

SANTA CLARA VALLEY BLIND CENTER, INC.  
(A California Nonprofit Public Benefit Corporation)

\*\*\*

FINANCIAL STATEMENTS

Year Ended June 30, 2008 with Comparative Totals  
for the Year Ended June 30, 2007

SANTA CLARA VALLEY BLIND CENTER, INC.  
(A California Nonprofit Public Benefit Corporation)

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EMERITUS

Alexander W. Berger (1916-2005)  
Griffith R. Lewis

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Santa Clara Valley Blind Center, Inc.  
(A California Nonprofit Public Benefit Corporation)  
San Jose, California

We have audited the accompanying statement of financial position of Santa Clara Valley Blind Center, Inc. (a California nonprofit public benefit corporation) as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Santa Clara Valley Blind Center, Inc.'s financial statements for the year ended June 30, 2007 which were audited by other auditors whose report dated January 18, 2008 expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Santa Clara Valley Blind Center, Inc. as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2008, on our consideration of Santa Clara Valley Blind Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Santa Clara Valley Blind Center, Inc. taken as a whole. The schedule of expenditures of federal and other governmental awards on page 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Berger/Lewis Accountancy Corporation*

BERGER/LEWIS ACCOUNTANCY CORPORATION  
San Jose, California  
October 13, 2008

SECTION I  
FINANCIAL SECTION  
FINANCIAL STATEMENTS

SANTA CLARA VALLEY BLIND CENTER, INC.  
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FINANCIAL POSITION

June 30, 2008 with Comparative Totals as of June 30, 2007

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	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and Cash Equivalents	\$ 187,281	\$ 205,992
Investments	-	15,624
Grants Receivable	99,672	28,407
Prepaid Expenses	<u>4,563</u>	<u>1,117</u>
Total Current Assets	<u>291,516</u>	<u>251,140</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>764,415</u>	<u>712,390</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,055,931</u></u>	<u><u>\$ 963,530</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts Payable	\$ 17,325	\$ 9,735
Accrued Vacation	58,209	32,568
Deposits	<u>1,000</u>	<u>600</u>
Total Current Liabilities	<u>76,534</u>	<u>42,903</u>
<b>LONG-TERM LIABILITIES:</b>		
Note Payable	<u>219,250</u>	<u>212,250</u>
Total Liabilities	<u>295,784</u>	<u>255,153</u>
<b>NET ASSETS:</b>		
Unrestricted Net Assets:		
Undesignated	(4,268)	(88,059)
Board Designated for Operating Reserves	-	55,000
Property and Equipment	<u>764,415</u>	<u>712,390</u>
Total Unrestricted Net Assets	760,147	679,331
Temporarily Restricted Net Assets	<u>-</u>	<u>29,046</u>
Total Net Assets	<u>760,147</u>	<u>708,377</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,055,931</u></u>	<u><u>\$ 963,530</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements.

SANTA CLARA VALLEY BLIND CENTER, INC.  
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF ACTIVITIES

Year Ended June 30, 2008 with Comparative Totals for the Year Ended June 30, 2007

	2008		2007	
	Unrestricted	Temporarily Restricted	TOTAL	TOTAL
<b>SUPPORT AND REVENUE:</b>				
Support:				
Contributions	\$ 111,518	\$ -	\$ 111,518	\$ 85,071
Bequests	26,250	-	26,250	-
Special Events	-	-	-	26,475
Less: Special Event Costs	-	-	-	(2,000)
Total Support	<u>137,768</u>	<u>-</u>	<u>137,768</u>	<u>109,546</u>
Revenue:				
Bingo	966,581	-	966,581	775,456
Less: Bingo Costs	(798,707)	-	(798,707)	(642,069)
Government Grants	227,807	-	227,807	145,894
Program Service Fees	9,443	-	9,443	12,074
Rental Income	19,205	-	19,205	3,050
Life Memberships	6,383	-	6,383	1,000
Dividend and Interest Income	3,921	-	3,921	6,507
Other Income	3,693	-	3,693	121
Net Realized/Unrealized Gain on Investments	793	-	793	810
Supply Store Income	3,114	-	3,114	2,711
Less: Supply Store Costs	(2,917)	-	(2,917)	(3,585)
Total Revenue	<u>439,316</u>	<u>-</u>	<u>439,316</u>	<u>301,969</u>
Total Support and Revenue	577,084	-	577,084	411,515
Net Assets Released from Restrictions	<u>29,046</u>	<u>(29,046)</u>	<u>-</u>	<u>-</u>
Total Support, Revenue and Net Assets Released from Restrictions	<u>606,130</u>	<u>(29,046)</u>	<u>577,084</u>	<u>411,515</u>
<b>EXPENSES:</b>				
Program Services	<u>387,112</u>	<u>-</u>	<u>387,112</u>	<u>418,285</u>
Supporting Services:				
Management and General	89,666	-	89,666	57,558
Fundraising	<u>48,536</u>	<u>-</u>	<u>48,536</u>	<u>54,113</u>
Total Supporting Services	<u>138,202</u>	<u>-</u>	<u>138,202</u>	<u>111,671</u>
Total Expenses	<u>525,314</u>	<u>-</u>	<u>525,314</u>	<u>529,956</u>
<b>CHANGE IN NET ASSETS</b>	80,816	(29,046)	51,770	(118,441)
<b>NET ASSETS, Beginning of Year</b>	<u>679,331</u>	<u>29,046</u>	<u>708,377</u>	<u>826,818</u>
<b>NET ASSETS, End of Year</b>	<u>\$ 760,147</u>	<u>\$ -</u>	<u>\$ 760,147</u>	<u>\$ 708,377</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

