National Society to Prevent Blindness
(d/b/a Prevent Blindness) and Affiliates

Combined Financial Report

March 31, 2016

Contents

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Independent Auditor's Report

To the Board of Directors
National Society to Prevent Blindness
(d/b/a Prevent Blindness) and Affiliates

We have audited the accompanying combined financial statements of National Society to Prevent Blindness (d/b/a Prevent Blindness) and Affiliates, which comprise the combined statement of financial position as of March 31, 2016 and 2015 and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We did not audit the financial statements of the following combined affiliates: National Society to Prevent Blindness - North Carolina Affiliate, Inc. (AKA, Prevent Blindness North Carolina); Prevent Blindness Iowa; Northern California Society to Prevent Blindness, and Prevent Blindness Wisconsin, Inc. Those statements reflect total assets constituting 27 and 29 percent of consolidated total assets at March 31, 2016 and 2015, respectively, and total revenue constituting 30 and 27 percent, respectively, of consolidated total revenue for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for these affiliates, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors
National Society to Prevent Blindness
(d/b/a Prevent Blindness) and Affiliates

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of National Society to Prevent Blindness (d/b/a Prevent Blindness) and Affiliates as of March 31, 2016 and 2015 and the changes in their net assets and functional expenses and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 13 to the combined financial statements, National Society to Prevent Blindness (d/b/a Prevent Blindness) changed its method of combining affiliates for financial statement presentation purposes. Our opinion is not modified with respect to this matter.

Plante & Moran, PLLC

October 13, 2016

National Society to Prevent Blindness
(d/b/a Prevent Blindness) and Affiliates

Combined Statement of Financial Position
March 31, 2016 and 2015

Assets

	2016	2015 (as restated)
Cash and Cash Equivalents	$ 2,631,701	$ 3,088,654
Contributions and Other Receivable	1,797,412	1,669,468
Investments (Note 3)	14,665,258	16,716,929
Beneficial Interest in Trusts (Note 3)	5,796,131	6,241,369
Land, Building and Equipment, Net of Accumulated Depreciation (Note 4)	2,276,236	2,234,899
Other Assets	310,052	309,279
Total Assets	$ 27,476,790	$ 30,260,598

Liabilities and Net Assets

	2016	2015 (as restated)
Liabilies		
Accounts Payable and Accrued Expenses	$ 458,010	$ 367,358
Accrued Vacation and Severance Pay	224,187	244,365
Short-Term Borrowings - Bank (Note 7)	480,000	21,320
Mortgage Loan Payable (Note 8)	1,045,639	1,085,731
Deferred Revenue and Other Liabilities	244,415	170,861
Total Liabilities	2,452,251	1,889,635
Net Assets		
Unrestricted		
Undesignated - Available for general activities	9,056,653	10,925,658
Designated by the Board of Directors for specific purposes	2,759,637	3,105,238
Designated by the Board of Directors for the endowment (Note 10)	2,007,120	2,441,709
Total Unrestricted	13,823,410	16,472,605
Temporarily Restricted (Note 9)	2,957,557	3,209,548
Permanently Restricted (Note 11)	8,243,572	8,688,810
Total Net Assets (Note 12)	25,024,539	28,370,963
Total Liabilities and Net Assets	$ 27,476,790	$ 30,260,598

