax payments and credits totaled \$57,008 resulting in a payment due upon the filing of the 2023 Form 990-PF of \$20,499.