SANTA CLARA VALLEY BLIND CENTER, INC.  
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2008 with Comparative Totals for the Year Ended June 30, 2007

	PROGRAM SERVICES		SUPPORTING SERVICES			TOTAL	
			Management and		Total	2008	2007
			General	Fundraising			
<b>EXPENSES:</b>							
Salaries	\$ 221,883	\$ 34,256	\$ 35,296	\$ 69,552	\$ 291,435	\$ 280,593	
Employee Benefits	31,501	3,420	4,241	7,661	39,162	37,474	
Payroll Taxes	18,565	2,816	2,905	5,721	24,286	26,030	
Worker's Compensation	3,767	192	195	387	4,154	4,441	
Total Salaries and Related Expenses	275,716	40,684	42,637	83,321	359,037	348,538	
Professional Fees	-	28,183	-	28,183	28,183	13,280	
Occupancy	14,905	3,874	451	4,325	19,230	17,689	
Office Supplies and Postage	15,050	-	840	840	15,890	10,979	
Program Classes	12,792	-	-	-	12,792	11,462	
Program Consulting	11,596	-	-	-	11,596	10,430	
Interest	-	7,000	-	7,000	7,000	7,000	
Maintenance and Janitorial	7,960	222	390	612	8,572	8,209	
Client Outings	5,069	-	-	-	5,069	45,580	
Publicity and Promotion	6,006	655	165	820	6,826	2,976	
Travel	6,099	-	165	165	6,264	6,768	
Telephone	3,525	399	836	1,235	4,760	3,368	
Insurance	4,602	-	-	-	4,602	5,507	
Equipment Leases	3,853	93	92	185	4,038	8,180	
Transportation/Outreach	3,753	-	-	-	3,753	4,160	
Bank Fees	-	2,500	-	2,500	2,500	1,252	
Meetings and Awards	1,794	-	-	-	1,794	2,455	
Life Membership Costs	-	-	1,018	1,018	1,018	178	
Volunteer Program	799	-	-	-	799	530	
Taxes and Licenses	-	537	-	537	537	393	
Board Expenses	-	488	-	488	488	1,522	
Dues and Subscriptions	-	168	-	168	168	211	
Total Expenses Before Depreciation	373,519	84,803	46,594	131,397	504,916	510,667	
Depreciation	13,593	4,863	1,942	6,805	20,398	19,289	
Total Functional Expenses	<u>\$ 387,112</u>	<u>\$ 89,666</u>	<u>\$ 48,536</u>	<u>\$ 138,202</u>	<u>\$ 525,314</u>	<u>\$ 529,956</u>	
Percentage of Total	<u>73.7 %</u>	<u>17.1 %</u>	<u>9.2 %</u>	<u>26.3 %</u>	<u>100.0 %</u>		

The Accompanying Notes are an Integral Part of these Financial Statements.