National Society to Prevent Blindness
(d/b/a Prevent Blindness) and Affiliates

Combined Statement of Activities and Changes in Net Assets

	For the year ended March 31, 2016				For the year ended March 31, 2015 (as restated)			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Operating Revenue								
Public Support								
Received directly								
Contributions	$ 2,409,445	$ 1,950,848	$ -	$ 4,360,293	$ 1,925,876	$ 1,601,788	$ -	$ 3,527,664
Legacies and income from trusts held by others	562,572	42,048	-	604,620	1,309,520	230,300	432,677	1,972,497
Special events, net of direct costs of $550,181 and $519,083 in 2016 and 2015, respectively	939,994	15,000	-	954,994	1,388,258	5,175	-	1,393,433
Received indirectly - Combined service campaigns	39,732	-	-	39,732	35,202	-	-	35,202
Total Public Support	3,951,743	2,007,896	-	5,959,639	4,658,856	1,837,263	432,677	6,928,796
Operating Revenue								
Fees and grants from governmental agencies	1,717,488	$ -	-	1,717,488	2,149,031	-	-	2,149,031
Program service revenue	100,199	-	-	100,199	96,756	-	-	96,756
Net investment income	221,605	27,687	-	249,292	267,958	43,561	-	311,519
Miscellaneous	58,717	-	-	58,717	95,657	-	-	95,657
Total Operating Revenue	2,098,009	27,687	-	2,125,696	2,609,402	43,561	-	2,652,963
Net Assets Released from Restrictions - Satisfaction of program restrictions	2,247,181	(2,247,181)	-	-	1,980,320	(1,961,455)	(18,865)	-
Total Public Support and Operating Revenue	8,296,933	(211,598)	-	8,085,335	9,248,578	(80,631)	413,812	9,581,759
Expenses								
Program services								
Research	428,490	-	-	428,490	422,799	-	-	422,799
Public health education	3,621,781	-	-	3,621,781	2,813,944	-	-	2,813,944
Professional education and training	1,593,828	-	-	1,593,828	1,496,250	-	-	1,496,250
Community services	2,592,473	-	-	2,592,473	2,997,024	-	-	2,997,024
Total Program Services	8,236,572	-	-	8,236,572	7,730,017	-	-	7,730,017
Supporting services								
General and administrative	1,199,580	-	-	1,199,580	1,322,626	-	-	1,322,626
Fundraising	969,287	-	-	969,287	862,154	-	-	862,154
Total Supporting Services	2,168,867	-	-	2,168,867	2,184,780	-	-	2,184,780
Total Expenses	10,405,439	-	-	10,405,439	9,914,797	-	-	9,914,797
Deficiency of Public Support and Operating Revenue Over Expenses	(2,108,506)	(211,598)	-	(2,320,104)	(666,219)	(80,631)	413,812	(333,038)
Nonoperating Revenue, Gains and Losses								
Net realized and unrealized (losses) gains on							-	-
investments	(540,689)	(40,393)	-	(581,082)	799,815	49,674	-	849,489
Change in market value of beneficial interest in trusts	-	-	(445,238)	(445,238)	-	-	30,584	30,584
Total Nonoperating Revenue, Gains and Losses	(540,689)	(40,393)	(445,238)	(1,026,320)	799,815	49,674	30,584	880,073
Change in Net Assets before Net Effect of Disaffiliated Entities	(2,649,195)	(251,991)	(445,238)	(3,346,424)	133,596	(30,957)	444,396	547,035
Net effect of disaffiliated entities (Note 12)	-	-	-	-	(1,086,235)	(261,260)	-	(1,347,495)
Total Change in Net Assets	(2,649,195)	(251,991)	(445,238)	(3,346,424)	(952,639)	(292,217)	444,396	(800,460)
Net Assets, Beginning of Year (as restated)	16,472,605	3,209,548	8,688,810	28,370,963	17,425,244	3,501,765	8,244,414	29,171,423
Net Assets, End of Year	$ 13,823,410	$ 2,957,557	$ 8,243,572	$ 25,024,539	$ 16,472,605	$ 3,209,548	$ 8,688,810	$ 28,370,963

National Society to Prevent Blindness
(d/b/a Prevent Blindness) and Affiliates

Combined Statement of Functional Expenses
Year Ended March 31, 2016

	Program Services					Supporting Services			
	Research	Public Health Education	Professional Education and Training	Community Services	Total	General and Administrative	Fund-raising	Total	2016 Total
Salaries	$ 220,033	$ 1,856,045	$ 829,102	$ 1,352,543	$ 4,257,723	$ 595,409	$ 453,553	$ 1,048,962	$ 5,306,685
Employee benefits	37,114	$ 297,207	$ 129,202	$ 216,788	680,311	$ 90,688	$ 74,566	165,254	845,565
Payroll taxes	13,363	$ 148,950	$ 62,452	$ 105,873	330,638	$ 51,753	$ 33,528	85,281	415,919
Total Payroll and Related Expenses	270,510	2,302,202	1,020,756	1,675,204	5,268,672	737,850	561,647	1,299,497	6,568,169
Accounting and audit fees	2,378	36,319	12,271	10,989	61,957	47,831	2,593	50,424	112,381
Professional fundraising fees	-	-	-	-	-	-	3,513	3,513	3,513
Legal fees	59	2,019	475	238	2,791	3,088	59	3,147	5,938
Other professional fees and outside services	51,892	385,014	162,146	278,196	877,248	142,136	169,838	311,974	1,189,222
Office supplies	1,385	152,107	54,198	81,728	289,418	9,704	7,125	16,829	306,247
Telephone	976	34,850	13,936	31,467	81,229	15,826	9,354	25,180	106,409
Postage and shipping	618	24,914	9,456	16,324	51,312	10,522	28,300	38,822	90,134
Building occupancy*	3,318	191,535	53,278	112,863	360,994	108,523	37,866	146,389	507,383
Office equipment maintenance	347	20,818	7,712	19,391	48,268	14,935	6,506	21,441	69,709
Printing and publications	1,569	55,061	46,207	74,901	177,738	12,298	66,443	78,741	256,479
Travel and meetings	51,141	193,487	112,729	132,292	489,649	34,700	40,084	74,784	564,433
Insurance	2,086	34,352	11,895	24,001	72,334	8,769	6,897	15,666	88,000
Awards and grants	32,971	10,763	12,613	8,363	64,710	8	5	13	64,723
Other	4,538	73,734	51,536	74,988	204,796	33,116	15,245	48,361	253,157
Total Expenses Before Depreciation	423,788	3,517,175	1,569,208	2,540,945	8,051,116	1,179,306	955,475	2,134,781	10,185,897
Depreciation of building and equipment	4,702	104,606	24,620	51,528	185,456	20,274	13,812	34,086	219,542
Total Expenses	$ 428,490	$ 3,621,781	$ 1,593,828	$ 2,592,473	$ 8,236,572	$ 1,199,580	$ 969,287	$ 2,168,867	$ 10,405,439

*Includes mortgage interest expense of $46,820

National Society to Prevent Blindness
(d/b/a Prevent Blindness) and Affiliates

Combined Statement of Functional Expenses
Year Ended March 31, 2015

	Program Services					Supporting Services			
	Research	Public Health Education	Professional Education and Training	Community Services	Total	General and Administrative	Fund-raising	Total	2015 Total
Salaries	$ 214,812	$ 1,452,261	$ 814,268	$ 1,559,561	$ 4,040,902	$ 688,671	$ 414,363	$ 1,103,034	$ 5,143,936
Employee benefits	34,977	221,334	119,079	222,906	598,296	103,418	62,410	165,828	764,124
Payroll taxes	13,154	121,670	62,636	127,485	324,945	58,969	36,753	95,722	420,667
Total Payroll and Related Expenses	262,943	1,795,265	995,983	1,909,952	4,964,143	851,058	513,526	1,364,584	6,328,727
Accounting and audit fees	3,702	23,762	10,756	12,615	50,835	66,321	2,559	68,880	119,715
Legal fees	144	1,223	360	360	2,087	5,037	72	5,109	7,196
Other professional fees and outside services	40,406	369,871	144,260	349,953	904,490	129,406	136,079	265,485	1,169,975
Office supplies	1,409	54,059	41,852	100,202	197,522	11,174	6,338	17,512	215,034
Telephone	853	34,072	13,633	34,129	82,687	14,590	9,974	24,564	107,251
Postage and shipping	938	33,775	10,765	18,154	63,632	8,943	25,690	34,633	98,265
Building occupancy	3,424	130,892	50,394	133,937	318,647	109,447	34,573	144,020	462,667
Office equipment maintenance	357	16,932	5,633	12,696	35,618	13,886	3,441	17,327	52,945
Printing and publications	2,927	46,981	35,777	71,219	156,904	5,986	56,026	62,012	218,916
Travel and meetings	62,417	179,332	110,485	154,981	507,215	35,081	42,407	77,488	584,703
Insurance	1,839	22,609	10,949	31,759	67,156	8,669	6,656	15,325	82,481
Awards and grants	32,912	11,075	12,451	10,300	66,738	188	124	312	67,050
Other	4,541	47,310	32,052	53,646	137,549	46,811	13,417	60,228	197,777
Total Expenses Before Depreciation	418,812	2,767,158	1,475,350	2,893,903	7,555,223	1,306,597	850,882	2,157,479	9,712,702
Depreciation of building and equipment	3,987	46,786	20,900	103,121	174,794	16,029	11,272	27,301	202,095
Total Expenses	$ 422,799	$ 2,813,944	$ 1,496,250	$ 2,997,024	$ 7,730,017	$ 1,322,626	$ 862,154	$ 2,184,780	$ 9,914,797

*Includes mortgage interest expense of $53,112

National Society to Prevent Blindness
(d/b/a Prevent Blindness) and Affiliates

Combined Statement of Cash Flows
Year Ended March 31, 2016 and 2015

	2016	2015 (as restated)
Cash Flows from Operating Activities		
Change in net assets	$ (3,346,424)	$ 547,035
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net effect of disaffiliated entities	-	(374,919)
Depreciation	219,542	202,095
Change in market value of beneficial interest in trusts	445,238	(30,584)
Additions to beneficial interests in trust, net of payouts	-	(413,812)
Net realized and change in unrealized gain on investments	577,411	(849,489)
(Increase) decrease in:		
Contributions receivable	(127,944)	1,245,296
Other assets	(773)	(62,577)
Increase (decrease) in:		
Accounts payable and accrued expenses	90,652	(187,321)
Accrued vacation and severance pay	(20,178)	18,463
Deferred revenue	73,554	(134,268)
Net Cash Used in Operating Activities	(2,088,922)	(40,081)
Cash Flows from Investing Activities		
Capital expenditures	(260,879)	(163,598)
Proceeds from sales of investments	3,917,578	3,489,600
Purchases of investments	(2,443,318)	(2,765,853)
Net Cash Provided by Investing Activities	1,213,381	560,149
Cash Flows from Financing Activities		
Proceeds (Payments on) from borrowings on line of credit	458,680	(53,680)
Repayments of mortgage loan	(40,092)	(38,480)
Net Cash Provided by (Used in) Financing Activities	418,588	(92,160)
Net (Decrease) Increase in Cash and Cash Equivalents	(456,953)	427,908
Cash and Cash Equivalents, Beginning of Year (as restated)	3,088,654	2,660,746
Cash and Cash Equivalents, End of Year	$ 2,631,701	$ 3,088,654
Cash Paid for Interest	$ 53,112	$ 66,562