SANTA CLARA VALLEY BLIND CENTER, INC.  
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF CASH FLOWS

Year Ended June 30, 2008 with Comparative Totals for the Year Ended June 30, 2007

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	<u>2008</u>	<u>2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 51,770	\$ (118,441)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	20,398	19,289
Donated Stock	-	(915)
Net Realized and Unrealized Gain on Investments	(793)	(810)
Accrued Interest on Note Payable	7,000	7,000
(Increase) Decrease in Assets:		
Grants Receivable	(71,265)	45,717
Prepaid Expenses	(3,446)	7,069
Increase (Decrease) in Liabilities:		
Accounts Payable	7,590	(21,817)
Accrued Vacations	25,641	11,214
Deposits	400	(161)
Net Cash Provided (Used) by Operating Activities	<u>37,295</u>	<u>(51,855)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from Sale of Investments	16,417	32,600
Purchase of Property and Equipment	<u>(72,423)</u>	<u>(62,874)</u>
Net Cash Used by Investing Activities	<u>(56,006)</u>	<u>(30,274)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(18,711)	(82,129)
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<u>205,992</u>	<u>288,121</u>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<u>\$ 187,281</u>	<u>\$ 205,992</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

SANTA CLARA VALLEY BLIND CENTER, INC.  
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

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NOTE 1 - ORGANIZATION:

Santa Clara Valley Blind Center, Inc. (the "Organization"), is a California nonprofit public benefit corporation formed in 1953 to serve visually impaired residents of Santa Clara County and the surrounding area.

NOTE 2 - PROGRAM SERVICES:

The Organization is committed to increasing independence, confidence, and quality of life for blind and visually impaired individuals through educational, recreational and rehabilitative programs. To this end, the Organization provides:

- Accessible information and referral services
- Counseling and support groups
- Personal advocacy
- Orientation and mobility training with a white cane or dog guide
- Daily living skills training for adjusting to vision loss and regaining independence
- Braille instruction
- Weekly hot meals
- In-home support services
- Computer training and adaptive technology instruction
- English as a second language
- Adapted arts and crafts
- Low-impact exercise
- Educational field trips
- Significant other disability training
- ADA consultation

These programmatic changes have resulted in increased service delivery as the Organization's client base has grown by nearly 400% over the last 3 years. The Organization is also currently in a capital campaign to renovate the interior and exterior of the facility. Modifications include building or expanding classrooms and administrative offices, repairing pedestrian walkways to eliminate barriers and hazards, and repaving the parking lot. Completion of this work is targeted for December 31, 2008.

The community demand for increased programs has required, in addition to the renovation, an increase in service delivery. Because of this, the Organization is also actively seeking critical funding. While the Organization has several ongoing regular funding sources, and has also downsized to accommodate a balanced budget, the coming year will be the most critical for fund development.

SANTA CLARA VALLEY BLIND CENTER, INC.  
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting - The financial statements of Santa Clara Valley Blind Center, Inc. have been prepared on the accrual basis of accounting.

Basis of Presentation - The Organization follows standards of accounting and financial reporting for voluntary health and welfare organizations as prescribed by the American Institute of Certified Public Accountants. In accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*, the Organization reports its financial position and operating activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization. Under this category, the Organization maintains an operating fund, property and equipment fund plus any net assets designated by the Board for specific purposes. The Organization has elected to report as an increase in unrestricted net assets any restricted support received in the current period for which the restrictions have been met in the current period.

Temporarily restricted net assets include those assets which are subject to donor restriction and for which the applicable restriction was not met as of the year end of the current reporting period.

Permanently restricted net assets include those assets which are subject to a non-expiring donor restriction, such as endowments. There are currently no permanently restricted net assets.

Comparative Financial Information - The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense categories. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2007, from which the summarized information was derived.

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 at the date of the financial statements and the reported amounts of support, revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - Cash and cash equivalents include highly liquid investments and investments with a maturity of three months or less, and exclude donor restricted receipts and amounts designated for long-term purposes. The Organization maintains its cash in bank deposit accounts which, at times, may exceed Federally insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

SANTA CLARA VALLEY BLIND CENTER, INC.  
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Grants Receivable - The Organization considers all grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

Promises to Give - Unconditional promises to give, less an allowance for uncollectible amounts, are recognized as support in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. All unconditional promises to give are receivable in less than one year. The Organization considers all unconditional promises to give to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment - Property and equipment are recorded at cost or estimated fair value for donated items. Equipment purchases over \$500 are capitalized. The cost of repairs and maintenance which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets, which range from 5 to 50 years. Depreciation is charged to the activity benefiting from the use of the property or equipment.