Note 1- Organization and Operations

National Society to Prevent Blindness (d/b/a Prevent Blindness) and Affiliates (jointly referred to as Prevent Blindness) are not-for-profit organizations dedicated to preventing blindness and preserving sight through public and professional education, vision screening training and certification, patient service programs, public policy advocacy, and research throughout the United States of America. Prevent Blindness' principal sources of revenue are public support contributions from foundations, corporations, trusts and legacies and bequests; grants from federal and local government entities; net revenue from fundraising events; and investment income. The Affiliates share a portion of their public support with Prevent Blindness in accordance with their affiliation agreements and are controlled by their local Boards of Directors.

Note 2 - Summary of Significant Accounting Policies

Basis of Combination and Presentation - The combined financial statements of Prevent Blindness have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Significant accounting policies followed by Prevent Blindness are described below.

The accompanying combined financial statements include the accounts of National Society to Prevent Blindness (d/b/a Prevent Blindness) and its Affiliates. Intercompany transactions have been eliminated in combination.

In order to ensure the observance of limitations and restrictions placed on the use of available resources, Prevent Blindness maintains its financial accounts in accordance with the principles and practices of fund accounting. This is the procedure by which resources for various purposes are classified for accounting purposes into funds established in accordance with their nature and purpose.

For external reporting purposes, Prevent Blindness' combined financial statements have been prepared to focus on Prevent Blindness as a whole and to present balances and transactions classified in accordance with the existence or absence of donor-imposed restrictions. Net assets and related activity are classified as follows:

- Unrestricted - Net assets that are not subject to donor-imposed restrictions.
- Temporarily Restricted - Net assets that are subject to donor-imposed restrictions that may or will be met either by actions of Prevent Blindness or the passage of time.
- Permanently Restricted - Net assets that are subject to donor-imposed restrictions to be maintained permanently by Prevent Blindness. Generally, the donors of these assets permit Prevent Blindness to use all or part of the income earned on related investments for general or specific purposes.

Note 2 - Summary of Significant Accounting Policies (CONTINUED)

Public Support and Revenue

Public support and revenue are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at net realizable value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Contributions resulting from split-interest agreements, measured at the time the agreements are entered into, are based on the difference between the fair value of the assets received or promised and the present value of the obligation to the third-party recipient(s) under the contract.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as unrestricted support. Other restricted gifts are reported as restricted support and temporarily or permanently restricted net assets.

Revenue from government grant and contract agreements is recognized as it is earned through expenditure in accordance with the agreement. Revenue from program service fees is recognized when the service is completed.

Donated Services

Prevent Blindness recognizes the fair value of contributed services that require specialized skills and are provided by individuals who possess those skills as revenue in the period received.

A substantial number of volunteers have donated significant amounts of their time to Prevent Blindness' vision screening and other program services, fundraising campaigns and management. The estimated value of such donated time has not been recorded in the combined financial statements for those services that do not require special expertise.

No amounts have been recognized in the combined statements of activities as the criteria for recognition of those services in accordance with accounting principles generally accepted in the United States of America have not been satisfied.

Note 2 - Summary of Significant Accounting Policies (CONTINUED)

Legacies, Bequests and Beneficial Interests in Trusts

Prevent Blindness is the beneficiary of various wills, the total realizable amount of which is not presently determinable. Such amounts are recorded when a clear title is established, and the proceeds are clearly measurable. Prevent Blindness is also the income beneficiary under various trusts, the corpora of which is not controlled by Prevent Blindness. In the absence of donor-imposed conditions, Prevent Blindness recognizes its beneficial interest in a trust as a contribution in the period in which it receives notice that the trust agreement conveys an unconditional right to receive benefits.

Beneficial interest in trusts is stated at the estimated fair value of the assets from 11 trusts based on the percentage of the trust designated to Prevent Blindness applied to the total fair value of the trust, which is based primarily on quoted market prices. The changes in the fair value of the underlying trust assets, as determined by the trustees that hold and/or manage these assets, are recognized in the combined statements of activities in the periods in which they occur.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash in banks and short-term highly liquid investments, which are readily convertible into cash within 90 days after purchase.

Prevent Blindness maintains its cash and cash equivalents in bank deposit accounts, which at times may exceed federally insured limits. Prevent Blindness has not experienced any losses in such accounts. Prevent Blindness believes it is not exposed to any significant credit risk on cash.

Investments

Investments are reported at fair value. Investment income, including net realized and unrealized gains (losses), is reflected in the combined statement of activities and changes in net assets as an increase (decrease) in net assets. Interest and dividend income is recorded on the accrual basis. Realized gains and losses are determined based on specific identification of securities sold.