Accrued Vacation - Accrued vacation represents vacation earned, but not taken as of June 30, 2008 and 2007. The accrued vacation balance as of June 30, 2008 and 2007 was \$58,209 and \$32,568, respectively.

Revenue Recognition - The Organization recognizes support and revenue on the accrual basis of accounting. Revenue from grants which have been classified as "exchange transactions" and program fees are recognized as revenue in the period in which the service is provided.

Contributions - Contributions are reported in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the nature of donor restrictions and depending on whether the restrictions are met in the current fiscal period. Temporarily restricted contributions are reported as increases in unrestricted net assets if the restrictions have been met in the current fiscal period. If the restriction has not been met by fiscal year end, the amount is reported as an increase in temporarily or permanently restricted net assets. When the restriction is finally met on a contribution received in a prior fiscal period, the amount is shown as a reclassification of restricted net assets to unrestricted net assets.

SANTA CLARA VALLEY BLIND CENTER, INC.  
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Contributions In-Kind - Contributions in-kind are also recognized in accordance with the provisions of SFAS No. 116. Donated equipment and other donated goods are recorded at their estimated fair value as of the date of the donation. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered. The Organization also receives donated services that do not require specific expertise but which are nonetheless central to the Organization's operations. While these contributed services are not reflected in the financial statements the estimated value of these services is disclosed in Note 7.

Expense Allocation - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Indirect expense allocations are based on an analysis of personnel time.

Income Taxes - Santa Clara Valley Blind Center, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under Section 23701(d) of the California Revenue Taxation Code. Accordingly, no provision for income taxes has been made in the accompanying statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code.

Advertising - The Organization's policy is to expense advertising costs as the costs are incurred. Advertising expenses for the years ended June 30, 2008 and 2007 was \$585 and \$0, respectively, and are included under publicity and promotion in the statement of functional expenses.

Reclassifications - Certain amounts in the prior year have been reclassified in order to be consistent with the current year presentation.

SANTA CLARA VALLEY BLIND CENTER, INC.  
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 4 - PROPERTY AND EQUIPMENT:

The cost and related accumulated depreciation of the property and equipment as of June 30, consisted of the following:

	<u>2008</u>	<u>2007</u>
Land and Building	\$ 75,489	\$ 75,489
Building Improvements	198,351	138,636
Main Hall	405,261	405,261
Construction In-Progress	291,376	281,645
Equipment	<u>37,884</u>	<u>46,328</u>
	1,008,361	947,359
Less: Accumulated Depreciation	<u>(243,946)</u>	<u>(234,969)</u>
Property and Equipment, Net	<u>\$ 764,415</u>	<u>\$ 712,390</u>

Depreciation expense for the years ended June 30, 2008 and 2007 was \$20,398 and \$19,289, respectively.

The Organization operates from a building which, along with the land on which the building is located, was conditionally deeded to it in 1953. Under the terms of the conditional deed, the Organization may retain possession of the property so long as it operates a center for the blind of Santa Clara Valley. Upon cessation of operations, title to the land and building would revert to the donor. The Organization may not sell the property. The commercial value of this property is greatly reduced by this restriction.

NOTE 5 - NOTE PAYABLE:

During the year ended June 30, 2006 the Organization borrowed funds from an unrelated party in the amount of \$200,000 with interest at the rate of 3.5% per annum. The purpose of this loan is to provide bridge financing to the Organization during the government funding process. The entire unpaid principal and accrued interest is due and payable in full or before September 30, 2009. As of June 30, 2008 and 2007 the outstanding loan balance including accrued interest totaled \$219,250 and \$212,250, respectively.

SANTA CLARA VALLEY BLIND CENTER, INC.  
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS:

The Organization's temporarily restricted net assets as of June 30, consisted of the following:

	<u>2008</u>	<u>2007</u>
Schoettler Fund - Client Program	\$ -	\$ 12,783
Life Membership Fund	<u>-</u>	<u>16,263</u>
Total Temporarily Restricted Net Assets	<u>\$ -</u>	<u>\$ 29,046</u>

NOTE 7 - DONATED SERVICES:

During the years ended June 30, 2008 and 2007, volunteers donated approximately 16,000 and 14,000 hours of non professional services, such as assisting individuals or helping at Bingo nights, respectively. Management has estimated the value of these services for the years ended June 30, 2008 and 2007 to be \$312,160 and \$273,140, respectively. Since these services did not require specialized skills, they have not been recorded as support and expense in the financial statements.