Prevent Blindness' investments are exposed to various risks such as interest rate, credit and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term and could materially affect the amounts reported in the combined statements of financial position.

Income Taxes - The Internal Revenue Service has informed Prevent Blindness that they are tax-exempt organizations as provided in Section 501(c)(3) of the Internal Revenue Code and, except for taxes pertaining to unrelated business income, are exempt from federal and state income taxes. No provision has been made for income taxes in the accompanying combined financial statements for the years ended March 31, 2016 and 2015, as Prevent Blindness has had no significant unrelated business income.

Note 2 - Summary of Significant Accounting Policies (CONTINUED)

Prevent Blindness' application of accounting principles generally accepted in the United States of America regarding uncertain tax positions had no effect on its financial position as management believes they have no material unrecognized income tax benefits, including any potential risk of loss of its not-for-profit tax status. Prevent Blindness would account for any potential interest or penalties related to possible future liabilities for unrecognized income tax benefits as income tax expense.

Functional Expenses - The costs of providing the program and support services have been reported on a functional basis in the combined statement of activities and changes in net assets. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

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

Upcoming Accounting Change - In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update ASU No. 2015-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for Prevent Blindness's year ending March 31, 2020. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. Prevent Blindness has not yet determined which application method it will use or the potential effects of the new standard on the financial statements, if any.

Upcoming Accounting Change - In February 2016, the Financial Accounting Standards Board issued ASU 2016-02, Leases, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right of use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease footnote guidance will be effective for Prevent Blindness' year ending March 31, 2021 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The effect of applying the new lease guidance on the financial statements as not yet been determined.

Upcoming Accounting Change – The Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities in August, 2016. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow FASB not-for-profit rules, including changing from three classes of net assets to two classes, net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by Prevent Blindness, including required disclosures about the liquidity and availability of resources. The new standard is effective for Prevent Blindness' year ending March 31, 2019 and thereafter and must be applied on a retrospective basis. Prevent Blindness is currently evaluating the impact this standard will have on the financial statements.

Subsequent Events – The financial statements and related disclosures include evaluation of events up through and including October 13, 2016, which is the date the financial statements were available to be issued.

Note 3 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about Prevent Blindness' assets and liabilities measured at fair value on a recurring basis at March 31, 2016 and 2015, and the valuation techniques used by Prevent Blindness to determine those fair values.

Fair values determined by Level 1 inputs use unadjusted quoted prices for identical assets or liabilities in active markets as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. Fair values for Prevent Blindness's hedge fund were based on net asset values. Such net asset values are based on the value of the underlying assets of the fund. The investment objectives of the funds vary and can be differentiated by the nature of their holdings.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. Prevent Blindness' assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Prevent Blindness' policy is to recognize transfers in and transfers out of Level 1, 2 and 3 fair value classifications as of the beginning of the reporting period in circumstances that caused the transfer. During the years ended March 31, 2016 and 2015, there were no such transfers.

As of April 1, 2014, Prevent Blindness implemented guidance that changes the required disclosures for investments valued at net asset value (NAV) per share (or its equivalent) as a practical expedient. Previously, investments measured at fair value using NAV practical expedient were classified in the fair value hierarchy based on the redemption features associated with the investments. Under the guidance, investments measured at fair value using NAV per share (or its equivalent) as a practical expedient are no longer classified in the fair value hierarchy.

		Recurring Fair Value Measurements as of Reporting Date Using			
Description	Fair Values as of March 31, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value
Investments					
Money market instruments	$ 43,011	$ 24,565	$ 18,446	$ -	$ -
Mutual funds	5,052,763	5,052,763	-	-	-
Common stocks	6,016,424	6,016,424	-	-	-
Corporate bonds and notes	1,070,694	-	1,070,694	-	-
U.S. government obligations	1,061,007	-	1,061,007	-	-
Other investments:			-		
Hedge funds	688,586	-	-	-	688,586
Community foundations	94,084	-	-	94,084	-
	$ 14,026,569	$ 11,093,752	$ 2,150,147	$ 94,084	$ 688,586
Beneficial interest in trusts	$ 5,796,131	$ -	$ -	$ 5,796,131	$ -

Note 3 - Fair Value Measurements (CONTINUED)

Description	Fair Values as of March 31, 2015	Recurring Fair Value Measurements as of Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value
Investments					
Money market instruments	$ 54,520	31,809	22,711	-	-
Mutual funds	5,409,084	5,409,084	-	-	-
Common stocks	6,984,038	6,984,038	-	-	-
Corporate bonds and notes	1,280,862	-	1,280,862	-	-
U.S. government obligations	1,369,504	-	1,369,504	-	-
Other investments:					
Hedge funds	704,028	-	-	-	704,028
Community foundations	99,768	-	-	99,768	-
	$ 15,901,804	$ 12,424,931	$ 2,673,077	$ 99,768	$ 704,028
Beneficial interest in trusts	$ 6,241,369	$ -	$ -	$ 6,241,369	$ -

Not included in the table above as of March 31, 2016 are cash and cash equivalents of $141,172, money market funds of $163,121 and certificates of deposit of $334,396. Not included in the above table as of March 31, 2015 are cash and cash equivalents of $260,973, money market funds of $220,674 and certificates of deposit of $333,478.

On the combined statement of activities, net investment income amounts are reported net of related expenses of $104,587 and $112,590 for the years ended March 31, 2016 and 2015, respectively.

Investments in Level 3 are comprised of beneficial interests in perpetual trusts and community foundations investments. The beneficial interests in trusts are stated at the estimated fair value, which is based on the percentage of the trust designated to Prevent Blindness, applied to the total fair value of the trust, which is based primarily on quoted market prices. The changes in the fair value of the underlying trust assets, as determined by the trustees that hold and manage these assets, are recognized in the combined statements of activities in the periods in which they occur. The estimated fair value of community foundations are based on the underlying assets, which consist primarily of securities traded on an active market or secondary market.

Note 3 - Fair Value Measurements (CONTINUED)

The following tables present reconciliations of the beginning and ending balances recorded for instruments classified as Level 3 in the fair value hierarchy:

	Community Foundations	Beneficial Interest in Trusts	Total
Balance at March 31, 2015	$ 99,768	$ 6,241,369	$ 6,341,137
Contributions	-	-	-
Total losses (realized and unrealized)	(5,684)	(445,238)	(450,922)
Balance at March 31, 2016	$ 94,084	$ 5,796,131	$ 5,890,215
Balance at March 31, 2014	92,833	5,797,904	5,890,737
Contributions	-	431,746	431,746
Total gains (realized and unrealized)	6,935	30,584	37,519
Transfer of assets	-	(18,865)	(18,865)
Balance at March 31, 2015	$ 99,768	$ 6,241,369	$ 6,341,137

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets and liabilities. As a result, the unrealized gains and losses for these assets and liabilities presented in the tables above may include changes in fair value that were attributable to both observable and unobservable inputs.

Note 3 - Fair Value Measurements (CONTINUED)

Investments in Entities that Calculate Net Asset Value per Share

For March 31, 2016 and 2015, the estimated fair values for the hedge fund were determined by the fund manager. Such net asset value (NAV) is based on the value of the underlying assets and liabilities of the fund.

At year end, the fair values, unfunded commitments, and redemption rules of those investments are as follows:

	March 31, 2016 Fair Value	March 31, 2015 Fair Value	Unfunded Commitments	Redemption Frequency (If currently Eligible)	Redemption Notice Period
[1] Lighthouse Hedge Fund	$ 482,101	$ 488,480	None	Monthly	90 Days
[2] Ironwood Hedge Fund	206,485	215,548	None	Bi-Annually	95 Days
	$ 688,586	$ 704,028			

[1] This hedge fund is a fund of funds held with Lighthouse Diversified Fund, Ltd. and was purchased on December 31, 2008.

[2] This hedge fund is held with Ironwood Multi-Strategy Fund LLC and was purchased in September and November 2012.

Note 4 – Land, Building and Equipment

Prevent Blindness' land, building and equipment consisted of the following as of March 31, 2016 and 2015:

	2016	2015	Depreciable Life - Years
Land	$ 512,045	$ 512,045	
Buildings	1,996,428	1,996,428	10-40
Equipment	2,284,613	2,105,874	3-10
Leasehold improvements	5,111	5,111	5-27.5
	4,798,197	4,619,458	
Less accumulated depreciation	2,521,961	2,384,559	
	$ 2,276,236	$ 2,234,899	

Depreciation expense was $219,542 for 2016 and $202,095 for 2015.

Note 5 - Employee Benefit Plan

Prevent Blindness offers a contributory defined contribution plan to substantially all employees who meet the eligibility requirements of age and length of service. Total contributions under the plan were $267,151 and $264,292 for the years ended March 31, 2016 and 2015, respectively.

Note 6- Lease Commitments

Prevent Blindness occupies certain operating facilities under various operating lease agreements. Substantially all of these leases require that Prevent Blindness pay real estate taxes, utilities and maintenance expenses.

Note 6- Lease Commitments (CONTINUED)

As of March 31, 2016, the minimum future rent payments due under operating leases with non-cancelable lease terms in excess of one year are as follows:

Year Ending March 31:	
2017	218,550
2018	58,082
2019	1,955
	$ 278,587

Total rent expense on all operating leases was $394,329 and $388,561 for the years ended March 31, 2016 and 2015, respectively.