NOTE 8 - CONFLICT OF INTEREST POLICY:

Included among the Organization's Board of Directors and Officers are volunteers from the community who provide valuable assistance to the Organization in the development of policies and programs and in the evaluation of business transactions. The Organization has adopted a conflict of interest policy whereby Board members are disqualified from participation in the final decisions regarding any action affecting their related company or agency.

NOTE 9 - CONTINGENCIES:

Grants and contracts awarded to Santa Clara Valley Blind Center, Inc. are subject to the funding agencies' criteria, contract terms and regulations under which expenditures may be charged and are subject to audit under such terms, regulations and criteria. Occasionally, such audits may determine that certain costs incurred in connection with the grants do not comply with the established criteria that govern them. In such cases, the Organization could be held responsible for repayments to the funding agency for the costs or be subject to a reduction of future funding in the amount of the costs. Management does not anticipate any material questioned costs for the contracts and grants administered during the period. The Organization would be responsible for the absorption of any over-expenditure of its restricted grants which cannot be covered by additional grant funds or contributions from other sources.

SANTA CLARA VALLEY BLIND CENTER, INC.  
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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NOTE 10 - NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets were released from restrictions during the year by incurring expenses satisfying the restricted purpose or by the expiration of time as follows:

	<u>2008</u>
Purpose Restriction:	
Schoettler Fund - Client Program	\$ 12,783
Life Membership Fund	<u>16,263</u>
Total Net Assets Released from Restrictions	<u>\$ 29,046</u>

SECTION II  
SUPPLEMENTARY INFORMATION

SANTA CLARA VALLEY BLIND CENTER, INC.  
(A California Nonprofit Public Benefit Corporation)

SCHEDULE OF EXPENDITURES OF FEDERAL AND OTHER GOVERNMENTAL AWARDS

Year Ended June 30, 2008

Government Grantor Pass-through Grantor Program Title	Federal CFDA Number	Grant/Contract Number	Revenue Recognized	Federal Expenditures
<u>FEDERAL ASSISTANCE</u>				
<u>U.S. Department of Housing and Urban Development</u>				
Pass-through Community Development Block Grants (CDBG):				
City of San Jose	14.218	F100	\$ 75,212	\$ 75,212
City of Santa Clara	14.218	5548	<u>8,232</u>	<u>8,232</u>
Total U.S. Department of Housing and Urban Development			83,444	83,444
<u>U.S. Department of Education</u>				
Pass-through Rehabilitation Service - Independent Living Services for Older Individuals Who are Blind:				
State of California Department of Rehabilitation	84.177	26928	<u>83,586</u>	<u>83,586</u>
TOTAL FEDERAL ASSISTANCE			<u>167,030</u>	<u>167,030</u>
<u>NON-FEDERAL ASSISTANCE</u>				
City of San Jose - Healthy Neighborhoods Venture Fund Program	N/A	26534	48,780	48,780
County of Santa Clara - Senior Nutrition Program	N/A	1020126	<u>11,997</u>	<u>11,997</u>
TOTAL NON-FEDERAL ASSISTANCE			<u>60,777</u>	<u>60,777</u>
TOTAL GOVERNMENTAL ASSISTANCE			<u>\$ 227,807</u>	<u>\$ 227,807</u>

See Accompanying Notes to Schedule of Expenditures of Federal and Other Governmental Awards.

SANTA CLARA VALLEY BLIND CENTER, INC.  
(A California Nonprofit Public Benefit Corporation)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND OTHER GOVERNMENTAL  
AWARDS

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NOTE 1 - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal and other governmental awards includes the federal and other governmental grant activity of Santa Clara Valley Blind Center, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

SECTION III  
REPORTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Santa Clara Valley Blind Center, Inc.  
(A California Nonprofit Public Benefit Corporation)  
San Jose, California

We have audited the financial statements of Santa Clara Valley Blind Center, Inc. (a California nonprofit public benefit corporation) as of and for the year ended June 30, 2008, and have issued our report thereon dated October 13, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Santa Clara Valley Blind Center, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Santa Clara Valley Blind Center, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Santa Clara Valley Blind Center, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of Santa Clara Valley Blind Center, Inc. in separate letter dated October 13, 2008.

This report is intended solely for the information and use of management, the audit committee, the board of directors, others within the Organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Berger/Lewis Accountancy Corporation".

BERGER/LEWIS ACCOUNTANCY CORPORATION  
San Jose, California  
October 13, 2008