Note 7 - Short-Term Borrowings - Bank

Short-term borrowings include two lines of credit agreements with different financial institutions. Outstanding borrowings amounted to $480,000 of an available $675,000 on the following two lines of credit at March 31, 2016:

1. $50,000 under a $75,000 secured line of credit agreement with SunTrust Bank. This agreement was entered into on January 20, 2013. This is an open end revolving line of credit and is payable on demand. This loan arrangement may be terminated without notice by SunTrust Bank. The interest rate is variable and was 5.50% and 5.25% on March 31, 2016 and 2015, respectively.

2. $430,000 on a $600,000 unsecured line of credit agreement with American Midwest Bank in Illinois. This agreement expires on May 15, 2017, and it is management's expectation to either renew or refinance this line of credit. Interest is payable monthly at LIBOR plus 2.75% (effective rate of 3.19% and 2.93% on March 31, 2016 and 2015, respectively).

Note 8 - Mortgage Loan Payable

Prevent Blindness has a mortgage loan payable to American Midwest Bank. The mortgage loan is secured by the office condominium used by National Society to Prevent Blindness and was payable in monthly installments of interest of $7,243, with the final balloon payment due on July 1, 2020. The mortgage loan bears interest at 4.375%.

Note 9 - Temporarily Restricted Net Asset Balances

Temporarily restricted net assets of $2,957,557 and $3,209,548 as of March 31, 2016 and 2015, respectively, consist of gifts and other unexpended resources restricted for research and other program support. Some of the gifts and unexpended resources restricted for research and other program support are also restricted for time.

Note 10 - Endowments

Prevent Blindness' endowment consists of 14 individual funds established for a variety of purposes, including vision screening, eye health education, safety and general operations. Its endowment includes both donor-restricted endowment funds and funds designated by the Boards of Directors to function as endowments. Prevent Blindness does not consider its beneficial interests in trusts to be part of its endowment since the trustees of those trusts determine the investment objectives for the assets included in the trusts. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Boards of Directors to function as endowments, are classified and reported based on existences or absences of donor-imposed restrictions.

Interpretation of Relevant Law Subject to an Enacted Version of UPMIFA

The various Boards of Directors of Prevent Blindness have interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the real value of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, Prevent Blindness classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts donated to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Note 10 – Endowments (CONTINUED)

In accordance with UPMIFA, Prevent Blindness considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund
2) The purpose of Prevent Blindness and the donor-restricted endowment fund
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 Prevent Blindness
7) The investment policies of Prevent Blindness

Return Objectives and Risk Parameters

Prevent Blindness has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the real value of the endowment assets. Endowment assets include those assets of donor-restricted funds that Prevent Blindness must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. Prevent Blindness expects its endowment funds, over time, to provide an average rate of return of approximately 6% - 7.5% annually. Actual returns in any given year may vary from this amount.

Spending Policy and How the Investment Objectives Relate to Spending Policy

National Society to Prevent Blindness and Affiliates has various policies of appropriating for distribution part of its endowment fund's fair value.

National Society to Prevent Blindness, which holds 21% and 23% of total donor restricted endowment funds as of March 31, 2016 and 2015, respectively, has a policy to hold the original value of the gift in perpetuity while income earned can be used as designated by the donor.

The Affiliates' policies include policies such as the following:

1. Holding the original value of the gift in perpetuity while income earned can be used as designated by the donor
2. Specific fixed dollar appropriations

In establishing its policies, Prevent Blindness considered the long-term expected return on its endowments.

Note 10 – Endowments (CONTINUED)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, Prevent Blindness relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Prevent Blindness targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Endowment net asset composition by type of fund as of March 31, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 253,970	$ 2,447,441	$ 2,701,411
Board-designated endowment funds	$ 2,007,120	$ -	$ -	$ 2,007,120
Total Funds	$ 2,007,120	$ 253,970	$ 2,447,441	$ 4,708,531

Changes in endowment net assets for the year ended March 31, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - beginning of year	$ 2,441,709	$ 301,997	$ 2,447,441	$ 5,191,147
Investment return:				
Investment income	$ -	$ 32,457	$ -	$ 32,457
Net appreciation (realized and unrealized)	$ -	$ (71,640)	$ -	$ (71,640)
Total Investment Return	$ -	$ (39,183)	$ -	$ (39,183)
Contributions	$ -	$ -	$ -	$ -
Appropriation of endowment assets for expenditure	$ (434,589)	$ (8,844)	$ -	$ (443,433)
Endowment net assets - end of year	$ 2,007,120	$ 253,970	$ 2,447,441	$ 4,708,531

Note 10 – Endowments (CONTINUED)

Endowment net asset composition by type of fund as of March 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 301,997	$ 2,447,441	$ 2,749,438
Board-designated endowment funds	$ 2,441,709	$ -	$ -	$ 2,441,709
Total Funds	$ 2,441,709	$ 301,997	$ 2,447,441	$ 5,191,147

Changes in endowment net assets for the year ended March 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - beginning of year (as restated)	$ 2,441,709	$ 298,871	$ 2,446,510	$ 5,187,090
Investment return:				
Investment income	$ -	$ 47,976	$ -	$ 47,976
Net appreciation (realized and unrealized)	$ -	$ 153,747	$ -	$ 153,747
Total Investment Return	$ -	$ 201,723	$ -	$ 201,723
Contributions	$ -	$ -	$ 931	$ 931
Appropriation of endowment assets for expenditure	$ -	$ (198,597)	$ -	$ (198,597)
Endowment net assets - end of year	$ 2,441,709	$ 301,997	$ 2,447,441	$ 5,191,147

Note 11 - Permanently Restricted Net Assets

Permanently restricted net assets consist of the following for the years ended March 31, 2016 and 2015:

	2016	2015
Donor-restricted endowment funds	$ 2,447,441	$ 2,447,441
Beneficial interests in trusts	5,796,131	6,241,369
	$ 8,243,572	$ 8,688,810

Note 12 – Disaffiliated Entities

On November 30, 2014, Prevent Blindness Mid-Atlantic terminated their affiliation agreement with the National Society to Prevent Blindness. Consequently, the entity was no longer included in the combined results for the year ended March 31, 2015. The results of this disaffiliation are reported in the net effect of disaffiliated entities line on the statement of activities for the year ended March 31, 2015.

In May 2016 and August 2016, Prevent Blindness Florida and Prevent Blindness Oklahoma, respectively, terminated their affiliation agreements with the National Society to Prevent Blindness. Due to the change in accounting principle as described in Note 13, the financial information from these two entities have been excluded from the financial statements. The effect of the change is reported in Note 13.

Note 13 – Change in Accounting Principle

Prevent Blindness elected to change its method of combining affiliates for financial statement presentation purposes to exclude any affiliates disaffiliating after March 31, 2016 from combination, whereas previously, all affiliates were included and disaffiliations throughout the year were presented separately on the combined financial statements and footnotes. The change in method was adopted because Prevent Blindness believes that presenting the combined statements without the affiliates who disaffiliated subsequent to year end more closely represents current financial position. Comparative combined financial statements of prior years have been adjusted to apply the new method retrospectively.

Note 13 – Change in Accounting Principle (continued)

The following combined financial statement line items for fiscal year 2015 were affected by the change in accounting principle:

Statement of Financial Position - March 31, 2015

	As Computed under old method	As Reported under new method	Effect of Change
Cash and Cash Equivalents	$ 3,262,141	$ 3,088,654	$ 173,487
Contributions and Other Receivable	1,723,473	1,669,468	54,005
Investments	19,590,477	16,716,929	2,873,548
Beneficial Interest in Trusts	6,364,031	6,241,369	122,662
Land, Building and Equipment, Net of Accumulated Depreciation	2,362,590	2,234,899	127,691
Other Assets	324,950	309,279	15,671
Accounts Payable and Accrued Expenses	377,857	367,358	10,499
Accrued Vacation and Severance Pay	335,791	244,365	91,426
Short-Term Borrowings - Bank	68,596	21,320	47,276
Mortgage Loan Payable	1,085,731	1,085,731	-
Deferred Revenue and Other Liabilities	170,861	170,861	-
Unrestricted Net Assets			
Undesignated - Available for general activities	13,341,344	10,925,658	2,415,686
Designated by the Board of Directors for specific purposes	3,105,238	3,105,238	-
Designated by the Board of Directors for the endowment	2,441,709	2,441,709	-
Total Unrestricted Net Assets	18,888,291	16,472,605	2,415,686
Temporarily Restricted Net Assets	3,389,063	3,209,548	179,515
Permanently Restricted Net Assets	9,311,472	8,688,810	622,662

Note 13 – Change in Accounting Principle (continued)

Statement of Activities - March 31, 2015

	As Computed under old method	As Reported under new method	Effect of Change
Contributions	$ 3,941,708	$ 3,527,664	$ 414,044
Legacies and income from trusts held by others	1,988,553	1,972,497	16,056
Special events, net of direct costs	1,626,717	1,393,433	233,284
Received indirectly - Combined service campaigns	36,328	35,202	1,126
Fees and grants from governmental agencies	2,412,531	2,149,031	263,500
Program service revenue	214,722	96,756	117,966
Net investment income	407,630	311,519	96,111
Miscellaneous	101,525	95,657	5,868
Expenses			
Research	422,799	422,799	-
Public health education	3,128,379	2,813,944	314,435
Professional education and training	1,623,520	1,496,250	127,270
Community services	3,750,905	2,997,024	753,881
General and administrative	1,498,796	1,322,626	176,170
Fundraising	901,354	862,154	39,200
Net realized and unrealized gains on investments	918,131	849,489	68,642
Change in market value of beneficial interest in trusts	23,424	30,584	(7,160)
Total Change in Net Assets	(1,001,978)	(800,460)	(201,518)